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OF THE
UNITED
STATES**

**1977–1980
VOLUME XX**

EASTERN EUROPE



**DEPARTMENT
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Volume XX

Eastern Europe

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About the Series

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the U.S. Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor of the *Foreign Relations* series, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. These regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the Foreign Relations Authorization Act, established a new statutory charter for the preparation of the series which was signed by President George H.W. Bush on October 28, 1991. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major U.S. foreign policy decisions and significant U.S. diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the U.S. Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purposes of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded. The editors are convinced that this volume meets all regulatory, statutory, and scholarly standards of selection and editing.

Sources for the Foreign Relations Series

The *Foreign Relations* statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation of major U.S. foreign policy decisions and significant U.S. diplomatic activity. It further requires that government

agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support cooperate with the Department of State historians by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. Most of the sources consulted in the preparation of this volume have been declassified and are available for review at the National Archives and Records Administration (Archives II) in College Park, Maryland.

The editors of the *Foreign Relations* series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files ("lot files") of the Department at the bureau, office, and division levels; the files of the Department's Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence with foreign leaders by the President and Secretary of State, and the memoranda of conversations between the President and the Secretary of State and foreign officials; and the files of overseas diplomatic posts. All of the Department's central files for 1977–1981 are available in electronic or microfilm formats at Archives II, and may be accessed using the Access to Archival Databases (AAD) tool. Almost all of the Department's decentralized office files covering this period, which the National Archives deems worthy of permanent retention, have been transferred to or are in the process of being transferred from the Department's custody to Archives II.

Research for *Foreign Relations* volumes is undertaken through special access to restricted documents at the Jimmy Carter Presidential Library and other agencies. While all the material printed in this volume has been declassified, some of it is extracted from still-classified documents. The staff of the Carter Library is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication. Presidential papers maintained and preserved at the Carter Library include some of the most significant foreign-affairs related documentation from White House offices, the Department of State, and other federal agencies including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff.

Some of the research for volumes in this subseries was done in Carter Library record collections scanned for the Remote Archive Capture (RAC) project. This project, which is administered by the National Archives and Records Administration's Office of Presidential Libraries, was designed to coordinate the declassification of still-classified records held in various Presidential libraries. As a result of the way in which records were scanned for the RAC, the editors of the *Foreign Re-*

lations series were not always able to determine whether attachments to a given document were in fact attached to the paper copy of the document in the Carter Library file. In such cases, some editors of the *Foreign Relations* series have indicated this ambiguity by stating that the attachments were "Not found attached."

Editorial Methodology

Documents in this volume are presented chronologically according to time in Washington, DC. Memoranda of conversation are placed according to the time and date of the conversation, rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Editing and Publishing Division. The original document is reproduced as exactly as possible, including marginalia or other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents within the limitations of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Words or phrases underlined in the original document are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations and terms is included in the front matter of each volume. In telegrams, the telegram number (including special designators such as Secto) is printed at the start of the text of the telegram.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents withheld after declassification review have been accounted for and are listed in their chronological place with headings, source notes, and the number of pages not declassified.

All brackets that appear in the original document are so identified in the footnotes. All ellipses are in the original documents.

The first footnote to each document indicates the sources of the document and its original classification, distribution, and drafting information. This note also provides the background of important docu-

ments and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

The numbers in the index refer to document numbers rather than to page numbers.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the *Foreign Relations* statute, monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation of the series and declassification of records. The Advisory Committee does not necessarily review the contents of individual volumes in the series, but it makes recommendations on issues that come to its attention and reviews volumes as it deems necessary to fulfill its advisory and statutory obligations.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 13526 on Classified National Security Information and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2013 and was completed in 2014, resulted in the decision to withhold 1 document in full, excise a paragraph or more in 6 documents, and make minor excisions of less than a paragraph in 26 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the documentation and edito-

rial notes presented here provide a thorough, accurate, and reliable record of the Carter administration's policy toward Eastern Europe.

Adam M. Howard, Ph.D.
General Editor

Stephen P. Randolph, Ph.D.
The Historian

Bureau of Public Affairs
November 2015

Preface

Structure and Scope of the Foreign Relations Series

This volume is part of a subseries of volumes of the *Foreign Relations* series that documents the most important issues in the foreign policy of the administration of Jimmy Carter. As with previous volumes in the *Foreign Relations* series, this volume provides only a snapshot of the global character of Cold War politics. Therefore, this volume is best read in conjunction with other volumes in the subseries, in order to better understand how policies toward Eastern Europe fit into the full breath and scope of the Carter administration's policies in the Cold War. The most important volumes in the subseries include *Foreign Relations, 1977–1980*, vol. VII, Poland, 1977–1981 (which also covers the first year of the Reagan administration up to the imposition of martial law in Poland in December 1981); *Foreign Relations, 1977–1980*, vol. VI, Soviet Union; *Foreign Relations, 1977–1980*, vol. XXVII, Western Europe; *Foreign Relations, 1977–1980*, vol. I, Foundations of Foreign Policy; and *Foreign Relations, 1977–1980*, vol. XXVIII, Organization and Management of Foreign Policy.

Focus of Research and Principles of Selection for Foreign Relations, 1977–1980, Volume XX

The focus of this volume is on the Carter administration's policy toward the Communist governments in Eastern Europe, specifically Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Romania, and Yugoslavia. Albania is not included as the lack of any meaningful diplomatic relations with Albania meant there was no separate policy toward that country outside of the general policy toward Communist regimes in Eastern Europe. Also covered in this volume is the formulation of policy toward broadcasting to Eastern Europe and the Soviet Union as an extension of the administration's policy toward that region. Poland is covered in a separate volume by virtue of the August 1980–December 1981 crisis. Eastern and Central European countries not dominated by Communist regimes, such as Finland and Austria, are covered in the Western Europe volume.

Documentation in the volume covers the Carter administration's formulation of foreign policy toward Eastern Europe as a whole, broadcasting in Eastern Europe and the Soviet Union, and toward individual countries. Policies toward Eastern Europe remained defined by the nature of the relationship between the United States and the Soviet Union. The Carter administration continued some of the policies implemented

by the Nixon and Ford administrations, specifically the policy of differentiation between Eastern European countries, which it codified on September 13, 1977 under PD/NSC-21. It did, however, modify that policy substantially, by including human rights as an aspect to the differentiation policies. This allowed for a warming of relations with countries that exhibited internally liberal policies, even if its foreign policy continued to be viewed in Washington as subservient to Soviet interests.

The Carter administration also continued the previous administration's policies toward modernization of broadcasting capabilities of Radio Free Europe/Radio Liberty (RFE/RL) into Eastern Europe and the Soviet Union. While a decision on modernization had been taken in 1976, and reapproved at the beginning of Carter's administration, implementation of the decision faced bureaucratic hurdles. Pressure from the Federal Republic of Germany to consider relocating RFE/RL from Munich added to the complexity. As the relationship with the Soviet Union deteriorated following the Soviet invasion of Afghanistan, the administration redoubled its efforts to modernize the Radios, increase their efficiency, and expand their audience, especially in Muslim regions of the Soviet Union and the Persian Gulf.

As PD/NSC-21 made clear, relations between the United States and Bulgaria, Czechoslovakia, and the Germany Democratic Republic remained limited. Relations with Czechoslovakia were governed by the ongoing negotiations over the return of the Czechoslovak share of Nazi Germany gold, which the Allies had set aside to return to Prague, but which was held back until negotiations were finalized over compensation for nationalized property. While the administration was willing to settle the negotiations quickly on parity with previous settlements, congressional insistence on full dollar restitution prevented a full agreement from being reached. Congressional threats to pass legislation forcing the administration to vest the gold, sell it and reimburse U.S. citizens from the proceeds before returning the remainder to Czechoslovakia placed a great deal of pressure on the Czechoslovak Government. Eventually, Prague agreed to pay full dollar restitution and interest to the parties.

The greatest beneficiary of the administration's reassessment of the policy of differentiation was Hungary. PD/NSC-21 included Hungary alongside Romania and Poland in the group of Eastern European nations to which the United States offered preferential treatment. Secretary of State Cyrus Vance pushed strongly for an administration decision on the return of the Crown of St. Stephen, the Hungarian Royal Crown, to Budapest. Despite Assistant to the President for National Security Affairs Zbigniew Brzezinski's initial opposition to the idea, Vance succeeded in obtaining the President's agreement to begin

negotiations with the Hungarian Government. The return of the Crown marked a turning point in U.S.-Hungarian relations.

U.S.-Romanian relations were focused on two competing tracks. The first, emphasizing the importance of maintaining Romania as a Communist-bloc critic of Soviet policies, sought to provide Bucharest with the needed diplomatic and economic support to maintain its foreign policy independence. Romanian President Nicolae Ceausescu's visit to Washington in 1978 served to underscore the importance the administration placed on his continuing to play that role. The second track was the management of reactions to the deteriorating human rights record of the Romanian regime. Congressional pressure and threats to derail Romania's Most Favored Nation status caused a flurry of diplomatic activity, with Department of State officials facilitating meetings between Romanian diplomats and congressional staffers to defuse the crisis. A series of defections of Romanian intelligence officers, most notably Romania's spy chief Ion Mihai Pacepa, further tested the relationship.

Policy toward Yugoslavia was dominated by planning for Yugoslavian President Josip Borz Tito's death and succession. Yugoslavia maintained its strategic importance to the United States. The administration believed that Tito's death would offer an opportunity for the Soviet Union to reestablish its influence in the country or attempt to overtly or covertly undermine the post-Tito leadership and change Yugoslavia's foreign policy orientation. The seeds of the economic collapse and the political impasse that eventually led to the collapse of Yugoslavia in 1990 were already discernable by 1980, and the Carter administration took extensive efforts to secure a viable, united, and independent post-Tito Yugoslavia.

Acknowledgments

The editor wishes to thank officials at the Jimmy Carter Library, including Brittany Parris and James Yancey, but especially Ceri McCarron, who provided invaluable professional and personal support during the research at the Carter Library. Special thanks are due to the Historical Staff of the Central Intelligence Agency, and to officials at the Department of State, the Department of Defense, the National Security Council, and the National Archives and Records Administration facility at College Park, for their valuable assistance. Michael McCoyer, the Joint Historian with the Central Intelligence Agency was instrumental in locating relevant sources in the CIA files, and coordinated the declassification effort for these materials.

Research for this volume was a collective effort by several people in the Office of the Historian, including David Zierler, Carl Ashley, and Mircea A. Munteanu. Carl Ashley began the compilation of the volume

under M. Todd Bennett, then Chief of the Europe and General Issues Division, and made the initial selection for the regional compilation and the Hungary compilation. Mircea A. Munteanu compiled the volume and annotated the documents under the supervision of David C. Geyer, Chief of the European Division, and Stephen Randolph, then General Editor of the *Foreign Relations* series. Chris J. Tudda coordinated the declassification review under the supervision of Carl Ashley, Chief of the Declassification Division. Stephanie Eckroth and Vicki Ettleman did the copy and technical editing under the supervision of Renee Goings, then Chief of the Editing and Publishing Division, and Mandy A. Chalou, Chief of the Editing and Publishing division. Do Mi Stauber Indexing Services prepared the index.

Mircea A. Munteanu
Historian

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Sources

Sources for the Foreign Relations Series

The 1991 Foreign Relations statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It also requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support, cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. U.S. foreign policy agencies and Departments—the Department of State, National Security Council, Department of Defense, Central Intelligence Agency, and the Jimmy Carter Presidential Library—have complied fully with this law and provided complete access to their relevant records.

Research for *Foreign Relations* volumes is undertaken through special access to restricted documents at the Jimmy Carter Presidential Library, and other agencies. While all the material printed in this volume has been declassified, some of it is extracted from still-classified documents. The staff of the Jimmy Carter Library is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication.

Sources for Foreign Relations, 1977–1980, Volume XX

The files at the Jimmy Carter Presidential Library, in Atlanta, Georgia, are the single most important source of documentation for those interested in U.S. foreign policy toward Eastern Europe during the Carter administration. Foreign policy research in the Carter Library centers around two collections: National Security Affairs, Brzezinski Material, and National Security Affairs, Staff Material. Additionally, the Country files in the Brzezinski Donated Material provided important documentation.

The most important collections at the Carter Library were the Brent Subject File in the Europe, USSR, and East-West Collection of the National Security Affairs, Staff Material holdings, as well as the Brzezinski Office File, and the National Security Council Institutional Files. The administration's policy toward the Radios (RFE/RL and VOA) was detailed extensively in Paul Henze's files (the Horn/Special Collection), as were numerous intelligence related matters regarding the covert action program directed at Eastern Europe. These files were sup-

plemented by the Carter Administration Intelligence Files at the National Security Council.

The editor also had access to files at the Central Intelligence Agency, the Department of Defense, and the National Security Council. The files of the Central Intelligence Agency, particularly the National Intelligence Council Registry of National Intelligence Estimates, Special National Intelligence Estimates, and National Intelligence Analytical Memoranda files, were essential for intelligence reports and assessments on which the Carter administration based its policy decisions.

In addition to the paper files cited below, a growing number of documents are available on the Internet. The Office of the Historian maintains a list of these Internet resources on its website and encourages readers to consult that site on a regular basis.

The following list identifies the particular files and collections used in the preparation of this volume. The declassification and transfer to the National Archives of the Department of State records is in process, and some of these records are already available for public review at the National Archives.

Unpublished Sources

Department of State, Washington D.C.

Lot Files. These files have been transferred or will be transferred to the National Archives and Records Administration in College Park, Maryland.

INR/IL Historical Files

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Office of Eastern European Affairs, Bulgaria Desk, Personal Files of Retired Ambassador to Bulgaria, Raymond L. Garthoff, 1960–1980, Lot 80D218

Office of Eastern Europe and Yugoslavia Affairs, Hungarian Holy Crown—Crown Follow-up 1979 and Prior Years 1945–1980, Lot 85D389

Office of European Security and Political Affairs, Conference on Security and Cooperation in Europe (CSCE) 1973–80, Lot 89D288

Bureau of Human Rights and Humanitarian Affairs

1979—Human Rights and Country Files, Lot 82D103

1980—Human Rights and Country Files, Lot 82D177

Chron and Official Records of the Assistant Secretary for Human Rights and Humanitarian Affairs, Lot 85D366

Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe

Office Subject Files, 1967–1985, Lot 92D404

Office Subject Files, 1965–1980, Lot 92D412

Office Subject Files, 1958–1978, Lot 92D468

Office Subject Files, 1953–1983, Lot 93D401

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Country Files, 1940–1986, Lot 89D336

Office of the Secretariat Staff

Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241

Lawrence S. Eagleburger, Under Secretary of State for Political Affairs, Ambassador to Yugoslavia, Under Secretary of State for Management (1967–1984), Lot 84D204

Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science, and Technology, January 1977 thru December 1980, Lot 81D85

Ambassador at Large and Special Representative of the President for Nonproliferation Matters (S/AS), Gerard C. Smith, 1977–1980, Lot 81D287

Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981, Lot 82D298

Records of the Office of the Deputy Secretary, Warren Christopher, Lot 81D113

S/S Memoranda for 1979, Lot 81D117

Office of the Under Secretary for Security Assistance, Science, and Technology

Chron Files, Speeches, and Papers of Lucy W. Benson (1979) and Matthew Nimetz (1980), Lot 81D321

National Archives and Records Administration, College Park, Maryland

Record Group 59, Records of the Department of State

Central Foreign Policy File

Jimmy Carter Presidential Library, Atlanta, Georgia

Brzezinski Donated Material

National Security Affairs

Brzezinski Material

President's Daily Report File

President's CIA Daily Brief File

President's Correspondence with Foreign Leaders File

Trip Files

VIP Visit File

Subject File

Name File

General Odom File

Brzezinski Office File

Cables File

Staff Material

Office File

Staff Secretary File

Europe, USSR, and East/West

Global Issues

Horn-Special

International Economics

Defense/Security Files

XVIII Sources

National Security Council
Institutional Files

Plains File

National Security Council, Washington D.C.

Carter Administration Intelligence Files
Subject Files

Central Intelligence Agency, Langley, Virginia

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Abbreviations and Terms

AGERPRES, *Agenția Națională de Presă* (Romanian national news agency)

Amb, Ambassador

AmEmbassy, American Embassy

ASD, Assistant Secretary of Defense

BIB, Board for International Broadcasting

BOP, balance of payments

C, Confidential; Office of the Counselor, Department of State; Carter

CA/VO, Visa Office, Bureau of Consular Affairs, Department of State

CDU/CSU, Christian Democratic Union of Germany/Christian Social Union of Bavaria (West Germany)

CEMA, Council for Mutual Economic Assistance

Cherokee, a special telegraphic channel established for highly sensitive Department of State messages

CIA, Central Intelligence Agency

CINCUSAFE, Commander in Chief, U.S. Air Forces, Europe

CINCUSAREUR, Commander in Chief, U.S. Army, Europe

CINCUSNAVEUR, Commander in Chief, U.S. Naval Forces Europe

CNO, Chief of Naval Operations

Col, Colonel

Comecon, Council for Mutual Economic Assistance

CP, Communist Party

CSCE, Conference on Security and Cooperation in Europe

CSSR, Czechoslovak Socialist Republic

CU, Bureau of Educational and Cultural Affairs, Department of State

D, Office of the Deputy Secretary of State

DAC, Development Assistance Committee (Organization for Economic Cooperation and Development)

DAS, Deputy Assistant Secretary

DCA, Defense Cooperation Agreement

DCI, Director of Central Intelligence

DCM, Deputy Chief of Mission

DDI, Deputy Director of Intelligence, Central Intelligence Agency

DECA, Defense and Economic Cooperation Agreement

Del, delegation

DepASD, Deputy Assistant Secretary of Defense

DepSec, Deputy Secretary

DepSecDef, Deputy Secretary of Defense

DeptOff, Department of State Officer

DIA, Defense Intelligence Agency

DirGen, Director General

DIRNSA, Director, National Security Agency

dissem, dissemination

DOD, Department of Defense

DPC, Defense Planning Committee (NATO)

XXII Abbreviations and Terms

DR, Daily Report

E, Office of the Under Secretary of State for Economic Affairs

EC, European Community

EDT, Eastern Daylight Time

EE, Eastern Europe

EEC, European Economic Community

EmbOff, Embassy Officer

ENMOD, Environmental Modification Convention

EUR, Bureau of European Affairs, Department of State

EUR/EE, Office of Eastern European Affairs, Bureau of European Affairs, Department of State

EUR/RPM, Office of NATO and Atlantic Political-Military Affairs, Bureau of European Affairs, Department of State

E-W, East-West

Exdis, exclusive distribution

ExIm, Export-Import Bank

FAA, Foreign Assistance Act

FAM, Foreign Affairs Manual

FBIS, Foreign Broadcast Information Service

FCO, Foreign and Commonwealth Office (United Kingdom)

FDP, Free Democratic Party (West Germany)

FM, Foreign Minister

FMS, foreign military sales

FonMin, Foreign Minister

FRC, Federal Records Center

FRG, Federal Republic of Germany (West Germany)

FY, fiscal year

FYI, for your information

GA, General Assembly (United Nations)

GDR, German Democratic Republic (East Germany)

GNP, gross national product

GOB, Government of Bulgaria

GOC, Government of Czechoslovakia

GOH, Government of Hungary

GOP, Government of Poland

GOR, Government of Romania

GOY, Government of Yugoslavia

H, Bureau of Congressional Relations, Department of State

H/C, hand-carried

HIRC, House International Relations Committee

HSB, Harold S. Brown

HSWP, Hungarian Socialist Workers' Party

IBRD, International Bank for Reconstruction and Development

ICA, International Communication Agency

ICBM, intercontinental ballistic missile

ICJ, International Court of Justice

ICRC, International Committee of the Red Cross

IEA, International Energy Agency

IMET, International Military Education and Training

IMF, International Monetary Fund
INR, Bureau of Intelligence and Research, Department of State
INR/DRR/RSE/FP, Soviet Foreign Political Division, Office of Research and Analysis for the Soviet Union and Eastern Europe, Bureau of Intelligence and Research, Department of State
INR/IL, Office of Intelligence Liaison, Bureau of Intelligence and Research, Department of State
IO, Bureau of International Organization Affairs, Department of State
IOC, International Olympic Committee
IREX, International Research & Exchanges Board
ISA, Office of the Assistant Secretary of Defense for International Security Affairs

J, Jimmy (Carter's initial)
JC, Jimmy Carter
JCS, Joint Chiefs of Staff

KOB, Worker's Defense Committee (Czechoslovakia)
KW, kilowatt

L, Office of the Legal Adviser, Department of State
L/PM, Office of the Legal Adviser for Politico-Military Affairs, Department of State
Limdis, limited distribution
LRTNF, long-range theater nuclear forces

M, Office of the Under Secretary of State for Management
MAP, Military Assistance Program
MBB, Muskie-Brown-Brzezinski (Meeting Group)
MBFR, Mutual and Balanced Force Reductions
MC, Military Committee (NATO)
memcon, memorandum of conversation
MFA, Ministry of Foreign Affairs
MFN, most-favored nation
miladdees, military addressees
MOD, Minister of Defense
MOFA, Ministry of Foreign Affairs
MOU, Memorandum of Understanding
MP, Member of Parliament

NAC, North Atlantic Council
NAMSA, NATO Military Supply Agency
NARA, National Archives and Records Administration
NATO, North Atlantic Treaty Organization
NEM, New Economic Mechanism
Niact, night action
NIC, National Intelligence Council
NIE, National Intelligence Estimate
NIO, National Intelligence Officer
Nodis, no distribution
Notal, not to all
NSA, National Security Agency
NSC, National Security Council
NTM, national technical means
NYT, *The New York Times*

XXIV Abbreviations and Terms

OECD, Organization for Economic Cooperation and Development
OMB, Office of Management and Budget
OSD, Office of the Secretary of Defense
OSD/ISA, Office of the Assistant Secretary of Defense for International Security Affairs
OSR, Office of Strategic Research, Central Intelligence Agency

PAO, public affairs officer
para, paragraph
PermRep, Permanent Representative
P.L., Public Law
PM, Prime Minister; Bureau of Politico-Military Affairs, Department of State
PM/ISO, Office of International Security Operations, Bureau of Politico-Military Affairs, Department of State
POL, political
POL/MIL, political/military
PRC, Policy Review Committee; People's Republic of China
PriMin, Prime Minister
PRM, Presidential Review Memorandum

reftel, reference telegram
Rep, Representative
RFE, Radio Free Europe
RG, record group
RI, Rick Inderfurth
RL, Radio Liberty
RPP, Republican People's Party (Turkey)
rpt, repeat

S, Secret; Office of the Secretary of State
SACEUR, Supreme Allied Commander Europe
SALT, Strategic Arms Limitation Talks
SC, Security Council (United Nations)
SCC, Special Coordinating Committee
SCC(II), Special Coordinating Committee on Intelligence
SecDef, Secretary of Defense
SecGen, Secretary General
Secto, series indicator for telegrams from the Secretary of State while traveling
Secy, Secretary
septel, separate telegram
SFRC, Senate Foreign Relations Committee
SHAPE, Supreme Headquarters Allied Powers Europe
S/P, Policy Planning Staff, Department of State
SPD, Social Democratic Party of Germany (West Germany)
Specat, special category
SRSG, Special Representative of the United Nations Secretary General
S/S, Office of the Secretariat Staff, Department of State
S/S-I, Information Management Section, Office of the Secretariat Staff, Department of State
S/S-O, Operations Center, Office of the Secretariat Staff, Department of State
SSOD, United Nations Special Session on Disarmament
Stadis, distribution within the Department of State only
SU, Soviet Union
SWAG, Special Activities Working Group
SYG, Secretary General of the United Nations

T, Office of the Under Secretary of State for Security Assistance; after August 22, 1977,
Under Secretary of State for Security Assistance, Science, and Technology

TDY, temporary duty

telcon, telephone conversation

Tosec, series indicator for telegram to the Secretary of State while traveling

TOW, tube-launched, optically-tracked, wire-guided missile

U, Unclassified

UDI, Unilateral Declaration of Independence

U.K., United Kingdom

UKG, United Kingdom Government

UN, United Nations

UNGA, United Nations General Assembly

UNSC, United Nations Security Council

UNSSOD, United Nations Special Session on Disarmament

UNSYG, United Nations Secretary-General

U.S., United States

USAFE, United States Air Forces Europe

USBER, United States Mission Berlin

USCINCEUR, United States Commander-in-Chief, European Command

USDel, United States Delegation

USDELMC, United States Delegation to the NATO Military Committee

USEUCOM, United States European Command

USG, United States Government

USICA, United States International Communication Agency

USMission, United States Mission

USN, United States Navy

USNATO, United States Mission to the North Atlantic Treaty Organization

USNMRSHAPE, United States National Military Representative, Supreme Headquarters Allied Powers Europe

USSR, Union of Soviet Socialist Republics

USUN, United States Mission to the United Nations

USYG, Under Secretary General (United Nations)

VOA, Voice of America

VP, Vice President

w/, with

WC, Warren Christopher

WH, White House

WMC, Warren M. Christopher

WP, Warsaw Pact

WR, Weekly Report to the President

WSJ, *The Wall Street Journal*

XMB, Export-Import Bank

Z, Zulu time (Greenwich Mean Time)

ZB, Zbigniew Brzezinski

Persons

- Aaron, David**, Deputy Assistant to the President for National Security Affairs
- Aczel, Gyorgy**, Hungarian Deputy Prime Minister from 1970 until 1980; Chairman of the National Cultural Council from 1980 until 1982
- Aggrey, O. Rudolph**, U.S. Ambassador to Romania from November 1977 until July 1981
- Albright, Madeleine**, Congressional Relations Officer, Press and Congressional Liaison Office, National Security Council, from March 1978 until January 1981
- Andrei, Stefan**, Romanian Minister of Foreign Affairs from March 1978 until December 1985
- Andrews, Nicholas G.**, Director, Office of Eastern European Affairs, Bureau of European Affairs, Department of State, from 1977 until 1978; Deputy Chief of Mission, U.S. Embassy in Warsaw, from 1979 until 1981
- Arafat, Yassir**, Chairman of the Palestine Liberation Organization
- Axen, Hermann**, Member of the SED Politburo, German Democratic Republic (East Germany)
- Barnes, Harry G., Jr.**, U.S. Ambassador to Romania from March 14, 1974, until November 10, 1977; Director General of the Foreign Service, Department of State, from December 22, 1977, until February 8, 1981
- Barry, Robert**, Deputy Assistant Secretary of State for European Affairs
- Barre, Siad**, President of Somalia
- Bartholomew, Reginald**, member, National Security Council Staff for Soviet Union and East Europe Affairs from November 1977 until April 1979; Assistant Secretary of State for Politico-Military Affairs from July 1, 1979, until January 20, 1981
- Benson, Lucy Wilson**, Under Secretary of State for International Security Affairs from March 28, 1977, until January 5, 1980
- Bergland, Robert**, Secretary of Agriculture
- Bijedic, Dzemail**, Prime Minister of Yugoslavia from July 30, 1971, until January 18, 1977
- Blackwill, Robert D.**, member, National Security Council Staff for Western Europe Affairs from September 1979 until January 1981
- Bloomfield, Lincoln**, member, National Security Council Staff for Global Issues from June 1979 until August 1980
- Blumenthal, W. Michael**, Chairman, White House Council on Economic Policy and International Economic Policy from 1977 until 1978; Secretary of the Treasury from January 23, 1977, until August 4, 1979
- Bogdan, Corneliu**, Director of North American Affairs, Romanian Ministry of Foreign Affairs
- Borg, C. Arthur**, Executive Secretary, Department of State, from July 12, 1976, until April 15, 1977
- Bowdler, William G.**, U.S. Ambassador to South Africa from May 14, 1975, until April 19, 1978; thereafter Assistant Secretary of State for Intelligence and Research until December 17, 1979; Assistant Secretary of State for Inter-American Affairs from January 4, 1980, until January 16, 1981
- Bowman, Richard**, Major General, USAF; Director of European and NATO Affairs Division, Office of the Assistant Secretary of Defense for International Security Affairs, Department of Defense
- Bremont, Marshall**, member, National Security Council Staff for Soviet Union and Eastern European Affairs from May 1979 until January 1981

- Brezhnev, Leonid**, General Secretary of the Communist Party of the Soviet Union
- Brody, Clifford**, Desk Officer, Bureau of Human Rights and Humanitarian Affairs, Department of State
- Brown, George S.**, General, USAF; Chairman, Joint Chiefs of Staff, from July 1, 1974, until June 20, 1978
- Brown, Harold**, Secretary of Defense
- Brzezinski, Zbigniew K.**, Assistant to the President for National Security Affairs
- Burtica, Cornel**, Romanian Minister of Foreign Trade
- Byrne, Thomas R.**, U.S. Ambassador to Czechoslovakia from June 23, 1976, until November 15, 1978
- Callaghan, James**, Prime Minister of the United Kingdom from April 5, 1976, until May 4, 1979
- Carlucci, Frank C.**, U.S. Ambassador to Portugal from January 24, 1975, until February 5, 1978; Deputy Director of Central Intelligence from February 10, 1978, until February 5, 1981
- Carter, Hodding, III**, Assistant Secretary of State for Public Affairs from March 25, 1977, until June 30, 1980
- Carter, Jimmy**, President of the United States
- Ceausescu, Nicolae**, General Secretary of the Communist Party of Romania; President of the State Council; President of Romania
- Chnoupek, Bohuslav**, Czechoslovak Minister of Foreign Affairs
- Christopher, Warren M.**, Deputy Secretary of State
- Civiletti, Benjamin R.**, Attorney General from August 16, 1979, until January 20, 1981
- Clark, Joan M.**, Director of the Office of Management, Department of State, from April 10, 1977, until March 20, 1979
- Clarke, Bruce C.**, Deputy Director of the National Foreign Assessment Center, Central Intelligence Agency
- Claytor, W. Graham, Jr.**, Secretary of the United States Navy from February 14, 1977, until July 26, 1979; Acting Secretary of Transportation in 1979; Deputy Secretary of Defense from August 24, 1979, until January 16, 1981
- Clift, A. Denis**, Assistant to the Vice President for National Security Affairs
- Cooper, Richard N.**, Under Secretary of State for Economic and Agricultural Affairs from April 8, 1977, until January 19, 1981
- Deal, Timothy**, member, National Security Council Staff for International Economic Affairs from January 1977 until April 1979 and from January 1980 until January 1981
- Denend, Leslie G.**, member, National Security Council Staff for Global Issues from July 1977 until June 1979; Special Assistant to the Assistant to the President for National Security Affairs from January 1980 until January 1981
- Derian, Patricia M.**, Assistant Secretary of State for Human Rights and Humanitarian Affairs
- Dinu, Stefan**, Vice Admiral, Romanian Director of Military Intelligence
- Dobrynin, Anatoli F.**, Soviet Ambassador to the United States
- Dodson, Christine**, Deputy Staff Secretary of the National Security Council from January 1977 until May 1977; thereafter Staff Secretary until January 1981
- Donovan, Hedley**, Senior Adviser to the President from 1980 until 1981
- Duncan, Charles W., Jr.**, Deputy Secretary of Defense from January 31, 1977, until July 29, 1979; Secretary of Energy from August 24, 1979, until January 20, 1981
- Eagleburger, Lawrence S.**, Deputy Under Secretary of State for Management from May 14, 1975, until February 26, 1977; U.S. Ambassador to Yugoslavia from February 1977 until January 1981

Eizenstat, Stuart E., Executive Director, White House Domestic Policy Staff; Assistant to the President for Domestic Affairs and Policy

English, Glenn, member, U.S. House of Representatives (D-Oklahoma)

Ermarth, Fritz, Defense Coordinator, National Security Council, from September 1978 until November 1980

Esztergalyos, Ferenc, Hungarian Ambassador to the United States

Ferguson, Glenn W., President of Radio Free Europe/Radio Liberty

Fischer, Oskar, German Democratic Republic Minister of Foreign Affairs

Fish, Howard M., Lieutenant General, USAF; Director of the Defense Security Assistance Agency, Department of Defense, from August 1974 until August 1978

Gates, Robert M., Special Assistant to the Assistant to the President for National Security Affairs from April 1979 until December 1979

Genscher, Hans-Dietrich, Vice Chancellor of the Federal Republic of Germany and Minister of Foreign Affairs

Gierek, Edward, First Secretary of the United Worker's Party of Poland

Giscard d'Estaing, Valéry, President of France

Glenn, James H., Office of Eastern Europe Affairs, Bureau of European Affairs, Department of State

Glitman, Maynard W., Deputy Assistant Secretary of Defense for International Security Affairs from 1976 until 1977

Goldberg, Arthur J., Ambassador at Large and U.S. Representative to the Conference on Security and Cooperation in Europe and Chairman of the U.S. Delegation from September 23, 1977, until July 27, 1978

Goodby, James E., Deputy Assistant Secretary of State for European Affairs; U.S. Ambassador to Finland from April 11, 1980, until August 18, 1981

Gotsev, Lyuben, Head of the Fourth Department, Bulgarian Ministry of Foreign Affairs

Greenwald, Jonathan, staff member, Bureau of Human Rights and Humanitarian Affairs, Department of State

Gromyko, Andrei A., Soviet Minister of Foreign Affairs

Gronouski, John A., Chairman, Board for International Broadcasting

Habib, Philip C., Under Secretary of State for Politico-Military Affairs from July 1, 1976, until April 1, 1978; Secretary of State ad interim from January 20, 1977, until January 23, 1977

Haig, M. Alexander, Jr., General, USA; Commander-in-Chief, U.S. European Command, and NATO Supreme Allied Commander, Europe, from June 1974 until June 1979

Hansell, Herbert J., Legal Adviser of the Department of State from April 8, 1977, until September 20, 1979

Hanson, Carl Thor, Vice Admiral, USN; Director, Joint Chiefs of Staff, from June 22, 1979, until June 30, 1981

Harriman, Averell, former Governor of New York

Harris, Patricia Roberts, Secretary of Housing and Urban Development from January 23, 1977, until August 3, 1979; thereafter Secretary of Health and Human Services until January 20, 1981

Hartman, Arthur A., Assistant Secretary of State for European and Canadian Affairs from January 8, 1974, until June 8, 1977

Henze, Paul, Intelligence Coordinator, National Security Council, from January 1977 until December 1980

Holloway, James L., III, Admiral, USN; Chief of Naval Operations from July 1, 1974, until July 1, 1978

Honecker, Erich, General Secretary of the Socialist Unity Party of the German Democratic Republic; Chairman, Council of State

- Horelick, Arnold L.**, National Intelligence Officer for the Soviet Union and Eastern Europe, Central Intelligence Agency
- Hormats, Robert**, member, National Security Council Staff for International Economic Affairs from January 1977 until November 1977; Deputy Assistant Secretary of State for Economic and Business Affairs from 1977 until 1979
- Hornblow, Michael**, Acting Staff Secretary of the National Security Council from January 1977 until May 1977
- Hoskinson, Samuel M.**, Intelligence Coordinator, National Security Council, from January 1977 until May 1979
- Hunter, Robert**, member, National Security Council Staff for Western Europe Affairs from January 1977 until August 1979; member, National Security Council Staff for Middle East and North Africa Affairs from September 1979 until January 1981
- Huntington, Samuel P.**, member, National Security Council Staff for National Security Planning from February 1977 until August 1978
- Husak, Gustav**, General Secretary of the Communist Party of Czechoslovakia; President of Czechoslovakia
- Hyland, William G.**, member, National Security Council Staff for Soviet Union and Eastern European Affairs from January 1977 until October 1977
- Inderfurth, Karl F.**, Special Assistant to the Assistant to the President for National Security Affairs from January 1977 until April 1979
- Ionescu, Nicolae**, Romanian Ambassador to the United States
- Jagielski, Mieczyslaw**, Polish Deputy Prime Minister
- Jakubec, Jaroslav**, Czechoslovak Deputy Minister of Foreign Affairs
- Jaroszewicz, Piotr**, Prime Minister of Poland from December 18, 1970, until February 18, 1980
- Jenkins, C. Ray**, Special Assistant to the President from 1980 until January 1981
- Johanes, Jaromir**, Czechoslovak Ambassador to the United States
- John Paul I**, Supreme Pontiff of the Catholic Church and Sovereign of Vatican City from August 26, 1978, until September 28, 1978
- John Paul II, (Karol Cardinal Wojtyla)**, Supreme Pontiff of the Catholic Church and Sovereign of Vatican City from October 16, 1978
- Jones, David C.**, General, USAF; Chief of Staff, United States Air Force, from July 1, 1974, until June 20, 1978; Chairman, Joint Chiefs of Staff, from June 21, 1978, until June 18, 1982
- Jordan, Hamilton**, Assistant to the President from 1977 until 1979; thereafter White House Chief of Staff until May 1980
- Kaiser, Herbert**, Deputy Chief of Mission, U.S. Embassy Romania
- Katz, Julius L.**, Assistant Secretary of State for Economic and Business Affairs from September 23, 1976, until November 29, 1979
- Kimmitt, Robert**, member, National Security Council Staff for Global Issues from January 1977 until June 1977
- King, Robert R.**, member, National Security Council Staff for Soviet Union and and East Europe Affairs from July 1977 until August 1978
- Klutznick, Philip M.**, Secretary of Commerce from January 9, 1980, until January 19, 1981
- Komer, Robert W.**, Under Secretary of Defense for Policy from October 24, 1979, until January 20, 1981
- Kostic, Petar**, Yugoslav Minister of Finance from May 16, 1978, until May 16, 1982
- Kosygin, Alexei N.**, Chairman, Council of Ministers of the Soviet Union, from October 15, 1964, until October 23, 1980
- Kreps, Juanita M.**, Secretary of Commerce from January 23, 1977, until October 31, 1979
- Kulikow, Viktor**, Commander-in-Chief of the Warsaw Treaty Organization

- Lake, W. Anthony**, Director of Policy and Planning, Department of State
- Lance, Thomas Bert**, Director of the Office of Management and Budget from January 23, 1977, until September 21, 1977
- Larrabee, Stephen**, member, National Security Council Staff for Soviet Union and East Europe Affairs from September 1978 until January 1981
- Lazar, Gyorgy**, Prime Minister of Hungary
- Ljubicic, Nikola**, General, Yugoslav Minister of National Defense
- Losonczi, Pál**, President of the Hungarian Council of State
- Luers, William H.**, Deputy Assistant Secretary of State for European Affairs
- Luns, Joseph**, Secretary-General of the North Atlantic Treaty Organization
- Macovescu, George**, Romanian Minister of Foreign Affairs from 1972 until 1978
- Maksic, Malivoj**, Yugoslav Counselor to the President for Foreign Policy Questions
- Markovic, Dragoslav**, President of Serbia from May 6, 1974, until May 5, 1978
- Mathews, Jessica Tuchman**, member, National Security Council Staff for Global Issues from January 1977 until June 1977
- Maynes, Charles W.**, Assistant Secretary of State for International Organization Affairs from April 14, 1977, until April 9, 1980
- McAuliffe, Eugene V.**, Assistant Secretary of Defense for International Affairs from May 6, 1976, until April 1, 1977
- McGiffert, David E.**, Assistant Secretary of Defense for International Affairs
- McIntyre, James T.**, Deputy Director, Office of Management and Budget, in 1977; Director from March 24, 1978, until January 20, 1981
- McGovern, George S.**, Senator (D-South Dakota)
- Meehan, Francis J.**, U.S. Ambassador to Czechoslovakia from May 30, 1979, until October 20, 1980; U.S. Ambassador to Poland from October 27, 1980, until February 13, 1983
- Mikulic, Branko**, Secretary of the League of Communists of Bosnia and Herzegovina from 1969 until 1978
- Miller, G. William**, Chairman, Federal Reserve Board, from March 1978 until August 1979; thereafter Secretary of the Treasury until January 20, 1981
- Minic, Milos**, Yugoslavian Minister of Foreign Affairs from December 16, 1972, until May 17, 1978
- Mladenov, Petur**, Bulgarian Minister of Foreign Affairs
- Mondale, Walter F.**, Vice President of the United States
- Moore, Frank B.**, Assistant to the President for Congressional Liaison
- Moses, Alfred H.**, Special Adviser to the President from 1980 until 1981
- Muskie, Edmund S.**, Secretary of State from May 8, 1980, until January 20, 1981
- Newsom, David D.**, U.S. Ambassador to Indonesia from February 27, 1974, until October 6, 1977; Under Secretary of State for Political Affairs from April 19, 1978, until February 27, 1981
- Nicolae, Nicolae M.**, Romanian Ambassador to the United States
- Nimetz, Matthew**, Counselor of the Department of State from April 8, 1977, until March 19, 1980; Under Secretary of State for International Security Affairs from February 21, 1980, until December 5, 1980
- Odom, William E.**, Lieutenant General, USA; Military Assistant to the Assistant to the President for National Security Affairs
- Owen, Henry D.**, Special Representative for Economic Summits; Ambassador at Large and Coordinator for Economic Summit Affairs from October 20, 1978, until January 21, 1981
- Pacoste, Cornel**, Romanian Deputy Minister of Foreign Affairs

Pekic, Dusan, Lieutenant General, Deputy Chief of Staff of the Yugoslav Armed Forces
Percy, Charles H., Senator (R-Illinois)

Pesic, Branko, Yugoslav Deputy Secretary of Foreign Affairs

Polansky, Sol, Deputy Chief of Mission, U.S. Embassy East Berlin, until 1979

Popov, Blagoja, Chairman of the Executive Council of Macedonia

Powell, Joseph L., White House Press Secretary

Puja, Frigyes, Hungarian Minister of Foreign Affairs

Quandt, William B., member, National Security Council Staff for Middle East and North Africa Affairs from January 1977 until August 1979

Ranghet, Boris, Counselor and Chargé d'Affaires, U.S. Embassy in Romania

Reinhardt, John E., Assistant Secretary of State for Public Affairs from April 22, 1975, until March, 22, 1977; Director of the Information Agency (renamed International Communications Agency on April 1, 1978) from March 23, 1977, until August 29, 1980

Rentschler, James, member, National Security Council Staff for Western European Affairs from September 1978 until January 1981

Resor, Stanley R., United States Representative to the Mutual and Balanced Force Reductions Talks, North Atlantic Treaty Organization, from 1973 until 1978; Under Secretary of Defense for Policy from August 14, 1978, until April 1, 1979

Ridgway, Rozanne L., Counselor of the Department of State from March 20, 1980, until February 24, 1981

Roberts, Walter, Executive Director of the Board for International Broadcasting

Rosen, Mosses, Chief Rabbi of the Romanian Jewry; President of the Federation of Jewish Communities of Romania

Saunders, Harold H., Assistant Secretary of State for Intelligence and Research from December 1, 1975, until April 10, 1978; Assistant Secretary of State for Near Eastern and South Asian Affairs from April 11, 1978, until January 16, 1981

Schaufele, William E., Jr., Assistant Secretary of State for African Affairs from December 19, 1975, until July 17, 1977

Schecter, Jerrold, Press Officer and Associate Press Secretary, Congressional Liaison Office, National Security Council, from January 1977 until February 1980

Scheel, Walter, President of the Federal Republic of Germany from July 1, 1974, until June 30, 1979

Schmidt, Carl W., Deputy Director, Office of Eastern Europe Affairs, Bureau of European Affairs, Department of State

Schmidt, Helmut, Chancellor of the Federal Republic of Germany

Schultze, Charles L., Chairman, White House Council of Economic Advisors

Seitz, Raymond G. H., Deputy Executive Secretary of the Department of State

Siena, James V., Assistant Secretary of Defense for European and NATO Affairs

Spiers, Ronald I., Deputy Chief of Mission, U.S. Embassy in London, from 1974 until 1977; Assistant Secretary of State for Intelligence and Research from January 28, 1980, until October 4, 1981

Stoessel, Walter J., Jr., U.S. Ambassador to the Federal Republic of Germany

Strougal, Lubomir, Prime Minister of Czechoslovakia

Tarnoff, Peter R., Executive Secretary, Department of State, from April 4, 1977, until February 8, 1981

Thatcher, Margaret, Prime Minister of the United Kingdom from May 4, 1979, until November 28, 1990

Thomson, James, Defense Coordinator, National Security Council, from April 1977 until January 1981

Tito, Josip Broz, President of Yugoslavia until May 4, 1980

Treverton, Gregory F., member, National Security Council Staff for Western European Affairs from January 1977 until August 1978

Tsvetkov, Boris, Bulgarian Deputy Foreign Minister

Turner, Stansfield, Director of Central Intelligence from March 9, 1977, until January 20, 1981

Vance, Cyrus R., Secretary of State from January 23, 1977, until April 20, 1980

Vest, George S., Assistant Secretary of State for Politico-Military Affairs from April 29, 1974, until March 27, 1977; Assistant Secretary of State for European Affairs from June 16, 1977, until April 14, 1981

Von Staden, Berndt, West German Ambassador to the United States until 1979; Coordinator of German-American Cooperation in the Foreign Chancellery from 1979 until 1983

Vrhovec, Josip, Yugoslav Minister of Foreign Affairs from May 17, 1978, until May 17, 1982

Woessner, William M., Director of the Office of Central Europe, Bureau of European Affairs, Department of State

Young, Andrew J., United States Representative to the United Nations from January 30, 1977, until August 15, 1979

Zhivkov, Todor, First Secretary of the Central Committee, Communist Party of Bulgaria; Chairman of the State Council

Note on U.S. Covert Actions

In compliance with the *Foreign Relations of the United States* statute that requires inclusion in the *Foreign Relations* series of comprehensive documentation on major foreign policy decisions and actions, the editors have identified key documents regarding major covert actions and intelligence activities. The following note will provide readers with some organizational context on how covert actions and special intelligence operations in support of U.S. foreign policy were planned and approved within the U.S. Government. It describes, on the basis of declassified documents, the changing and developing procedures during the Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, and Carter Presidencies.

Management of Covert Actions in the Truman Presidency

The Truman administration's concern over Soviet "psychological warfare" prompted the new National Security Council to authorize, in NSC 4-A of December 1947, the launching of peacetime covert action operations. NSC 4-A made the Director of Central Intelligence responsible for psychological warfare, establishing at the same time the principle that covert action was an exclusively Executive Branch function. The Central Intelligence Agency (CIA) certainly was a natural choice but it was assigned this function at least in part because the Agency controlled unvouchered funds, by which operations could be funded with minimal risk of exposure in Washington.¹

The CIA's early use of its new covert action mandate dissatisfied officials at the Departments of State and Defense. The Department of State, believing this role too important to be left to the CIA alone and concerned that the military might create a new rival covert action office in the Pentagon, pressed to reopen the issue of where responsibility for covert action activities should reside. Consequently, on June 18, 1948, a new NSC directive, NSC 10/2, superseded NSC 4-A.

NSC 10/2 directed the CIA to conduct "covert" rather than merely "psychological" operations, defining them as all activities "which are conducted or sponsored by this Government against hostile foreign states or groups or in support of friendly foreign states or groups but which are so planned and executed that any US Government responsibility for them is not evident to unauthorized persons and that if un-

¹ NSC 4-A, December 17, 1947, is printed in *Foreign Relations*, 1945-1950, Emergence of the Intelligence Establishment, Document 257.

covered the US Government can plausibly disclaim any responsibility for them.”

The type of clandestine activities enumerated under the new directive included: “propaganda; economic warfare; preventive direct action, including sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations [*sic*] groups, and support of indigenous anti-Communist elements in threatened countries of the free world. Such operations should not include armed conflict by recognized military forces, espionage, counter-espionage, and cover and deception for military operations.”²

The Office of Policy Coordination (OPC), newly established in the CIA on September 1, 1948, in accordance with NSC 10/2, assumed responsibility for organizing and managing covert actions. The OPC, which was to take its guidance from the Department of State in peacetime and from the military in wartime, initially had direct access to the State Department and to the military without having to proceed through the CIA’s administrative hierarchy, provided the Director of Central Intelligence (DCI) was informed of all important projects and decisions.³ In 1950 this arrangement was modified to ensure that policy guidance came to the OPC through the DCI.

During the Korean conflict the OPC grew quickly. Wartime commitments and other missions soon made covert action the most expensive and bureaucratically prominent of the CIA’s activities. Concerned about this situation, DCI Walter Bedell Smith in early 1951 asked the NSC for enhanced policy guidance and a ruling on the proper “scope and magnitude” of CIA operations. The White House responded with two initiatives. In April 1951 President Truman created the Psychological Strategy Board (PSB) under the NSC to coordinate government-wide psychological warfare strategy. NSC 10/5, issued in October 1951, reaffirmed the covert action mandate given in NSC 10/2 and expanded the CIA’s authority over guerrilla warfare.⁴ The PSB was soon abolished by the incoming Eisenhower administration, but the expansion of the CIA’s covert action writ in NSC 10/5 helped ensure that covert action would remain a major function of the Agency.

As the Truman administration ended, the CIA was near the peak of its independence and authority in the field of covert action. Although the CIA continued to seek and receive advice on specific proj-

² NSC 10/2, June 18, 1948, is printed *ibid.*, Document 292.

³ Memorandum of conversation by Frank G. Wisner, “Implementation of NSC-10/2,” August 12, 1948, is printed *ibid.*, Document 298.

⁴ NSC 10/5, “Scope and Pace of Covert Operations,” October 23, 1951, is printed in *Foreign Relations, 1950–1955, The Intelligence Community*, Document 90.

ects from the NSC, the PSB, and the departmental representatives originally delegated to advise the OPC, no group or officer outside of the DCI and the President himself had authority to order, approve, manage, or curtail operations.

NSC 5412 Special Group; 5412/2 Special Group; 303 Committee

The Eisenhower administration began narrowing the CIA's latitude in 1954. In accordance with a series of National Security Council directives, the responsibility of the Director of Central Intelligence for the conduct of covert operations was further clarified. President Eisenhower approved NSC 5412 on March 15, 1954, reaffirming the Central Intelligence Agency's responsibility for conducting covert actions abroad. A definition of covert actions was set forth; the DCI was made responsible for coordinating with designated representatives of the Secretary of State and the Secretary of Defense to ensure that covert operations were planned and conducted in a manner consistent with U.S. foreign and military policies; and the Operations Coordinating Board was designated the normal channel for coordinating support for covert operations among State, Defense, and the CIA. Representatives of the Secretary of State, the Secretary of Defense, and the President were to be advised in advance of major covert action programs initiated by the CIA under this policy and were to give policy approval for such programs and secure coordination of support among the Departments of State and Defense and the CIA.⁵

A year later, on March 12, 1955, NSC 5412/1 was issued, identical to NSC 5412 except for designating the Planning Coordination Group as the body responsible for coordinating covert operations. NSC 5412/2 of December 28, 1955, assigned to representatives (of the rank of assistant secretary) of the Secretary of State, the Secretary of Defense, and the President responsibility for coordinating covert actions. By the end of the Eisenhower administration, this group, which became known as the "NSC 5412/2 Special Group" or simply "Special Group," emerged as the executive body to review and approve covert action programs initiated by the CIA.⁶ The membership of the Special Group varied depending upon the situation faced. Meetings were infrequent until 1959 when weekly meetings began to be held. Neither the CIA nor the Special Group adopted fixed criteria for bringing projects before the

⁵ William M. Leary, editor, *The Central Intelligence Agency: History and Documents* (The University of Alabama Press, 1984), p. 63; for text of NSC 5412, see *Foreign Relations, 1950–1955, The Intelligence Community*, Document 171.

⁶ Leary, *The Central Intelligence Agency: History and Documents*, pp. 63, 147–148; *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities, United States Senate, Book I, Foreign and Military Intelligence* (1976), pp. 50–51. For texts of NSC 5412/1 and NSC 5412/2, see *Foreign Relations, 1950–1955, The Intelligence Community, Documents* 212 and 250.

group; initiative remained with the CIA, as members representing other agencies frequently were unable to judge the feasibility of particular projects.⁷

After the Bay of Pigs failure in April 1961, General Maxwell Taylor reviewed U.S. paramilitary capabilities at President Kennedy's request and submitted a report in June that recommended strengthening high-level direction of covert operations. As a result of the Taylor Report, the Special Group, chaired by the President's Special Assistant for National Security Affairs McGeorge Bundy, and including Deputy Under Secretary of State U. Alexis Johnson, Deputy Secretary of Defense Roswell Gilpatric, Director of Central Intelligence Allen Dulles, and Chairman of the Joint Chiefs of Staff General Lyman Lemnitzer, assumed greater responsibility for planning and reviewing covert operations. Until 1963 the DCI determined whether a CIA-originated project was submitted to the Special Group. In 1963 the Special Group developed general but informal criteria, including risk, possibility of success, potential for exposure, political sensitivity, and cost (a threshold of \$25,000 was adopted by the CIA), for determining whether covert action projects were submitted to the Special Group.⁸

From November 1961 to October 1962 a Special Group (Augmented), whose membership was the same as the Special Group plus Attorney General Robert Kennedy and General Taylor (as Chairman), exercised responsibility for Operation Mongoose, a major covert action program aimed at overthrowing the Castro regime in Cuba. When President Kennedy authorized the program in November, he designated Brigadier General Edward G. Lansdale, Assistant for Special Operations to the Secretary of Defense, to act as chief of operations, and Lansdale coordinated the Mongoose activities among the CIA and the Departments of State and Defense. The CIA units in Washington and Miami had primary responsibility for implementing Mongoose operations, which included military, sabotage, and political propaganda programs.⁹

President Kennedy also established a Special Group (Counter-Insurgency) on January 18, 1962, when he signed NSAM No. 124. The Special Group (CI), set up to coordinate counter-insurgency activities separate from the mechanism for implementing NSC 5412/2, was to confine itself to establishing broad policies aimed at preventing and resisting subversive insurgency and other forms of indirect aggression in friendly countries. In early 1966, in NSAM No. 341, President Johnson

⁷ Leary, *The Central Intelligence Agency: History and Documents*, p. 63.

⁸ *Ibid.*, p. 82.

⁹ See *Foreign Relations, 1961–1963*, volume X, Cuba, 1961–1962, Documents 270 and 278.

assigned responsibility for the direction and coordination of counter-insurgency activities overseas to the Secretary of State, who established a Senior Interdepartmental Group to assist in discharging these responsibilities.¹⁰

NSAM No. 303, June 2, 1964, from Bundy to the Secretaries of State and Defense and the DCI, changed the name of "Special Group 5412" to "303 Committee" but did not alter its composition, functions, or responsibility. Bundy was the chairman of the 303 Committee.¹¹

The Special Group and the 303 Committee approved 163 covert actions during the Kennedy administration and 142 during the Johnson administration through February 1967. The 1976 Final Report of the Church Committee, however, estimated that of the several thousand projects undertaken by the CIA since 1961, only 14 percent were considered on a case-by-case basis by the 303 Committee and its predecessors (and successors). Those not reviewed by the 303 Committee were low-risk and low-cost operations. The Final Report also cited a February 1967 CIA memorandum that included a description of the mode of policy arbitration of decisions on covert actions within the 303 Committee system. The CIA presentations were questioned, amended, and even on occasion denied, despite protests from the DCI. Department of State objections modified or nullified proposed operations, and the 303 Committee sometimes decided that some agency other than the CIA should undertake an operation or that CIA actions requested by Ambassadors on the scene should be rejected.¹²

The effectiveness of covert action has always been difficult for any administration to gauge, given concerns about security and the difficulty of judging the impact of U.S. initiatives on events. In October 1969 the new Nixon administration required annual 303 Committee reviews for all covert actions that the Committee had approved and automatic termination of any operation not reviewed after 12 months. On February 17, 1970, President Nixon signed National Security Decision Memorandum 40,¹³ which superseded NSC 5412/2 and changed the name of the covert action approval group to the 40 Committee, in part because the 303 Committee had been named in the media. The Attorney General was also added to the membership of the Committee. NSDM 40

¹⁰ For text of NSAM No. 124, see *ibid.*, volume VIII, National Security Policy, Document 68. NSAM No. 341, March 2, 1966, is printed *ibid.*, 1964–1968, volume XXXIII, Organization and Management of U.S. Foreign Policy; United Nations, Document 56.

¹¹ For text of NSAM No. 303, see *ibid.*, Document 204.

¹² *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, *Foreign and Military Intelligence*, pp. 56–57.

¹³ For text of NSDM 40, see *Foreign Relations*, 1969–1976, volume II, Organization and Management of U.S. Foreign Policy, 1969–1972, Document 203.

reaffirmed the DCI's responsibility for the coordination, control, and conduct of covert operations and directed him to obtain policy approval from the 40 Committee for all major and "politically sensitive" covert operations. He was also made responsible for ensuring an annual review by the 40 Committee of all approved covert operations.

The 40 Committee met regularly early in the Nixon administration, but over time the number of formal meetings declined and business came to be conducted via couriers and telephone votes. The Committee actually met only for major new proposals. As required, the DCI submitted annual status reports to the 40 Committee for each approved operation. According to the 1976 Church Committee Final Report, the 40 Committee considered only about 25 percent of the CIA's individual covert action projects, concentrating on major projects that provided broad policy guidelines for all covert actions. Congress received briefings on only a few proposed projects. Not all major operations, moreover, were brought before the 40 Committee: President Nixon in 1970 instructed the DCI to promote a coup d'etat against Chilean President Salvador Allende without Committee coordination or approval.¹⁴

Presidential Findings Since 1974 and the Operations Advisory Group

The Hughes-Ryan amendment to the Foreign Assistance Act of 1974 brought about a major change in the way the U.S. Government approved covert actions, requiring explicit approval by the President for each action and expanding Congressional oversight and control of the CIA. The CIA was authorized to spend appropriated funds on covert actions only after the President had signed a "finding" and informed Congress that the proposed operation was important to national security.¹⁵

Executive Order 11905, issued by President Ford on February 18, 1976, in the wake of major Congressional investigations of CIA activities by the Church and Pike Committees, replaced the 40 Committee with the Operations Advisory Group, composed of the President's Assistant for National Security Affairs, the Secretaries of State and Defense, the Chairman of the Joint Chiefs of Staff, and the DCI, who retained responsibility for the planning and implementation of covert operations. The OAG was required to hold formal meetings to develop recommendations for the President regarding a covert action and to conduct periodic reviews of previously-approved operations. EO 11905 also banned all U.S. Government employees from involvement in polit-

¹⁴ *Final Report of the Select Committee To Study Governmental Operations With Respect to Intelligence Activities*, United States Senate, Book I, Foreign and Military Intelligence, pp. 54–55, 57.

¹⁵ Public Law 93–559.

ical assassinations, a prohibition that was retained in succeeding executive orders, and prohibited involvement in domestic intelligence activities.¹⁶

Approval and oversight requirements for covert action continued to be governed by the Hughes-Ryan amendment well into the Carter administration, even as the new administration made alterations to the executive branch's organizational structure for covert action.

President Carter retained the NSC as the highest executive branch organization to review and guide U.S. foreign intelligence activities. As part of a broader NSC reorganization at the outset of his administration, President Carter replaced the Operations Advisory Group (OAG) with the NSC's Special Coordination Committee (SCC), which explicitly continued the same operating procedures as the former OAG.¹⁷ Membership of the SCC, when meeting for the purpose of reviewing and making recommendations on covert actions (as well as sensitive surveillance activities), replicated that of the former OAG—namely: the Assistant to the President for National Security Affairs; the Secretaries of State and Defense; the Director of Central Intelligence; the Chairman of the Joint Chiefs of Staff; and the Attorney General and Director of the Office of Management and Budget (the latter two as observers). The designated chairman of all SCC meetings was the Assistant to the President for National Security Affairs. Carter formalized the SCC's replacement of the OAG in EO 11985 of May 13, 1977, which amended President Ford's EO 11905 on "United States Foreign Intelligence activities."¹⁸ In practice, the SCC for covert action and sensitive surveillance activities came to be known as the SCC (Intelligence) or the SCC-I, to distinguish it from other versions of the SCC.

The SCC's replacement of the OAG was reaffirmed in E.O. 12036 of January 24, 1978, which replaced E.O. 11905 and its amendments. E.O. 12036 also reaffirmed the same membership for the SCC-I, but identified the Attorney General and the Director of the Office of Management and Budget as full members of the Committee, rather than merely observers.

¹⁶ Executive Order 11905, "United States Foreign Intelligence Activities," *Weekly Compilation of Presidential Documents*, Vol. 12, No. 8, February 23, 1976.

¹⁷ The broader NSC reorganization sought to reduce the number of NSC committees to two: the Policy Review Committee (PRC) and the Special Coordination Committee (SCC). The SCC's jurisdiction included all intelligence policy issues other than annual budget and priorities reviews; the SCC also had jurisdiction over other, nonintelligence matters. Presidential Directive 2, "The National Security Council System," January 20, 1977, Carter Library, Vertical File, Presidential Directives. See also Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Advisor 1977–1981* (New York: Farrar, Strauss, Giroux, 1983), pp. 59–62.

¹⁸ Executive Order 11985, "United States Foreign Intelligence Activities," May 13, 1977, *Weekly Compilation of Presidential Documents*, Vol. 13, No. 20 (May 16, 1977), pp. 719–720.

Also in the first days of the Carter administration, the SCC-I established a lower-level working group to study and review proposals for covert action and other sensitive intelligence matters and report to the SCC-I. This interagency working group was chaired by the Deputy Assistant to the President for National Security Affairs (David Aaron), or in his absence, the NSC Director for Intelligence Coordination. The working group was named the Special Activities Working Group (SAWG). The SAWG was active in early Carter administration reviews of ongoing covert action, and remained active through at least 1978. NSC officials in mid-1978 sought to downgrade or abolish the SAWG and replace it as needed with ad hoc working groups. Internal NSC reviews at the end of the Carter administration state that the SAWG gradually fell out of use. By late 1979, the means for debating, developing, and guiding certain covert actions was an interagency working group chaired by Aaron at the NSC. This group was referred to by several names during the late Carter administration, including the Deputy's (or Deputies) group, the Aaron group, the interagency group, the Black Chamber, and the Black Room.

The Carter administration made use of a new category of presidential findings for "world-wide" or "general" (or "generic") covert operations. This continued a practice initiated late in the Ford administration in response to the Hughes-Ryan requirement for presidential findings. The worldwide category covered lower-risk operations that were directed at broad policy goals implemented on a worldwide basis as assets allowed. These operations utilized existing assets as well as existing liaison contacts with foreign intelligence or security services, and in some cases also consisted of routine training or procurement undertaken to assist foreign intelligence partners or other agencies of the USG. A new type of document—known as "Perspectives"—provided more specific tasking guidance for these general, worldwide covert activities. Perspectives detailed the themes to be stressed in furtherance of a particular policy goal. Riskier operations required their own presidential finding or Memorandum of Notification (see below). Perspectives were drafted by the CIA and cleared by the Department of State, so that the CIA could vet the operational feasibility and risks of the program while State could assess the diplomatic risks and verify that the program was consistent with overall foreign policy goals. At least initially, Perspectives did not require further coordination with the OAG, SCC, or the President. Once an agreed-upon Perspectives document was finalized by CIA and the Department of State, it was transmitted to the field, and posts were required to make periodic reports on any achievements under the Perspectives guidelines. Beginning in 1978, actions in this worldwide category were authorized by the President as specific line-item additions to a previously existing "world-wide" finding, though Perspectives were still used to provide additional details.

Another new document used during the Carter administration was the “Memorandum of Notification” (MON). MONs were initially used to introduce higher-risk, significantly higher-cost, or more geographically-specific operations under a previously-approved worldwide or general objective outlined¹⁹ in a Perspectives document. Like Perspectives, MONs had to be coordinated between the CIA and the Department of State, but they also required broader interagency coordination within the SAWG or SCC. MONs subsequently came to be used for significant changes to any type of finding, not just worldwide ones. Entirely new covert actions continued to require new presidential findings. The Hughes-Ryan amendment stipulated that Congress be notified of new findings “in a timely fashion,” but did not specify how much time that meant. During the Carter administration, the CIA typically notified Congress of new covert initiatives within 48 hours, including those outlined in Perspectives or MONs.

In October 1980, the Intelligence Authorization Act for Fiscal Year 1981—also known as the Intelligence Oversight Act of 1980—scaled back the Hughes-Ryan amendment’s provisions for congressional oversight of covert action. While the requirement to notify Congress about presidential findings remained in place, the new Act limited the committees of Congress that had to be briefed to the two intelligence committees, and also explicitly clarified that this requirement to keep the committees “fully and currently informed” did not constitute a requirement for congressional approval of covert action or other intelligence activities. Moreover, the new Act stipulated that if the President determined it was “essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States,” the President could limit prior notice to the chairmen and ranking minority members of the two intelligence committees, the Speaker and minority leader of the House, and the majority and minority leaders of the Senate—a group that came to be known as the “Gang of Eight.” If prior notice of a covert action was withheld, the President was required to inform the two intelligence committees “in a timely fashion” and provide a statement of the reasons for not giving prior notice.²⁰

¹⁹ Executive Order 12036, “United States Foreign Intelligence Activities,” January 24, 1978, *Weekly Compilation of Presidential Documents*, Vol. 14, No. 4 (January 30, 1978), pp. 194–214. Since E.O. 12036 governed foreign intelligence activities, all references in the E.O. to the “SCC” were effectively references to what was known in practice as the SCC (Intelligence), or SCC-I.

²⁰ PL 96–450, Sec. 407 (October 14, 1980). See also the description of the Hughes-Ryan amendment and its replacement by PL 96–450 in: Richard A. Best, Jr., “Covert Action: Legislative Background and Possible Policy Questions,” Congressional Research Service, RL33715, December 27, 2011, pp.1-2; and L. Britt Snider, *The Agency and the Hill: CIA’S Relationship with Congress, 1946-2004*, Washington: Center for the Study of Intelligence, Central Intelligence Agency, 2008, pp.280–81.

Eastern Europe

Eastern Europe Region

1. Presidential Review Memorandum/NSC-9¹

Washington, February 1, 1977

TO

The Vice President
The Secretary of State
The Secretary of Defense

ALSO

The Secretary of the Treasury
The United States Representative to the United Nations
The Director, Office of Management and Budget
The Chairman, Council of Economic Advisors
The Director, Arms Control and Disarmament Agency
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

SUBJECT

Comprehensive Review of European Issues (U)

The President has directed that the Policy Review Committee, under the Chairmanship of the Department of State, undertake a broad review of US policy concerning key European issues. The review should be completed no later than March 1, 1977.

¹ Source: Carter Library, National Security Council, Institutional Files, Box 27, PRM-9 [1]. Secret. Hyland forwarded the memorandum to Brzezinski for signature on January 29, stating it had been thoroughly coordinated with the Department of State and the Department of Defense. (Ibid.) On January 5, two weeks prior to the inauguration, the President-elect's team held a "mini" NSC meeting to discuss the foreign policy agenda for the administration. Included in the Summary of Conclusions of the meeting was a recommendation that a comprehensive review of Europe be held prior to the NATO Ministerial meeting scheduled to take place in London May 10-11. Carter approved the Summary of Conclusions of the meeting. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 78, Brzezinski, Chron to/from President: 1/77)

The review should address the following issues:²

[Omitted here is information unrelated to Eastern Europe.]

4. *Eastern Europe*: This section should analyze the situation in the area in terms of general trends—political, economic and social stability. The status and outlook in each country for relative internal liberalization and external independence should be examined. In particular, there should be a discussion of how the US should approach the area and the countries involved; whether and how we should differentiate among the countries in trading or political relations, e.g., treat them more or less uniformly, or primarily as a function of the policy toward the USSR, or on the basis of other criteria, e.g., should US policy be more forthcoming toward Eastern European countries that are relatively more liberal internally (e.g., Poland and Hungary), or relatively more independent from Moscow (e.g., Romania). This review should include an examination of the role of RFE/RL. This analysis should also address the GDR in the context of US-German and Berlin policies, as well as Eastern Europe.

5. *Security Issues: East-West*: An analysis should be made of East-West relations in Europe, probable trends, tradeoffs, and issues or contingencies that might arise. It should examine the constraints on further progress, the main elements of an East-West agenda and priorities of US policy. This analysis should include an examination of Soviet policy and objectives in European security. In particular, the following sub-issues should be covered:

(a) *MBFR*: As a follow up to the priority work being undertaken in PRM/NSC–6,³ an analysis should be included in this study of the role of mutual force reduction (including MBFR) in East-West relations, its priority, objectives, prospects, as well as possible US initiatives.

(b) *CSCE*: This section should describe the status, and examine the utility of CSCE, particularly for increasing East-West contacts and effecting changes in the human rights area. It should analyze the role of CSCE in the overall East-West relationship and its priority in US policy during and beyond the Belgrade Conference.

(c) *Berlin and Germany*: This section should describe the present situation in terms of the Quadripartite Agreement, the inter-German relationship, possible Soviet-GDR moves, and the efficacy of current Allied consultative arrangements; an examination should be made of whether the Three Western Powers and/or the FRG should undertake

² The memorandum also covered European relations, NATO, and economic issues. Scheduled for publication in *Foreign Relations, 1977–1980*, vol. XXVII, Western Europe.

³ PRM/NSC–6 ordered a review of U.S. policy toward MBFR. Scheduled for publication in *Foreign Relations, 1977–1980*, vol. V, European Security, 1977–1983.

any new initiatives to improve the situation; analysis also should include the FRG-Soviet relationship in broader European security terms.

Zbigniew Brzezinski

2. Editorial Note

In a February 9, 1977, memorandum to the National Security Council's Special Coordination Committee (SCC), Deputy Assistant to the President for National Security Affairs David Aaron reported on a January 26 meeting of the Special Activities Working Group (SAWG) to discuss and review all approved covert action programs and other sensitive activities. Aaron reported that for each activity, the group considered a) relevance to U.S. policy objectives; b) achievements; c) risks; d) budgetary costs; e) alternative courses of action; and f) consequences of termination. The group did not seek to identify new possibilities for covert action. The SAWG also "assumed that the SCC and the President wish to limit USG involvement in covert special activities to the greatest extent possible consistent with U.S. interests." On covert support for publishing materials targeted at the Soviet Union and Eastern Europe, the group found that the program was generally desirable, and in the U.S. interest to continue. "However," Aaron wrote, "issues were raised which suggest the need for a more searching examination of the scope and mode of operation. For instance, there has been no recent comprehensive review of the policy objectives of this program, even though the internal political situations in Eastern Europe and the USSR have changed in some important respects." (National Security Council, Carter Administration Intelligence Files, Box I-022, SCC Meetings, 1977-1978, SCC (i) 24 February 1977)

On February 21, Samuel Hoskinson of the National Security Council Staff, forwarded a memorandum to Assistant to the President for National Security Affairs Zbigniew Brzezinski with the agenda for the upcoming SCC meeting on intelligence activities. Concerning the Soviet Union and Eastern Europe publication program, the prepared talking points recommended that Brzezinski stress the need to do more in the area and that new ideas for what the U.S. Government could do were necessary, especially in the area of respect for human rights. (Ibid.)

Following the February 24 SCC meeting, Brzezinski sent President Jimmy Carter a memorandum on February 28, seeking approval of the

SCC recommendations to continue several Soviet Union and Eastern Europe programs, including the book publishing program. On the Soviet and Eastern European program, Brzezinski wrote: “Given the growing importance of the human rights problem throughout this whole area, I feel this program should probably be expanded.” Brzezinski also informed Carter of Secretary of Defense Harold Brown’s recommendation for this program. Carter approved the continuation of the program. (Ibid.) On March 4, Brzezinski informed Brown, Secretary of State Cyrus Vance, and Acting Director of Central Intelligence E. Henry Knoche of Carter’s decision to continue the book and publication program for the Soviet Union and Eastern Europe subject to a review as to scope and mode of operation. (National Security Council, Carter Administration Intelligence Files, Box I-020, Minutes of SCC Intelligence Working Group 1977)

3. Paper Prepared in the Central Intelligence Agency for the Special Activities Working Group¹

Washington, February 4, 1977

USSR AND EAST EUROPE

SYNOPSIS: The Agency’s covert action program against the USSR and Eastern Europe is intended to sustain pressure for liberalization of the domestic and foreign policies of the Soviet Union and the countries of Eastern Europe, and to lessen Soviet domination of Eastern Europe. It is designed to complement broader overt U.S. government programs such as the broadcasts of Radio Liberty and Radio Free Europe as well as the educational, cultural, technical and scientific exchange programs; plus a growing number of activities in the private sector—both in the U.S. and Europe.

The program’s objectives are pursued by supporting the dissidents in the USSR and EE, specifically in their struggle for elementary civil liberties. Owing to the inherent intolerance of the communist regimes

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-022, SCC Meetings 1977–78, SCC (i) 24 February 1977. Secret; Sensitive. The date is handwritten. Hoskinson forwarded the paper, which was prepared at the request of the Special Activities Working Group, to Brzezinski under a February 21 covering memorandum at Tab E of Brzezinski’s briefing book for the February 24 SCC meeting.

to any form of dissent, this struggle—whether over freedom of religion or freedom to emigrate—is inevitably a political one.

The program promotes the free movement of information and ideas through the publication and internal distribution of books and periodicals containing information denied Soviet and East European Bloc citizens by their regimes. During 1976 some 170,000 books and periodicals were infiltrated into the USSR or handed to Soviet citizens abroad. An additional 145,000 books and periodicals reached Eastern Europe. These items range from *samizdat* (writings which could not be published in the USSR which are smuggled to the West, published and clandestinely re-infiltrated into the Soviet Union) to translations of Western authors. They deal with a wide range of politically important subjects such as recent history (including the historical 'fiction' of Alexander Solzhenitsyn), non-Marxist economics and sociology, as well as literary works.

The program also seeks to support the dissidents fighting for human rights in the USSR and Eastern Europe by generating publicity for their cause, and by exposing and protesting human rights violations in these countries. The dissidents themselves are unanimous that such publicity is essential to their survival. Examples of such activity in 1976 include publicity efforts conducted in support of Soviet dissenters Vladimir Bukovskiy, Yuriy Orlov (chairman of a small committee organized to monitor Soviet compliance with the CSCE accords) and Andrey Tverdokhlebov, the imprisoned secretary of the Moscow chapter of Amnesty International.

The eight activities which comprise the program are mutually supporting and inter-related. These are:

1. A book and periodical distribution activity which distributes proscribed literature (primarily in Russian and the Eastern European languages) to Soviet and Eastern European citizens, either in the West (to visiting diplomats, trade delegations, cultural groups, tourists, etc.) or in the East (where they are smuggled in by tourists or sent to exchange students and other resident Westerners who then pass them along to target personalities). (FY 77 \$1,200,000)

2. A literary advisory activity which uses specialists in Russian literature to select materials meriting publication for subsequent distribution in the Soviet Union, and publish them through one of several proprietary outlets. Some 10–12 books in Russian and Polish are published annually. (FY 77 \$250,000)

3. A Russian language newspaper published in Paris which seeks to support and stimulate dissidence among Soviet intellectuals. (FY 77 \$350,000)

4. A human rights activity which uses a small number of activists in Western Europe to publicize Soviet and Eastern European abuses of human rights. (FY 77 \$105,000)

5. A Russian emigre organization (National Alliance of Solidarists—NTS) which engages in procurement, publication and clandestine

distribution of literature and socio-political commentary in the Russian language, and in some political activity in the USSR. (FY 77 \$200,000)

6. A Czech-language quarterly magazine aimed at Czechoslovak intellectual dissidents. (FY 77 \$125,000)

7. A literary institute in France which publishes a monthly Polish language magazine and selected books directed at Polish intellectuals and youth. (FY 77 \$115,000)

8. A Ukrainian emigre group which in addition to promoting the cause of Ukrainian national identity, seeks to encourage the many national minority groups to unite with the Russian dissidents in their struggle for national and cultural identity. (FY 77 \$245,000)

POLICY:

This program is consistent with U.S. policy toward the Soviet Union and Eastern Europe in recent years.

GAINS:

—The dissident movement in the USSR, whose prospects were viewed with considerable pessimism by many observers as recently as a year ago, has shown remarkable tenacity and vitality. The activity of dissidents fighting for greater civil liberties in Poland and Czechoslovakia, has greatly increased in the past year. Testimony is available from internal dissidents and from recent emigres interviewed in the West that the operations which publish and distribute literature and periodicals are effective in terms of reaching their targets and sustaining the existence and growth of democratic movements in the countries involved.

—Prominent dissidents such as Leonid Plyushch, Andrey Amalrik and Vladimir Bukovskiy who have been expelled or allowed to emigrate in the past year have been active and effective in dramatizing the situation of their fellow dissidents in the USSR, and in generating publicity and mobilizing public support in the West for the cause of human rights in the USSR and Eastern Europe. This activity, especially when done by professed Marxists such as Plyushch or the Czech emigre Jiri Pelikan has been a factor contributing to the strong stance taken by the French and Italian communist parties for the cause of human rights in the Soviet Union and Eastern Europe.

RISKS:

—*The growth of dissidence in Eastern Europe, especially in Poland, could reach crisis proportions insoluble by the regime and intolerable to the USSR. It has been argued that this could lead to Soviet intervention and repression. If such a crisis occurs, we believe it will be primarily owing to grave economic and other factors little affected by our covert action program to support human rights.*

—*Many of these operations are “covert” action in name only. U.S. Government, and indeed CIA, support for the instruments involved is widely*

known to or suspected by friend and foe alike. Nevertheless, cover mechanisms of private sponsorship are necessary fig leaves which permit other Western governments to tolerate the activity of these instruments on their soil. Accusations of CIA sponsorship have often been made by the East and have had a negligible effect on the effectiveness of the operations. Official U.S. Government acknowledgement of such sponsorship or authoritative leaks, however, would be embarrassing to our Western European allies and could well force dismantling of some of the publishing and distribution operations.

—The impact of these operations on bilateral relations between the U.S. and the USSR is negligible. As noted, the USSR already knows about most of them. More important, ideological warfare is consistent with the Soviet Union's perception of detente.

—Operational activity intended to coordinate and sustain publicity and protests on human rights violations is much more discreet and selective. In this area, exposure of the role played by CIA assets could involve the loss of support from some segments of the Western public.

—Some of the publications and human rights publicity generated in West Europe filter back to the United States and are picked up by U.S. media. We see no impropriety here, since no false propaganda or deception is involved.

COSTS:

—The total budget for FY 1977 is \$2,650,000. Of this amount, book distribution receives over [number not declassified] of the budget. Publishing accounts for approximately [number not declassified], and human rights publicity approximately [number not declassified]. In terms of targeting, approximately [number not declassified] of the funds go to the operations against the USSR, with the remaining [number not declassified] directed primarily to the Czech and Polish operations.

—In the past few years there has been a reduction in the resources available to this program (in FY 1974 the budget for essentially the same operations was almost \$4,000,000). Despite cost economies, inflation is taking an inevitable toll on the level of activity possible on a fixed budget.

ALTERNATIVES:

—Some of the book distribution effort could be funded and administered openly by the U.S. Government, perhaps in the same manner as the radios. That should work well in the United States, and could be tried on a pilot basis to supplement the existing covert program. However, it would probably not be possible to continue or adequately replace the present covert distribution mechanism in Europe, which involves discreet contact with Soviet, EE, and foreign nationals, and the contravention of customs regulations in the East.

—The periodicals in Czech and Ukrainian which we publish or subsidize could receive overt U.S. Government funding. In such a case,

the Ukrainian and Czech magazines could move to the U.S. if necessary, and would probably continue to be effective. The Polish journal and the Russian newspaper cannot be moved from [*less than 1 line not declassified*], and it is doubtful that they would be permitted to continue operation in [*less than 1 line not declassified*] if U.S. proprietorship were acknowledged.

—Activity to stimulate and coordinate publicity and protests of human rights violations could be left to the initiative of private organizations and individuals, but we believe this would involve a significant loss of momentum and continuity.

—There is no likely alternative U.S. funding for [*less than 1 line not declassified*]. If our covert subsidy was terminated, [*less than 1 line not declassified*] would survive on a reduced scale but its operational effectiveness would be greatly impaired.

CONSEQUENCE OF TERMINATION:

—Termination of the entire program would have a negative effect on the prospects and morale of the dissident movements in the USSR, Poland and Czechoslovakia. It would probably be interpreted by the dissidents and by the regimes as a U.S. policy decision to subordinate support for human rights in those countries to bilateral policy considerations.

4. Executive Summary of a Paper Prepared by the Policy Review Committee¹

Washington, undated

Presidential Review Memorandum/NSC-9

COMPREHENSIVE REVIEW OF EUROPEAN ISSUES

[Omitted here is discussion of U.S.-West European relations, NATO, economic issues, and East-West security issues (MBFR, SALT, and CSCE).]

V. Eastern Europe

This PRM response analyzes four possible options for US policy toward Eastern Europe:

A. *Differentiate more sharply in favor of Eastern European countries which demonstrate greater foreign policy independence from Moscow.* In effect this means increasing the preferential status of Romania at the expense of Poland, Hungary, and the others. Since there are limits to how much further we can go with Romania, and given the unlikely prospect that the others will soon show foreign policy independence, this option by itself could result in US immobilism toward Eastern Europe.

B. *Be more forthcoming toward Eastern European countries that are relatively more liberal internally.* In effect this option favors Poland and Hungary over Romania and the others. While this approach would be the clearest signal of our belief in human rights, it would inhibit our flexibility to pursue a close relationship with countries (e.g., Romania) which do not meet our human rights criteria but whose activities serve our interests in other ways.

C. *Give preference to Eastern European countries that are either relatively liberal internally or relatively independent internationally, but limit our ties*

¹ Source: Carter Library, National Security Council, Institutional Files, Box 27, PRM-9 [1]. Secret. Sent to Brzezinski under a March 1 covering memorandum from Borg. On March 2, Michael Hornblow, Acting Staff Secretary of the National Security Council forwarded the paper to the members of the Policy Review Committee. (Ibid.) On March 4, Treverton sent Brzezinski a memorandum analyzing the study paper. Treverton wrote that the full report was "long and loose" but that some parts, "for instance the section of Eastern Europe—is quite good." Referring specifically to the Eastern Europe section and the four alternatives proposed by the paper, Treverton argued that "the difficulty with much of the discussion, even the four broad alternative approaches, is that it is very political in character. There is, for instance, little mention of the looming problem of Eastern European debt with Western financial institutions. That would bear on our ability to implement *any* approach." (Ibid.)

with those that are neither. This option widens the range of favored countries to all but Czechoslovakia, the GDR, and Bulgaria. We would seek to “reward” the more liberal and independent countries and to encourage further development of those trends. With the three retrograde regimes, our aim would be to encourage liberalization and autonomy by holding out the carrot of an advantageous relationship with us; the problem is that U.S. leverage with them is minimal.

D. *Abandon any implicit rank-ordering, and seek to expand contacts and relations across the board in Eastern Europe to the extent possible and feasible.* This approach would seek to cut the link between certain basic US actions—e.g., the extension of most-favored-nation trade status and access to credits—and Eastern European behavior. It is based on the assumption that greater internal liberalization and foreign policy autonomy in Eastern Europe are more likely to come about as a result of increased contacts with the US than because we have made greater liberalization and/or autonomy preconditions for expanding contacts. This approach is designed to set a firm basis for increased US influence over Eastern European policies over the long term. But it is vulnerable to the criticism that we would be “rewarding” and “legitimizing” repressive regimes.

On two unique cases:

—Our bilateral objective with the *GDR* over the next few years should be to increase our presence, our contacts, and our knowledge. This should be done in a way which is consistent with our broader policy interests concerning the *FRG*, Berlin and European security.

—Towards *Yugoslavia* our primary objective should remain to encourage Yugoslavia’s continued independence of the Soviet Union and to give the Soviet Union no reason to think that armed intervention or a bid for predominant political influence would not have the gravest effect on East-West and US-Soviet relations. And we should continue to reserve all our options in response to such Soviet action.²

² Not included in the Executive Summary, but included in the larger body of the paper, is an analysis of Radio Free Europe/Radio Liberty. The paper concluded that Radio Free Europe/Radio Liberty are important to U.S. foreign policy, that their mission is consistent with the Helsinki Agreements regarding free flow of information, and that the radios have become “considerably more effective in responding to the interests of listeners in recent years.” A larger study on Radio Free Europe/Radio Liberty and Voice of America was prepared by the Ford Administration and submitted to Congress by the Carter administration. See Document 45.

5. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

RP 77-10060

Washington, April 1, 1977

DISSIDENT ACTIVITY IN EAST EUROPE: AN OVERVIEW²

To those who think history unfolds in cyclical patterns, the recent events in Eastern Europe have an ineluctable logic. Twenty years ago or so it was the street upheavals in East Germany, the Poznan riots in Poland, and the Hungarian revolution. A decade later it was the "Prague Spring" and then the food riots in Polish coastal cities. And now, there is again very serious trouble in Poland and a recrudescence of unrest and dissident activity in Czechoslovakia, East Germany, Yugoslavia and, to a lesser extent, Hungary and Romania.

The underlying causes remain essentially unchanged:

—All of the regimes in Eastern Europe are, to varying degrees, repressive and do not command the loyalty of their people.

—The geopolitical ties to the USSR are at war with strong nationalist sentiment and the emotional and cultural pull of the West.

—The economic performance of the regimes is deficient.

But there are new elements contributing to the current problems in Eastern Europe. Foremost among them is the USSR's detente policy. It has:

—Promoted and therefore made legitimate the idea of increased interchanges with the West.

—Resulted in a series of agreements, notably those involving increased contacts between the two Germanies and the Helsinki accord that reduced the isolation of the East European people (particularly its elites) and raised expectations of more to come.

—Fostered an atmosphere that has made it more difficult for the regimes to deal with their internal control problems in authoritarian ways abhorrent to Western sensibilities.

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 78T02549A, PPG Production Case Files, Box 3, Folder 15, RP-77-10060: Dissident Activity in East Europe: An Overview. Secret; [handling restriction not declassified]. The report was prepared in the Office of Regional and Political Analysis.

² In a June 16 memorandum, Brzezinski forwarded parts of the report to President Carter. Brzezinski noted that, "given the timeliness of this topic" he thought Carter would be interested in excerpts from the report. He underlined the paragraphs referring to each Eastern European country in part and noted the country in the margin. Carter initialed the covering memorandum indicating he saw it. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 22, Europe: 1/77-12/78)

—Increased Moscow's stake in order, stability, and quietude in Eastern Europe even while it increased pressures from the West that tend to be destabilizing.

The flowering of Eurocommunism in Western Europe is another new and troublesome problem for the East European regimes and Moscow—not only because its leading proponents have given verbal aid and comfort to East European and Soviet dissidents but, more important, because it has appeal within the ruling parties in Eastern Europe.

The Soviets and East Europeans must also be concerned that President Carter's statements on human rights and particularly his exchange of letters with Soviet dissident spokesman Andrey Sakharov, give evidence of a new policy that is designed to cause trouble for the USSR in its own backyard. Even if the Soviets believe that is not Washington's intention, they will be worried that the effect will be the same. Moscow's misgivings in this regard will be in proportion to its concerns about the degree of unrest in Eastern Europe. Given the history of the postwar period, Moscow may well have a bias toward alarm. But in view of the prevailing situation in Poland, even an outside observer would conclude that Moscow has cause for concern.

[Omitted here is a map of Eastern Europe.]

The Dissidence: Where Things Stand

—The situation in *Poland* is by far the most volatile in Eastern Europe. A major blow-up could come at any time. The popular mood has remained tense and sullen since the outbreak of workers' unrest last summer, although the regime has taken steps to dissipate the discontent. Dissatisfaction is rooted in economic problems that the regime cannot solve nor significantly ameliorate any time soon. Moreover, the dissatisfaction of the Polish people extends beyond the economic and into fundamental questions regarding the competence and legitimacy of the entire system and its leaders. Under these circumstances, Poland's professional intellectuals and dissidents have a good deal to work with. They established a Workers Defense League, raised funds for the families of workers jailed after the June rioting, and are now calling for an amnesty and an investigation of police abuses. Not surprisingly, while the Polish dissidents have given some verbal support to the Czechoslovak Chartists, they have been preoccupied with their own problems and opportunities in Poland.

The authorities who beat a hasty retreat before the workers' wrath last summer have, since last fall, handled the intellectuals with kid gloves. The leadership is acutely aware that they face a volatile situation and that a direct confrontation, with the potential creation of martyrs, must be avoided. The regime is trying to prevent the growth of cooperation between the workers and the dissident groups, and Gierek has released some workers and promised an amnesty for others, even while

he has refused to undertake the investigation the Workers Defense League hopes will provide a focus for more fundamental criticism.

—The problem in *East Germany* is somewhat analogous to that in Poland in that it also involves popular unrest. It is different in that disquiet has not manifested itself in violence or overt acts of hostility to the regime. The temper in East Germany seems to be less churlish than in Poland and far less volatile. There is no evidence that any of the dissident groups are united.

The Honecker regime is greatly concerned about the attraction of the West, particularly West Germany, for the East German population. Three out of every four East German homes receive, and presumably watch, West German television. Millions of travelers from the West enter East Germany every year. Against this kind of “subversion,” Honecker’s attempts to create an *East German* nationalism have faltered, and the regime’s classical means of control seem almost irrelevant.

The Helsinki accords have made life ever more difficult for the East German regime. Acting under its provisions, large numbers—perhaps tens of thousands—of East Germans have applied for exit visas to emigrate to the West. The regime is taking steps to discourage such applications, and it is doubtful that it will allow many East Germans to emigrate no matter what the pressures from the West. No one knows the degree of skepticism or cynicism with which such applications are made, but disillusionment and resentment toward the regime could prove to be a problem.

We have seen some signs of increased restiveness among workers manifest in complaints about working conditions, wages, and hours. It is hard to tell how serious this is. So far, we see little evidence that the regime feels itself under great pressure from the workers. A worsening of the economic situation could lead to unification of the various groups dissatisfied with the regime’s policies.

Last fall, the regime had some trouble with clergy in the Lutheran church and with a few outspoken dissident intellectuals. The latter have not been overtly sympathetic with the Czechoslovak Chartists, nor have they brought organized sustained pressure on Honecker. The regime’s carrot-and-stick tactics have been relatively successful in keeping things quiet within the intellectual community.

—The *Czechoslovaks* have taken center stage among East European dissident intellectuals by their direct challenge to regime practices regarding civil rights, as outlined in “Charter 77,” a manifesto which was prepared early last fall but not propounded until January. The Chartists—a mix of well-known oppositionists who were active in the political arena during the “Prague Spring” and a surprisingly large number (more than 600) of other intellectuals and technocrats—clearly

have the authorities worried. One Czech [*less than 1 line not declassified*] has reported that nervous colleagues have been watching what the Chartists say, particularly on ideological questions, since they went public. One reason the regime is concerned is that the Chartists represent, in a figurative sense, the plight of a vastly larger number of people (perhaps as many as half a million), who were purged after 1968 and whose political and other rights remain severely circumscribed. As apostles of the aborted effort to give socialism a “human face,” many of the Chartists consider themselves forerunners of the Eurocommunism of the 1970s. The government has harassed the Chartists and has arrested several, but has not initiated a thoroughgoing crackdown. One of the Chartists’ leading spokesmen, Jan Patocka, died shortly after interrogation last month (he was not physically abused), but his funeral took place without incident, and as far as we know there was no popular reaction to his death.

—The small number of *Romanian* dissidents have been deeply divided by personal feuds and different goals, but some common ground has been found in Charter 77. The dissidents consist mainly of unknown artists and intellectuals who do not command national prestige. Novelist Paul Goma’s “open letter” in support of the Chartists and a Romanian version of the Czech manifesto are the only recent evidence of vitality. The dissident’s letter strongly criticized party leader Ceausescu’s personal role and his authoritarianism. In Romania, they make clear, the problem is not the Soviets, but Ceausescu himself. This personal attack may account for Ceausescu’s vitriolic speech blasting the dissidents, but the Romanian leader did not follow up with harsher measures. On the contrary, Goma was allowed to see the party number-one man on cultural affairs, and there were even suggestions that some of Goma’s work might be published. Goma has not backed off and joined by a hundred-odd known sympathizers who signed his manifesto, he continues his struggle.

—Dissidence in *Hungary* has elicited no signs of serious concern from the regime. A small number of intellectuals have publicly supported the Chartists, but thus far they have not criticized conditions in Hungary. Ironically, while party leader Kadar’s soft line has been successful at home, it has caused him some troubles with colleagues in Eastern Europe and perhaps the USSR as well. He is in a strong position as long as the Hungarian dissidents behave themselves and Hungary continues to be one of the quieter countries in Eastern Europe.

—There is little active dissent in *Bulgaria*, still Moscow’s most dependable and ideologically conformist ally. Some passive resistance and unhappiness with living standards is evidenced by occasional work slowdowns and a widespread apathy, but this is nothing new. The aged top leadership will inevitably need to be replaced before long, and this might provide a new climate that would stimulate dissent.

—Opposition to the political establishment in *Yugoslavia* is unorganized, and factionalized, but is nevertheless worrisome to the Tito regime. Evidence of dissatisfaction, and the employment of harsh measures to suppress it, would bring into the open the regime's repressive character and make it more difficult for the leadership to argue that Yugoslavia is qualitatively "different" from other communist states. The regime's attitude toward dissent is colored by its abiding concern regarding the nationalities problem; all dissent is seen as potentially destabilizing.

Although such well-known personalities as Milovan Djilas and Mihajlo Mihajlov have long spoken out against government policies and communist practices, the intellectuals and students now criticizing passport policies and supporting the Chartists are not known to the general public.

The government has responded cautiously to dissident accusations that it is ignoring the human rights provisions of Helsinki. But it quickly expelled three West Germans who tried to publicize the issue in February, and is making strenuous behind-the-scenes efforts to keep dissent under wraps. The regime is also showing the stick to Yugoslav protesters. Two signers of the petition on passport policy have reportedly lost their jobs, and more punitive actions may be taken. The Constitutional Court rejected their appeal on 24 March. Belgrade's immediate concern is to limit adverse international publicity, as this would seriously embarrass the regime in view of Yugoslavia's role as host of the Conference on Security and Cooperation in Europe (CSCE) review meetings.³ It has circulated the word that it may pardon some well known dissenters such as Mihajlov before the meeting as a gesture of Yugoslavia's good intentions on the human rights front.

The Dissidents

There have always been individuals in Eastern Europe, even in quiet times, who have called themselves or have been called "dissidents," and have come forward to criticize the existing socio-political order. In recent months nascent dissident organizations in two countries of Eastern Europe, Poland and Czechoslovakia, have come into the open. The Workers Defense League in Poland, by the very act of adopting a name, has sent a signal that it aspires to, if it is not in fact, a corporate organization. The Charter 77 group in Czechoslovakia has

³ It was agreed at Helsinki in August 1975 that the 35 participating nations would meet in two years to review implementation of the act's provisions. A preparatory meeting of experts is scheduled to be held on June 15 in Belgrade to decide on the dates and agenda for the main follow-up meeting, at, or below, the foreign minister level, which also is to be held in Belgrade this fall—possibly starting in early October and lasting up to three months. [Footnote is in the original.]

not been quite so adventuresome; indeed, because organizing or joining political groups is illegal, the Chartists have denied that they constitute a political organization. How close the League and Charter 77 have the attributes of real organization—active membership, coherent structure, recognized leadership and thought-out programs, strategies, and tactics—we do not know. Elsewhere in Eastern Europe the dissidents tend to be small, loosely organized groups of dissatisfied persons, whose political philosophy in many cases comes close to social democracy, but who frequently have varying views, interests, and objectives.

By and large, the leading figures and spokesmen for the dissidents are individuals who have had a history of fighting for increased freedoms. No new charismatic figure has emerged. But a large number of new people who have not previously been identified as dissidents have signed letters and petitions in Czechoslovakia and Poland. The emergence of such people must be of concern to the regimes. One danger in instituting a harsh crackdown on the petition signers is that these new people who have come forward will be turned into hard-core activists.

There is evidence of some contacts among East European dissidents, but it is doubtful that there has been much consultation or coordination of tactics. Not surprisingly, the dissidents are not only preoccupied with their own problems, but also must be aware of their limited power to influence political developments elsewhere in Eastern Europe. More important are the practical difficulties that stand in the way of a coordinated effort.

Still, there is no question that, despite the problems of communication and the like imposed by operating in closed societies, a dissident movement now exists in Eastern Europe. It finds expression in the open support given to the Czechoslovak Chartists by dissident groups in several East European states. The East European dissidents have also learned from one another, and particularly from their Soviet counterparts. The Soviet dissidents have led the way in showing how the Western media, especially under the conditions of detente, can be used to embarrass the regime and to promote the activities, and even well-being, of the dissidents. More than that, Sakharov and others have shown that it is possible to speak out and be heard and still survive.

The Soviet dissidents, for their part, have gone on record that they share a common cause with like-minded individuals in Eastern Europe. Sakharov, for example, recently noted that his efforts “are part of a struggle throughout the world, a struggle that seems especially important at this moment when in Czechoslovakia, Poland, and other countries of Eastern Europe the movement is reaching a new level.” A statement signed by 62 Soviet dissidents, released in early March, specifically expressed support for the Chartists, and the so-called Helsinki

monitoring group in the USSR has also praised the efforts of the East European dissidents.⁴

The impact of such statements is to buttress the concept of a common cause among the dissidents and to encourage them to believe that they are not alone in their efforts. Such expressions of mutual support may also persuade the Soviets, who are not known for their objectivity on such matters, that a "plot," involving a network of dissidents of several countries and possibly with outside support, is in existence.

The Question of Popular Support

It seems safe to assume that there is a reservoir of popular sympathy, if not support, for the dissidents. After all, they stand in opposition to the regimes, and we have reason to believe that the people of Eastern Europe, in varying degrees, are disenchanted with both those who rule them and the system in which they live. We know that the dissidents, most of whom are members of the intelligentsia, have tried to reach out to the wider community. In Poland, the Workers Defense League was so named precisely for this reason. In Czechoslovakia, the Chartists have been trying to speak to the interests of the working class; a letter released in late March talked about the trouble that Czech workers had in making a living and other working class themes. (Ironically, at the same time the Czechoslovaks were deemphasizing human rights in favor of more prosaic concerns, the Poles were headed in the opposite direction. In late March, another organization—"Movement for the Defense of Human and Civil Rights"—was created in Poland. Was this an admission that the direct overtures to Polish workers by the League was a failure? Or perhaps too dangerous?)

Whatever our presumptions about the likelihood of shared attitudes between the dissidents and the people, the fact is that there is little evidence that the people have either tangibly supported the dissidents or are prepared to do so. The dissidents themselves make no great claims of having the allegiance, loyalty, or support of the worker or other groups. There has been no significant student agitation, one key barometer of unrest. The dissidents have not, for the most part, attempted to establish direct personal contacts with various segments of the population by such means as speeches in factories and the dissemination of circulars. Such actions, of course, would be considered incitement and thus subject to punishment.

Many East Europeans, recalling the events in Hungary in 1956 and in Czechoslovakia in 1968, would doubtless believe it futile to show support for the dissidents, even assuming that an issue would come

⁴ This paragraph concluded the pages forwarded by Brzezinski with his June 16 memorandum to Carter. See footnote 2 above.

to the fore around which they could rally. Popular engagement is, of course, further limited by the lack of a free media and the efficiency of the organs of control.

But the absence of overt popular support for the dissidents does not necessarily mean that the East Europeans will permanently accept the status quo. Nationalist sentiments appear not to have diminished, and many East Europeans do not identify their interests with those of the Soviets, nor with their own rulers. This is understood in Moscow and in the East European capitals, and it is why the Communist leaders are always nervous about internal order.

Goals

It seems unlikely that any group of dissidents has developed a serious long-range, defined strategy aimed at achieving fundamental or revolutionary political changes. While the dissidents are, almost by definition, visionaries, they are also aware of their limited resources, the lack of active popular support, and, most important, the ever-present threat posed by the Soviet Union and its troops. They try to modify the strictures which prevail so as to gain elbow room to push for eventual change. This is not an inconsequential objective, for if the dissidents succeeded in expanding the limits of permissible political activity, they would be creating the preconditions for more fundamental change. This is one reason the regimes feel they cannot give ground by recognizing the kind of broad “rights” the dissidents assert, even if, in practice, they are willing or are compelled to tolerate their activities.

In no instance are the dissidents explicitly or overtly pressing for a change in the system of government or adopting anti-party or anti-regime positions. They have focused instead on the failure of the several regimes to observe specific human rights which all have formally acknowledged both in internal legislation and international treaty. The Chartists, for example, are championing a full range of human rights, including the right to have work commensurate with education and training, access to educational institutions, freedom of religion, the right to voice minority opinions, and freedom of movement.⁵ Most of the dissidents, including the East Germans and the Yugoslavs, have stressed the right to travel, partly, we suspect, because there is a significant constituency for this right among the technical and educated elites.

The Chartists and other groups evidently hope that the pressure they and the West are bringing to bear on human rights may prove irresistible. They are probably hoping that Moscow will allow the East

⁵ Some of these “rights” are speaking to the plight of large numbers of party members purged after the 1968 Soviet invasion, who have had trouble finding good jobs and whose children frequently cannot get into universities. [Footnote is in the original.]

Europeans to make concessions in the field of human rights rather than put at risk the USSR's relations with the West.

Only time and experience will define how far the dissidents can go, but for the moment they can claim at least one victory. The Polish regime recently sent new instructions to writers and publishers easing censorship and explicitly saying that criticism of party and government people was permissible—within limits. The dissident intellectuals have long thought that the Soviets would allow the regime more latitude than it realized and that it could be pressed into according more freedom to the intellectual community.

The US Impact

Except for the letter sent by the Czechoslovak dissident Kohout to President Carter, there is little hard information on what the East European dissidents make of Washington's recent pronouncements and actions regarding human rights. There is, of course, a danger that hopes and expectations will be raised to unrealistic, and even dangerous, levels. But we have no evidence that this is the case, nor is there any evidence that the dissidents have changed their tactics as a consequence of the new attention to human rights in Washington.

We *suspect* that the dissident opinion contains a certain cynicism regarding the US commitment to human rights if it comes into conflict with US equities regarding the USSR. The dissident activity in East Europe had begun well before President Carter was elected, or took office. It has waxed and waned since the end of January, in part as a consequence of the amount of attention it has received from the Western media. The dissidents almost certainly regard the President's statements as a new plus; publicity in the West and the kind of pressure on the regimes that is implicit in Washington's statements, are vital to the dissidents' hopes of bringing about change.

There is no evidence, circumstantial or otherwise, that President Carter's remarks have had a significant impact on how the East European regimes are dealing with their dissidents. The regimes have been responding to developments, almost on a day-to-day basis, within the framework of a general approach dictated by the particularities of their own internal situation and the inclination of their leaders. In all the regimes, continuity rather than discontinuity has been characteristic. Hence, the Czechoslovaks and East Germans have tended to be tougher than the Poles or the Hungarians. And the policies of the Romanians and the Yugoslavs have been somewhere in the middle.

There is little reason to doubt that the US administration's position on human rights has been a cause for some concern in the East European capitals. The Yugoslav leadership, for example, must be concerned that their violations will undermine the kind of support they think they

need to fend off the Soviets in the post-Tito period. Belgrade believes it must, for reasons of internal stability, be tough on dissidents, but at the same time it has given signals that it may free some well-known dissidents, clearly to strengthen its standing in the West as a “different” Communist state. Ceausescu had some very harsh things to say in public about the human rights statements of “certain politicians,” but the Romanians, too, need the US, and the fact is, for all of Ceausescu’s fulminations, the handful of Romanian dissidents have been treated with a light hand. The problem is different for Gierek and Kadar, both of whom favor a more tolerant approach to the dissidents. If President Carter’s statements, and the internal situation in the USSR, causes Moscow to impose a tougher line on dissidents across the board in Eastern Europe, then Kadar and Gierek will have trouble—particularly Gierek, who is up against a highly volatile and unpredictable situation in Poland.

Eurocommunism

There is an important relationship between Eurocommunism and the current unrest in Eastern Europe. Support from the West European Communist parties, which espouse those ideas that have come to be called “Eurocommunism,” has helped the dissidents by enabling them to argue that there is no necessary contradiction between Marxism and Western-type political freedoms. Some of the dissidents may well believe that Communism with a “human face” is possible, although others are probably using Eurocommunism opportunistically, perhaps as a cover for the more profound changes they want.

The East European regimes could handle this, but what gives them—and Moscow—real concern is that Eurocommunist ideas, particularly as they relate to autonomy from the USSR, have attraction for people inside the apparat. In a sense, Eurocommunism threatens to bridge the conceptual gap between the dissidents and the establishment.

The European Communist party conference in Berlin last June, during which Eurocommunism proponents forcefully put forward their views, evidently caused considerable ferment within some of the Warsaw Pact countries. At the December Warsaw Pact ideological conference it was, reportedly, noted that the Berlin document has led to confusion, sympathy for Eurocommunist ideas, and the need to combat the “spread of a deviant concept of proletarian internationalism.”⁶

Eurocommunism was high on the agenda at last month’s Warsaw Pact ideological meeting in Sofia. We do not know what, if anything, was decided. [*less than 1 line not declassified*] at an earlier meeting the

⁶ See CIA/OPR Research paper, *Soviet Policy and European Communism*, October 1976, [*classification and handling restriction not declassified*]. [Footnote is in the original.]

Soviets raised the idea of supporting splinter groups within the offending parties. That Moscow would even talk about such a major step suggests the depth of its concern. We do know that the Soviets tried to prevent the Madrid meeting of the three leading Western European Communist parties last month, evidently because they feared that it would produce more outspoken criticism of the repression of Soviet and other dissidents. The communique of the Madrid meeting was soft on the human rights issue, perhaps as a consequence of Soviet pressures.

United Leaderships?

Except for Poland, the dissident problem has led to little or no observed political fallout within the East European leaderships. A number of personnel changes were made in Warsaw last December, and it looks as though Premier Jaroszewicz will lose his job sometime this year. Even the Polish problem is not strictly one of "dissidence," but rather concerns fundamentals of economic and political mismanagement.

With the possible exception of Romania, where Ceausescu runs something close to a one-man show, there are divisions or differing tendencies along a "liberal-conservative" continuum. One would expect to see some exacerbation of these differences as a consequence of the dissident activity. But the evidence to support that expectation is not very strong. We know that there have been longstanding and deep divisions in Yugoslavia over internal security policies, including the way to handle dissidents, but it is not clear how, or if, the divisions have come into play during the recent flare-up.

In Czechoslovakia, the leadership is divided between hard liners and more pragmatic conservatives led by party leader Husak, but these differences do not appear to have affected in any major way the regime's handling of the Chartists. Both factions, whatever their inclinations at the outset, must have realized the implications of Charter 77, and neither would be inclined to pursue a soft policy like that of Gierek in Poland. Although Husak successfully resisted hard-line pressure for trials of people responsible for the "Prague Spring," he has also shown an ability to pursue a conservative tack when necessary. The hard liners probably prefer a decisive crackdown on the Chartists, but if so they have not yet had their way. Moscow has a good deal to say about tactics on such problems in Czechoslovakia, and the chances are good that it has supported the tough, but not harsh, stand taken by Husak.

In East Germany, the regime is not completely united on how to deal with dissidents; for example, in the Biermann case⁷ there is evi-

⁷ Wolf Biermann, a popular dissident singer and poet, who was in trouble with the regime for many years, was not permitted to return to the GDR following a tour to West Germany last fall. [Footnote is in the original.]

dence that the “hawks” won out. The extent of differences within the leadership is hard to measure, however, and probably varies from case to case depending on the circumstances.

Within the Polish leadership there has been some pushing and shoving on how to react to the dissidents; those favoring a moderate response have thus far been on top. A high-ranking Polish official claims that Poland’s fastest rising political star, the new Central Committee economic secretary and former foreign minister Stefan Olszowski, has argued for continued tolerance for a degree of dissident activity. Proponents of a harsher course have been noted in the upper managerial levels of the media. The Politburo as a whole recently indicated its support for the moderate course by criticizing the past performance of the media.

The East European leaders have differed among themselves on the appropriate way to deal with the dissidents. According to one account, strong differences with regard to approaches to the dissident problem were expressed at the Warsaw Pact summit last November. Kadar reportedly was extolling his own conciliatory approach, implicitly as an example for others (“after all, there is no great dissident problem in Hungary, comrade”), but it seems more likely that he was on the defensive, holding out against Honecker and others who want a tough line across the board in Eastern Europe and believe that anything less is dangerous.

The Soviets

Moscow is obviously concerned about the unrest in Eastern Europe. A blowup anywhere in Eastern Europe has important implications for the stability of the regime affected, for its ties to the USSR, and even for the internal tranquility of the USSR. Moscow’s first concern must be Poland, where, as we have indicated, the situation is both volatile and unpredictable. Worse, there is no quick or easy fix for what ails Poland, and there is little that Moscow can do to help, except, perhaps, by sending in large amounts of economic assistance. This the Soviets have been unwilling to do, possibly because of their own economic needs or because they are not certain that such aid would help that much, or because they are not persuaded that the situation in Poland has reached critical proportions. Whatever the case, the Soviets have, at least until now, been willing to go along with Gierek’s moderate approach to Polish dissidents and also to Poland’s economic problems.

In East Germany, Moscow has supported Honecker’s efforts to get on top of the problems caused by the Helsinki accords and the increased Western influence on the East German population. But the problem for Honecker, and Moscow, is that the steps he has taken to promote an East German identity, for example, by eroding the special status of

the GDR's capital, East Berlin, are not likely to significantly ameliorate the yearning of many East Germans, particularly those in the technical and professional classes, to travel or emigrate to the West. Detente in central Europe has created internal pressure on Honecker that will not go away unless detente goes away. Honecker can impose measures that will significantly curtail the GDR's contacts with the West and will dampen the expectations of the East German people for a Western "life style," but such measures would quickly add up to a significantly changed atmosphere between the two Germanies and in Europe as a whole. Neither Honecker nor the Soviets want this to happen, and therefore they have adopted palliatives rather than remedies in dealing with the unrest in East Germany. This could change if the East German situation gets worse, and that is why the Soviets must be watching events there closely and must be concerned that dissident activity and unrest elsewhere in Eastern Europe will adversely affect East Germany.

The variety of approaches in Eastern Europe to the dissident problem is *prima facie* evidence that Moscow has foregone imposing any set line on its allies. The Soviets feel uncomfortable with the more permissive approaches of the Hungarians and Poles, but they have permitted both Kadar and Gierek to fashion their tactics to fit their own circumstances. Moscow's forbearance is dependent on:

a) Confidence that, whatever their deviations from the Soviet model, Kadar and Gierek are essentially good Communists who will not be metamorphasized into social-democrats and who will not forget the special relationship with the USSR.

b) A measure of stability and order in Hungary and Poland. Kadar's most powerful argument for his policies is also the simplest: that it works, i.e., that Hungary does not have a dissident problem, and is still a Marxist state faithful in its own way to the USSR. Gierek clearly argues from a weaker base and is compelled to make the case, not without merit, that if things are bad in Poland now, they would be a good deal worse if he tried to crack down on dissidence. If they get worse anyway, Gierek will be in deep trouble with Moscow.

There is evidence that Moscow's attitude toward the problem of dissidence in Eastern Europe may be changing. For one thing, the Soviets have become tougher with their own dissidents since the first of the year. This makes it easier for Moscow to call upon their allies to take a harder line. As a result, permissive approaches are pushed further from the norm and hence less acceptable.

There are reports the Soviets leaned on both the Poles and the Hungarians at an ideological conference in Sofia early last month. So far, we see little evidence of a toughening line on the dissidents in either country, or for that matter, in Czechoslovakia or East Germany.

One report claims that the Soviets have told the Poles that they must adopt more orthodox economic policies. The Soviets clearly have

grounds for complaint. They have never been comfortable with Poland's crazy quilt of socialism and private enterprise. In December, Gierek announced a series of socio-economic reforms whose purpose is to strengthen the private sector of the economy. This surely has not gone unnoticed in some circles in Moscow. But it would be very difficult for Gierek to renege on his public promises, and Moscow could buy itself a real problem if it forces him to do so.

Short-Term Prospects

The odds favor continuity over the next few months. Poland will continue to be highly volatile and there could be a blowup similar to last summer's or even worse. But Gierek and company, knowing the stakes, made policy adjustments and will probably muddle through. Honecker will continue to feel the pressures from the West and to be aware of the basic restiveness of the East German people, but he is not likely to do anything drastic (e.g., significantly cut back the interchange between the two Germanies) that would seriously threaten public order in East Germany. The dissidents in Czechoslovakia, Romania, Hungary, and Yugoslavia will step up their activities with an eye to the Belgrade review conference, but the respective regimes ought to be able to cope with them with little trouble. The dissidents in those countries are not likely to get more popular support over the next three to six months than they enjoyed in the past three months.

This assessment could turn out wrong if:

—*Mischance, misfortune, or miscalculation intrude.* While Gierek appears to have learned from the bad mistakes he made last year, this does not mean he will not make another. The sudden death of dissident spokesman Jan Patocka in Czechoslovakia illustrates the sort of unexpected event that could narrow the gap between the dissidents and the population, although this has not occurred thus far in Czechoslovakia.⁸ Moreover, the Soviets and some of the East European leaders are more nervous and sensitive than normal about the situation in Eastern Europe. They could overreact to trouble.

—*The dissidents press their case beyond the permissible.* So far, the dissidents have acted with considerable restraint, and even finesse. They have not *forced* the regimes into taking harsh actions, but they could change their tactics and engage in activities (overt or covert agitation, propagandizing among workers, acts of violence, civil disobedience).

⁸ Anniversaries also sometimes prove difficult for the various regimes. For example, oppositionists in Yugoslavia can be expected to counter or denigrate the regime-sponsored extravaganza planned to celebrate Tito's 85th birthday on May 25. Among other such anniversaries which could serve as a focal point are June 17 (the 1953 East Berlin uprising), August 13, (Berlin wall erected in 1961), and August 20 (the Soviet-led invasion of Czechoslovakia in 1968). [Footnote is in the original.]

dience, etc.) that would compel the regimes to make tough decisions on how to respond. Under such circumstances, the chance of miscalculation and overreaction increases.

—*Economic conditions grow significantly worse.* A bad harvest this summer leading to food shortages might draw a quick and strong reaction from consumers. In some countries, economic expectations have been high: clear-cut evidence that those expectations will not be realized any time soon could cause trouble. This may be especially true in East Germany; the average worker there is better off than his counterparts anywhere else in Eastern Europe, but his expectations are consequently higher and his standard of comparison is the West, not the East.

—*The Soviets force the East Europeans to get much tougher on the dissidents and on economic policies.* There is some, but not yet persuasive, evidence that this may already be happening in Poland and Hungary. If it does occur, the odds of serious trouble in Poland and elsewhere in the next several months would go up appreciably.

—*There is a widespread perception of change in Washington's attitude toward dissent in Eastern Europe.* If US-Soviet relations seem to be deteriorating and the US is seen to be pushing Moscow on human rights issues, the Soviets might respond by ordering a crackdown on dissenters in Eastern Europe and their ties to Western newspapers, etc. At the same time, the dissenters *might* be encouraged by the seeming resolution of the US to press their case harder and more forthrightly. This could be a dangerous mixture. If there is a perception that the US has backed down or significantly modified its stand on human rights, some dissenters might be disillusioned and become more subdued, but others might be inclined to force the issue on *both* superpowers before Belgrade.⁹

⁹ Attached but not printed is a chronology of key events relating to dissidence in Eastern Europe from 1976 to March 1977.

6. Summary of Discussion of a Policy Review Committee Meeting¹

Washington, April 14, 1977, 3–4:30 p.m.

SUBJECT

Europe

PARTICIPANTS

State:

Secretary Vance
Arthur Hartman

Defense:

Harold Brown
Charles W. Duncan
Gen. William Smith
Maynard Glitman

Treasury:

C. Fred Bergsten

CIA:

Stansfield Turner
Robert Bowie

CEA:

William Nordhaus

NSC:

Dr. Zbigniew Brzezinski
David Aaron
William G. Hyland
Robert Hunter
Gregory F. Treverton
Henry Owen

OMB:

Bowman Cutter

Commerce:

Frank Weil

ACDA:

Leon Sloss
John Newhouse

[Omitted here is discussion of the London Summits, consultations with Western Europe, European Communism, and CSCE.]

5. *Eastern Europe*

There was discussion of the relative merits of PRM-response option (3)—bias toward Eastern European states that are either somewhat liberal internally or somewhat independent of the Soviet Union—versus (4)—efforts to expand contacts across the board without a ranking.² Brzezinski argued strongly for (3); it provides a standard, recognizing

¹ Source: Carter Library, Brzezinski Donated Material, Subject File, Box 24, [Meetings–PRC 12: 4/14/77]. Secret; Sensitive. The meeting took place in the White House Situation Room.

² In an April 13 memorandum to Brzezinski, Treverton reported that the PRM–9 responses had been overtaken by preparations for the London Summits. With regard to the Eastern European portion of the PRM response, Treverton stressed that what the administration needed was “a coherent policy where one has not existed.” The PRM response, Treverton continued, was “not bad,” listing four possible approaches: 1) “Bias toward Eastern European states that act with some independence of Moscow;” 2) “Bias toward those that are somewhat more liberal internally;” 3) “Bias toward those that are either relatively independent or liberal;” and 4) “Efforts to expand US contacts across the board to the ‘minimum floor’ now existing only with Poland, Romania, and Yugoslavia.” (Ibid.)

our interest in “polycentrism” and pluralism in the region. Others agreed, although several pointed out that there might be specific reasons for expanding contacts with the GDR. Brzezinski agreed but suggested that the U.S. should look closely at what specific interests were advanced by those contacts. There was specific discussion of Hungary; before consideration can be given to returning the Crown, a judgment about the domestic political cost will be required. Vance noted a general consensus on a policy approach between options (3) and (4) and suggested the need for individual country follow-on studies.

In closing, Vance mentioned the need for a review of RFE and RL program content. The Board for International Broadcasting will be encouraged and aided in undertaking such a review.

Zbigniew Brzezinski

7. Editorial Note

On April 22, 1977, Gregory Treverton of the National Security Council Staff sent a memorandum to Assistant to the President for National Security Affairs Zbigniew Brzezinski regarding the April 14 Policy Review Committee meeting on U.S. policy toward Europe. (See Document 6.) Treverton wrote that the Policy Review Committee meeting was disappointing and more focus on the issues was necessary. He suggested “sharply focused” follow-up studies for four distinct issues: “the U.S. approach to European unity and possible economic competition; European Communist parties; CSCE; and possibly Eastern Europe.” Treverton attached two draft memoranda for Brzezinski. The first, informed President Jimmy Carter that Brzezinski and Secretary of State Cyrus Vance were dissatisfied with the discussion at the April 14 meeting and that both recommended several short follow-up studies to be discussed at a second Policy Review Committee meeting. The second was a draft Presidential Review Memorandum requesting the four follow-up studies be completed by June 15. (Carter Library, National Security Council, Institutional Files, Box 27, PRM-9 [2]). Brzezinski initialed the memorandum to Carter, only to change his mind later and indicate on the Treverton memorandum that he intended to discuss the issue with the President orally. (Ibid.)

Brzezinski signed the tasking for follow-up studies related to PRM-9 on April 22. The tasking requested that the Policy Review Committee “under the chairmanship of the Department of State, continue its review

of U.S. policy toward Europe by focusing on the four key issues. The basis for that review should be four short, sharply-focused papers, clearly setting out the issues and alternative U.S. approaches, together with their implications." Specifically on Eastern Europe, the Policy Review Committee was directed to "spell out the practical differences between PRM-9 response option 3—bias toward Eastern European countries that are either somewhat liberal internally or somewhat independent of Moscow—and option 4—an effort to improve relations across the board with no prior ranking. How would different countries be affected differently by the two approaches? What are the implications of the two approaches for our approach to human rights, trade and U.S. relations with the Soviet Union? The review should also identify any special cases—for instance, perhaps, the GDR—and suggest what might be gained by expanded contacts with them." (Ibid.)

8. Paper Prepared in the Central Intelligence Agency¹

Washington, undated

SUBJECT

PERSPECTIVES—Human Rights in the USSR and Eastern Europe

1. In recent weeks the tempo of dissident activity and harsh official reaction has accelerated throughout Eastern Europe. The pre-Christmas exchange of imprisoned Soviet dissident, Vladimir Bukovskiy, for Chilean Communist leader Luis Corvalan received international media coverage and focused renewed attention on the human rights scene. Since the exchange, the Orlov Committee, organized to monitor Moscow's compliance with the Helsinki Conference on Security and Cooperation in Europe (CSCE), and other Soviet dissidents have endured a rash of arrests, interrogations and house searches where the KGB has planted false evidence. In January a group of Czech intellectuals and Prague Spring leaders issued a legalistic human rights manifesto, "Charter 77;" Prague reacted immediately with police harassment. These events provide an appropriate peg for reviving world interest

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-029, USSR-Cuban Intervention in Africa, 9 Jan 1978–7 Jul 1978. Secret; Sensitive. A typed notation under the subject line indicates the paper was approved by the Department of State on May 17. See Note on U.S. Covert Action for further information on "Perspectives" papers.

in the human rights movement in the Soviet Union and Eastern Europe and for updating covert action themes in support of this goal.²

2. The Soviet human rights movement has suffered important losses in the past year. Moscow has expelled some of the most effective dissident leaders, like mathematician Leonid Plyushch and now Bukovskiy, or harassed them into emigrating, as in the case of Andrey Amalrik. Life has become even more difficult for the dissenter who is unprotected by publicity and its attendant constraints against official reprisals. The latest form of reprisal is physical violence, disguised as random street crimes. In April, dissident historian Konstantin Bogatyrev died from massive wounds inflicted by "unknown assailants." Most of his friends believe the attack was KGB-inspired, and, according to several sources, the KGB threatened Bogatyrev's doctor. More recently, Nobel Peace Prize winner, Andrey Sakharov, and others observing a protest vigil on Soviet Constitution Day (5 December) were assaulted by KGB-infiltrated bystanders. This tactic of physical assaults may have spread to other countries. In Czechoslovakia, for example, former politician Dr. Frantisek Kriegel was assaulted by masked men following his involvement in anti-government protests.

3. An effective countermeasure for these tactics is publicity. So far the human rights movement has survived official reprisals but would probably not survive a total, Stalin-style crackdown. Such a crackdown has not occurred in part because Soviet authorities remain sensitive to the pressures of world opinion. Addressees are asked to tap media assets, liaison and other local contacts to continue the campaign to keep dissidence alive in the Soviet Union and Eastern Europe.

4. The following State Department-approved themes are intended as updated guidelines for your covert action efforts:

A. Continue to insist that CSCE means something, particularly Basket Three which eases regulations concerning the practice of religion, travel and the flow of information. Point out areas where the Soviet bloc signatories might demonstrate closer compliance. Encourage, for example, broader dissemination of printed material, Western newspapers, books, bibles, etc., to the East European population. Press for increased cooperation among mass media organizations and publishing houses. Publicize instances where sensitivity over charges of

² On April 22, the Department of State also approved a "Perspectives" paper on Soviet interference in other countries' affairs. The "Perspectives" guided worldwide media assets to "remind audiences of Moscow's continued meddling in East Europe's internal affairs," from Hungary in 1956 to Czechoslovakia in 1968. The paper continued: "The 600,000-man Red Army still stationed in Czechoslovakia, Hungary, Poland and East Germany is a daily reminder of the potential danger in adopting policies not sanctioned by Moscow." (National Security Council, Carter Administration Intelligence Files, Box I-029, USSR-Cuban Intervention in Africa, 9 Jan 1978-7 Jul 1978)

violating CSCE has prompted conciliatory gestures, e.g., the easing of restrictions against Western journalists. Point out that the Soviet and East European governments will have to comply more closely with the human rights provisions of the Helsinki accords or lose face—and propaganda points—this summer when the 35 CSCE signatories reconvene in Belgrade.

B. Downplay the deleterious effects of the recent wave of emigrations and expulsions. Stress that important dissident leaders, notably Andrey Sakharov, one of the founding fathers of the human rights movement, are still active inside the Soviet Union. The Orlov Committee has received international attention since its establishment last May and continues, despite official harassment, to compile and publicize evidence of Soviet violations of the Helsinki accord. Remind audiences that the dissident movement has produced a number of strong leaders. In the past, new personalities have emerged to carry on the struggle after leaders like Solzhenitsyn have been expelled.

C. Continue to publicize the evidence of human rights violations which recent emigres provide. Remind audiences that dissidents like Amalrik and Bukovskiy have not lost credibility by leaving the Soviet Union.

D. Continue to publicize the extreme measures taken against dissidents: harsh prison sentences, psychiatric abuse, and the recent phenomenon of street violence. Focus on key individuals like the ailing Mustafa Dzhemilev, imprisoned for his efforts on behalf of displaced Crimean Tatars, Sergey Kovalev and Andrey Tverdokhleov, sentenced for their activities in the Moscow chapter of Amnesty International, and the members of the Orlov Committee such as Aleksandr Ginzburg and Lyudmila Alekseyeva, who continue to be harassed by the KGB.

E. Expose Moscow's increasing independence [*dependence*] on the more devious tactics against dissidents, designed to paralyze the human rights movement over the long term without attracting significant publicity. Soviet officials continually interfere with communications between dissidents and the outside world: by intercepting mail, jamming phone conversations and harassing would-be interviewers from the Western press. A customs regulation instituted last July substantially increased the duty on gifts sent to the USSR and thus undercut the financial support which religious groups, families of political prisoners and "refuseniks" (dissidents, usually Jews, who have been denied emigration visas and subsequently fired from their jobs) receive from abroad. More recently, the KGB has taken to planting evidence, e.g., foreign currency, to incriminate such dissidents as Aleksandr Ginzburg and members of the Kiev and Leningrad branch of the Orlov Committee. Remind audiences that such measures, though less dramatic than

imprisonment and torture, also violate the spirit, and frequently the letter, of the Helsinki accords.

F. Generate publicity on the key human rights issues in other East European countries. In Czechoslovakia, for example, focus on the Charter 77 manifesto and the official reprisals against its authors. Polish workers who demonstrated against the June announcement of price increases have been fired and some arrested; some of their defenders, members of the Workers Defense League, have subsequently lost their jobs. The German Democratic Republic continues obstructing reunions of families separated by the East/West border; recently East Berlin imposed exile on dissident balladeer Wolf Biermann. According to recent reports, the health of veteran critic of the Yugoslav regime, Mihajlo Mihajlov, imprisoned under particularly harsh conditions, is deteriorating rapidly.

G. Encourage CP contacts, where feasible, to view objectively human rights violations in the Soviet bloc. Several West European parties have already demonstrated varying degrees of independence from the CPSU. In 1976 they reacted sharply to Plyushch's account of psychiatric abuse and to films of Soviet labor camps. More recently they denounced Prague's reprisals against the Charter 77 group.

H. Appeal to local and international professional and religious organizations to speak out on behalf of persecuted colleagues in the USSR and Eastern Europe: authors, artists, engineers, historians, clergy, etc. Where feasible, urge these groups to promote professional contacts with their Eastern colleagues.

I. Persuade agents of influence and liaison contacts that their governments could make a contribution to human rights everywhere by speaking out on behalf of dissidents—especially those governments with strong socialist credentials or those which have protested human rights violations in non-socialist countries. Stress the importance of many voices, representing differing systems, working to influence Soviet and Eastern European leaders in a matter of international concern.

9. **Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter**¹

Washington, June 24, 1977

SUBJECT

Prospects for Eastern Europe

The Intelligence Community recently published a report entitled "Prospects for Eastern Europe."² The estimates provided in that report are interesting and I have summarized them below:

—Unrest is likely to grow in Eastern Europe over the next three years. Destabilizing factors include detente, slower economic growth, and dissident activity.

—Poland will be the most volatile of the East European states. A blow-up there, which might bring down Gierek and even conceivably compel the Soviets to restore order, cannot be ruled out. (I have included an additional note on the possibility of Soviet intervention at the end of this memo.)

—The situation will be less volatile in East Germany, but the Honecker regime is going to have a harder time balancing its economic need for closer ties to the West with the unsettling effect those ties have on the East German people.

—In the rest of Eastern Europe, the tension is not likely to get out of hand. Nowhere will dissident activists by themselves seriously challenge the regime.

—Under economic pressures, all of the East European countries will show more interest in expanding their trade with the West. Despite misgivings, the Soviets will acquiesce or even encourage such expansion because they are increasingly reluctant to subsidize the East European economies.

—East European leaders will continue to give ground, sporadically and reluctantly, on human rights issues of interest to the West. The prospects are fair for a slow evolution toward less authoritarian methods of rule in East Europe. I should note here that the Defense Intelli-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 22, Europe: 1/77–12/78. Top Secret; Codeword. Drafted by Inderfurth on June 23. Printed from an uninitialed copy.

² Dated June 10, the memorandum was prepared by representatives of the CIA, State/INR, and DIA under the auspices of the National Intelligence Officer for Soviet Union and Eastern Europe. (Ibid.) Brzezinski included copies of the *National Intelligence Daily* from June 21, June 22, and June 23, which had published the entire interagency memorandum in three parts. Carter initialed the June 21 copy, indicating he saw it.

gence Agency (DIA) does not agree with this part of the estimate. According to DIA, the necessity for tight centralized party control, the likelihood of growing unrest, constraints imposed by the USSR, and the example of Soviet treatment of dissent all argue against these developments.

—The US is not likely to have a major impact on how the internal picture develops in any of the East European countries. But the East Europeans will attach more importance to developing relations with the US.

I mentioned above that the Soviets might feel compelled at some point to restore order in Poland. A recent CIA report entitled “Probable Soviet Reactions to a Crisis in Poland”³ assessed this possibility. The report noted that there have been three political-economic crises in Poland over the past 20 years—all without Soviet armed intervention. Here is the key assessment in that report:

“The Soviets, of course, have the military capability to invade and occupy Poland (Tab A).⁴ The Kremlin evidently prefers, however, to have the Polish leadership make minor concessions to the people to reduce public frustration. Polish regimes have thus far successfully used such tactics. At the same time, they have preserved the leading role of the party, while initiating and executing the transfer of party authority. There is currently no evidence to conclude that either the Soviets or the Poles intend to alter this pattern. A crisis could come in the event that ameliorating tactics failed to pacify the public, or in the event that the economic situation became sufficiently untenable that austerity measures would have to be strictly enforced.”

³ Dated June 1977. (Ibid.)

⁴ Attached but not printed is a map of Poland and the surrounding area. The map listed major Soviet military units from which Moscow could draw in the event it deemed Soviet intervention necessary, including 10 motorized rifle divisions and 10 tank divisions in the German Democratic Republic; 3 motorized rifle divisions and 2 tank divisions in Czechoslovakia; 4 motorized rifle divisions, 3 tank divisions, and 1 Airborne division in the Baltic military district of the Soviet Union (comprised of the Baltic States and Kaliningrad); 2 motorized rifle divisions, 8 tank divisions, and 1 Airborne division in the Belorussian military district (comprised of Belarus); and 8 motorized rifle divisions and 3 tank divisions in the Carpathian military district (comprised of the western part of Ukraine). Soviet units in Hungary were not added to the map.

10. Memorandum From Gregory Treverton of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, July 15, 1977

SUBJECT

Policy Toward Eastern Europe

This memorandum is a response to your request, sent along by Rick,² for the status of policy toward Eastern Europe. Eastern Europe was one of four PRM-9 (Europe) follow-on studies we commissioned³ (the others were CSCE, European Communism, and general approach toward Western Europe). I think only two of those four—Eastern Europe and CSCE—should go forward for PRC consideration. The Western Europe response raises some interesting longer-term issues, but they are not the sort that require, or are ready for, immediate decision. Similarly, the European Communism is a good description of our current approach, and I doubt that we can say much more in a general way until we have a better analytic base for understanding the implications of those powers sharing power in Western Europe. More specific, short-term decisions—for instance with regard to France or Italy—should, I think we all agree, be handled in frameworks more restricted than PRM processes.

However, the Eastern Europe and CSCE studies should be brought rapidly to PRC consideration and then, I think, to Presidential decision.⁴ We badly need Presidential determinations in both cases. David⁵ and Bob⁶ talked about the timing of a PRC meeting on CSCE, and Bob and I met with George Vest today. We agree that the meeting should be soon, but *after* the preparatory conference in Belgrade ends so that Sherer can participate. That will probably mean the very end of July.⁷ We will continue to consult with State. A meeting on Eastern Europe might be coupled with CSCE, but CSCE probably will require a meeting

¹ Source: Carter Library, National Security Council, Institutional Files, Box 27, PRM-9 [2]. Confidential. Sent for information. Brzezinski wrote at the top of the memorandum: "RI, GFT—good memo—push for a paper and meeting. ZB" and indicated that the memorandum should be returned to Treverton and Inderfurth.

² Inderfurth.

³ See Document 7. See also footnote 1, Document 11.

⁴ Brzezinski wrote "agree" in the left-hand margin next to this sentence.

⁵ Aaron.

⁶ Robert King.

⁷ Brzezinski underlined "the very end."

itself. If so, we should point toward a PRC meeting on Eastern Europe somewhat later. We may need some additional study on Eastern Europe, though I doubt that another round of studies would produce much better results. A sharply-focused agenda paper might serve as well. To that end, I prepared and sent to State a suggested set of questions on both CSCE and Eastern Europe; that paper is attached.

Attachment

Paper Prepared by Gregory Treverton of the National Security Council Staff⁸

Washington, undated

PRM 9 FOLLOW-ON: CSCE AND EASTERN EUROPE POSSIBLE ISSUES FOR PRC CONSIDERATION

CSCE

The PRM follow-on draft⁹ is too general and too rhetorical to serve as a basis for fruitful PRC discussion, let alone decision. But there are decisions to be made, many of them tactical but most the sort that can only be taken by the President. The President's prestige is clearly on the line at Belgrade; what we do there cannot be perceived as falling off our commitment to human rights, much less as cutting a deal with the Soviets. At the same time, CSCE is three baskets, not one, and there is little to be served by turning the meeting into a confrontation.

Issues that should be considered:

Basic Purposes

No one disagrees that our basic objective is maximum review of implementation without confrontation. But that raises the issue: *how compatible are those objectives?* That in turn raises specific questions:

—presuming there will be some closed-session review of implementation, do we raise specific cases at all, only a few for illustrative purposes shunning the most controversial (Orlov, Shcharanskiy),¹⁰ or many including some of the controversial ones?

⁸ Confidential.

⁹ Follow-up Study to PRM/NSC-9: CSCE. (Department of State, Bureau of European Affairs, Office of European Security Political Affairs, Conference on Security and Cooperation in Europe, (CSCE)—1973-80, Lot 89D288, Box 1, PRM-9)

¹⁰ Yuri Feodorovich Orlov, founder of the Moscow Helsinki Group, arrested and sentenced to ten years in prison in 1977. Anatoly Borisovich Shcharansky (Nathan Sharan-sky), spokesman for the Moscow Helsinki Group and leading *refusenik*, was arrested on charges of espionage in 1977 and sentenced to 13 years in prison.

—what do we say to the press and to non-governmental organizations outside the conference? We cannot be silent, yet blurring what goes on inside the conference with what is said outside could provoke the confrontation we all say we want to avoid. (The Soviets have been quite clear in indicating that they are prepared to retaliate if need be.) Can we reach an understanding with the Soviets that will not be perceived here as a sell out?

—a related issue, as important, is how we deal with members of Congress who will go to Belgrade as representatives of the CSCE Commission. So far our relations with the Commission at the working level are good, and many of the Commission's interventions have been useful (for instance, Dole pushed us in a direction quite opposite from what I might have expected). Yet in the fall, senior members of Congress will be independent actors no matter what our treaty with the Commission.

—should our preparations include a fairly detailed self-criticism, not just in Basket III but in others as well?

—what level representative makes sense for the opening session: Christopher, Young (as the President has once suggested), or a lower level?

Balancing the Baskets

The general question is what can be done to make our approach seem less biased toward Basket III? For instance:

—are there possibilities in the area of CBMs, even though the Soviets have shown little interest up to now (and others have worried that CBMs agreed in the CSCE framework will foreclose more valuable stabilizing measures in MBFR)?

—what dangers are there for us in a thorough review of implementation of Baskets I and II (for instance, in raising Jackson-Vanik)?

—should we take such a dim view of the “Brezhnev proposals”¹¹ as we have up to now? Why?

Relations with Allies

—how much coordination with allies (and neutrals) makes sense? Until now our preparations have presumed that very close cooperation was an—perhaps *the*—imperative. There is no gainsaying the importance of close and frank coordination. But we do not want to go to the

¹¹ See *Foreign Relations*, 1969–1976, vol. XXXIII, SALT II, 1972–1980, Document 154. On February 2, Brzezinski also sent a memorandum to Vance and Brown with a history of the SALT negotiations, emphasizing the exchanges that had taken place from 1974 to 1977. (National Security Archive, The Carter-Brezhnev Project, Electronic Briefing Book, Document IV–20)

point of diminishing returns: it may be better for us all, and make for less tension among us, if for some aspects (review of implementation, for instance) we seek not an identity of action, but parallel action within an agreed framework ("themes").

—are different kinds of consultations necessary? They may be, not as a substitute for the NATO process but in addition to it. What we hear from the Canadians, and in a less direct but stronger form from the Germans, is a *political* worry. That must be responded to in a political forum, not in the NATO context that emphasizes process over substance. If there are real differences of view, or real fears among the Allies about Belgrade, those need to be surfaced, not papered over. There may be value in some sort of consultation at the foreign minister or political director level.

New Proposals

—the main issue is clear and we are on the right side of it. The choice is between trying to pre-empt Soviet grand designs and scoring points on the one hand, and, on the other, trying to structure a continuing CSCE process with incentives for the East to participate. Yet there remains the tension between our current (proper) emphasis on constructive proposals and the need to convey a sense of political initiative on our side. Our proposals as a package look less trivial than do many of the constituent proposals. This may be an area in which unanimity within the Alliance is not imperative (for instance, there may be no harm in supporting a proposal like the Belgian one for a human rights court, presuming the Belgians are still interested).¹²

—how do we respond to grandiose Eastern proposals—for instance, for a non-first use of force? Again, there need be no reason to be fearful. We can convey to the Soviets our belief that CSCE is not the forum for such proposals. But at the same time we should be prepared to turn those proposals, if made, to our own purposes, to make of them something we could accept (even if the East could not).

CSCE in Context

—how does CSCE relate to our bilateral (or other multilateral) initiatives (this issue is flagged in the follow-on draft)? Should we step up those initiatives in the months before Belgrade, play them down or continue as is?

—more generally, are there ways, as yet unrecognized, that CSCE needs to be made to fit better with our general approach to human rights, or to relations with Eastern Europe and the Soviet Union (for

¹² Brzezinski placed a checkmark in the left-hand margin next to this sentence.

instance, would move forward with MFN for Hungary be supportive, neutral or adverse with regard to our CSCE objectives, and vice versa).

Eastern Europe

The primary defect with the current PRM follow-on draft¹³ is that it washes out the difference between alternatives. With only several small exceptions it does not seem from the draft to matter whether we pursue Option III (bias toward countries that are either somewhat liberal internally or somewhat independent of the Soviet Union) or Option IV (efforts to expand contacts across the board). It may be that the “flatness” of the options reflects the reality of our limited influence in the region. But the existing draft also contains hints of bureaucratic compromise.

There are two other main defects in the current draft:

—there is too little richness to the set of policy instruments discussed. This is obviously related to the general criticism. But supposing we wanted to take an initiative in relations with Poland, there certainly is a richer menu of alternatives, if perhaps not an absolutely very rich one, than is conveyed by the response. The response tends to collapse all instruments into three: MFN, and claims settlements and consular agreements where applicable.

—the response needs to have a sharper sense of the domestic political context. For instance, returning the Crown is probably a non-starter; and it almost certainly is at the current moment and in relation to the upcoming Belgrade conference. Similarly, talking about what we might do to develop further our relations with Poland and Romania—a good topic and one for which some possible actions should be listed—ought to be cast against the difficulty we have, at least in the case of Romania, of doing even as much as we have in the past.

Suggested issues:

Basic Approach

—There is consensus that we seek to foster internal liberalism and external independence from Moscow in Eastern Europe. But there is disagreement, perhaps even fundamental, over how. Option III implicitly says that good behavior ought to be rewarded, while Option IV suggests that changes we seek can only occur over the long run with

¹³ See Document 11. On June 17, Vest and Paul Kreisberg, Acting Director of the Office of Policy Planning at the Department of State, forwarded a memorandum to Christopher through Nimetz with the Department’s draft of the Eastern Europe follow-up study requested by the NSC on April 22. (National Archives, RG 59, Office of the Secretariat Staff, Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981 Lot 82D298, Box 2, S/P-Lake Papers—6/16–30/77)

increasing contact between East and West. These follow-on studies may be no place to return to first principles, but without it the policy alternatives seem too abstract. Worse, the draft turns what looks like a basic disagreement into something that appears in the end not to matter: Options III and IV, with very different premises, seem to have quite similar policy implications.

—how does our policy toward Eastern Europe relate to our policy toward the Soviet Union? Again, the question is a basic one, but it at least needs to be raised. In a period of strain in U.S.-Soviet relations, should we freeze relations with Eastern Europe (as a signal to Moscow) or make special efforts to move them (as a signal to Eastern Europe)? Or if it is fair to characterize our posture toward the Soviet Union as Option IV (subject to Congressional limitations), then does it make sense to pursue another policy with respect even to the closest Soviet satellites?¹⁴

Differentiations Among Countries

—what are the different policy instruments that might be used to differentiate among Eastern European countries on some agreed basis? What are possible initiatives, country-by-country, that might be employed?

—to put the same question the other way around, is any attempt to differentiate among countries likely to be swamped by several major actions, such as returning the Crown or awarding MFN?

—given a general approach, to what extent should specific actions on our part be *conditioned* on commitments by the countries (on family reunification, emigration or other issues), as opposed to using those actions as *rewards* for good performance? Is there much practical difference between the two?

—is there a case for special treatment of the GDR? If so, what is it? The draft tends to argue that given the GDR's pivotal position and given the paucity of our information about it, we should expand our contacts with it no matter what general approach we take to Eastern Europe. Is that convincing? How would we expand our contacts with the GDR? And what would we gain?

—Yugoslavia is omitted from this draft. On what basis? How do choices about policy toward Yugoslavia—economic, political and military—bear on our general policy toward Eastern Europe?

¹⁴ Brzezinski highlighted this paragraph in the margin.

Coordination with Western Europeans

—how much do particular policy options depend on coordination with Western Europeans? How much cooperation is possible in particular areas? Are there areas in which our choices could threaten existing Western European policies or arrangements (for instance the FRG's ransoming of ethnic Germans)?

—how can we better understand, and perhaps begin to influence, the Eastern debt situation? The draft's idea of a State/CIA/NSC working group seems a good one.

—are there relations between Eastern and Western European Communist parties that we can and should influence, positively or negatively?

11. Paper Prepared in the Department of State¹

Washington, undated

PRM 9—EASTERN EUROPE

The Eastern European Section of PRM/NSC 9 discussed alternative policy approaches to our goal of promoting greater internal liberalization in East European societies and enhanced East European independence from the Soviet Union. This follow-up paper examines the practical differences between the last two policy options suggested in the original study:

—*Option III*—Give preference to Eastern European countries that are either relatively liberal internally or relatively independent internationally, and limit our ties with those that are neither.

—*Option IV*—Abandon any implicit rank-ordering, and seek to expand contacts and relations across the board in Eastern Europe to the extent possible and feasible.

In sum, the practical consequences of Options III and IV would be very similar for Romania and Poland where we would continue our present forthcoming policies, and for Hungary where we would recommend return of the Crown and the seeking of MFN/credits authority

¹ Source: Carter Library, National Security Council, Institutional Files, Box 27, PRM–9 [2]. Confidential. Sent under cover of a July 20 memorandum from Tarnoff to Brzezinski forwarding all four requested follow-up studies related to PRM/NSC–9.

under certain conditions. Both options require at least some normalization of particular aspects of our relations with Bulgaria, Czechoslovakia and the GDR before otherwise deepening bilateral relations or seeking congressional authority for MFN/credits eligibility. In general, however, Option IV is disposed to more flexibility with these three countries while Option III would require a showing of prior progress on human rights or foreign policy autonomy. The GDR is a special case under both options; resumption of diplomatic relations came so late that things began at a very low level. Option IV is inclined toward a somewhat quicker deepening of relations with the GDR following conclusion of an acceptable consular convention.

Effect on Romania, Poland and Hungary

Under either Option III or Option IV, a number of our policy lines would be the same or similar for Romania, Poland and Hungary. In particular:

Romania: We would continue to encourage Romania's independent posture by a responsive position on Exim credits, CCC credits, disaster assistance, cooperation in space and nuclear matters, exchange of high-level visits and close consultation bilaterally and in multilateral forums.

We would continue to use the need for annual Congressional review of Romania's MFN status—pending modification of the Jackson/Vanik amendment—to induce Romanian cooperation in allowing emigration, especially of divided family members, to the US and Israel and, because of our human rights policy, to encourage Romanian restraint in domestic human rights matters.

Poland: We would continue to support Poland's relatively moderate position in its internal regime by extension of appropriate Exim and CCC credits, general economic cooperation, political consultations and exchange of high-level visits.

We would strengthen and heighten our insistence on better Polish performance on divided family cases, and would continue to encourage Poland to exercise the restraint it has generally shown in human rights matters.

Hungary: We would give recognition to the creditable record which Hungary has established in its treatment of its people and its domestic differentiation from the Soviet Union (greater freedom for economic enterprise, good performance on divided families, passable relations with organized religion, lesser strictures on travel, access to information and cultural pursuits).

Accordingly, after consultation with Congress and pertinent domestic interest groups, *we would recommend returning the Crown of St. Stephen* as a national treasure belonging to the Hungarian people. If Hungary is prepared to provide appropriate assurances regarding

emigration under Jackson/Vanik, *we would also recommend negotiation of a trade agreement incorporating MFN and making Hungary eligible for USG credits.* If Hungary will not provide such assurances, we would then have to consider the possibility of modification or suspension of the Jackson/Vanik amendment with respect to Hungary.

Effect on Bulgaria and Czechoslovakia

Under both options—as under the provisions of NSDM 212²—several aspects of our bilateral relations with Bulgaria and Czechoslovakia would need to be nearly normalized before considering MFN and credits for each country. The following normalization steps would be envisaged:

—*Bulgaria:* We would encourage the Foreign Bondholders Protective Association to complete its negotiations with the Bulgarian Government on behalf of US holders of defaulted pre-war Bulgarian dollar-denominated bonds.

—*Czechoslovakia:* We would seek, as a matter of primary importance, to renegotiate a settlement of nationalization claims acceptable to the Congress in order to meet our responsibility to US citizen/claimants, many of whom are now advanced in years. We would complete negotiation of a cultural and scientific exchanges agreement and put into effect the consular convention which has already been negotiated.

Given these normalization steps, Bulgaria and Czechoslovakia would press for MFN and credits. However, the policy question of extending MFN/credits eligibility to Bulgaria and Czechoslovakia (or the GDR) is not expected to arise until the Jackson/Vanik amendment has been modified. This does not appear an early prospect given the present course of US-Soviet relations and attitudes on the Hill. Bulgaria and Czechoslovakia, like the Soviet Union (and the GDR), reject giving the assurances on emigration which are required by the Jackson/Vanik amendment. Modification of Jackson/Vanik may come about later in the wake of improved US-Soviet relations and practical progress on the emigration problem. In that event, the trade agreement negotiated with the Soviet Union in 1972—and providing MFN and credit eligibility for the Soviet Union—could then come into effect without further negotiation.

Under Option III, following modification or suspension of Jackson/Vanik, we would require—beyond such normalization steps as described above—some evidence that Bulgaria and Czechoslovakia (and the GDR) had made

² See *Foreign Relations*, 1969–1976, vol. E-15, Part 1, Documents on Eastern Europe, 1973–1976, Document 8.

notable progress toward greater internal liberalization or greater autonomy from the Soviet Union before granting them MFN and credits. As greater autonomy is extremely unlikely in Czechoslovakia (and the GDR) where Soviet troops are present and Soviet security concerns great, or in Bulgaria which draws marked economic benefits from the Soviet connection, our decision would turn on indications of greater liberalization.

Proponents of Option III would maintain that to fail to differentiate clearly in our treatment of Eastern European countries according to the degree of repressiveness of their regimes would be inconsistent with our commitment to human rights in general and CSCE objectives in particular. It would suggest an indifference to the plight of the different peoples, which could cause us serious domestic political problems and even loss of support for continuation of the detente process. Finally, it would represent a failure on our part to utilize the benefits of improved relations with the US to encourage those regimes with better records and to inhibit those who do worse. Option III proponents would hold that withholding our cooperation could, over time, induce improved performance from the more repressive regimes along the lines of our CSCE objectives. Since it is likely that US policy can have only marginal effects on the human rights practices of such regimes, the Option III approach would at a minimum make clear our continued disapproval in the absence of such improvement.

Under Option IV, following modification or suspension of Jackson/Vanik, we would proceed without delay to negotiate trade agreements making MFN and credits available to both Bulgaria and Czechoslovakia, provided that the normalization steps noted above had been virtually completed and their behavior on human rights matters was not offensive.

Those favoring Option IV would point out that changes in the character or behavior of Communist regimes—including their behavior in human rights—are most likely to come in the context of an evolutionary process of detente rather than as a result either of US proffered cooperation (as a carrot) or of US pressure (as a stick), especially in the absence of a similar strategy on the part of our Western European allies. They would emphasize that the basic impulse for greater attention by the respective regimes to human rights comes from the indigenous populace and that the US position should play a supporting role. To make that role effective will entail steady and persistent pressure over time and, if US influence is to be effective even in a supplementary role, the US must be more engaged, more present, and more important to the regimes. It can achieve this additional involvement through expansion of cultural and scientific exchanges and other official and private exchanges, and through greater emphasis to trade promotion. In their view, an enlarged stake in the US relationship and the interplay

possible with a greater US presence could act to induce greater responsiveness by the regimes to human rights concerns.

There also is a possible middle course but it would be feasible only after the problem of extending MFN credits eligibility to these countries has been overcome in the Congress and once the terms on which we are prepared to extend MFN and credits prove acceptable to the regimes in question. In particular, before granting MFN and credit eligibility, we would insist that such normalization steps as described above had been carried out; that gross violation of human rights be eliminated; and that at least some concrete progress in the human rights area be achieved. Beyond this, we would not insist on far-reaching internal liberalization before seeking MFN and credit eligibility and engaging ourselves more actively in the economic area.

For example:

—*Bulgaria* is a tightly controlled country with bothersome press coverage. But (largely because of its tight control), it has no visible dissident problem. And it has been and is being reasonably responsive on divided families. Thus, absent Jackson/Vanik, we might consider MFN/credits for Bulgaria.

—*Czechoslovakia*—Few would hold that the US should be prepared to grant Czechoslovakia MFN/credits under current conditions: active repression of human rights advocates, restrictive divided families policies, attempted precensorship of foreign journalists, and sharp and intensive press attacks on the US human rights position.

The German Democratic Republic as a Special Case

The GDR is unique in that it is not a traditional national state, as are the other members of the Warsaw Pact, but an outgrowth of the Soviet desire to maintain direct control over a substantial portion of the former German Reich. Further aspects of the GDR's special position in Europe are the fact that Berlin is located in the center of its territory, that the GDR exerts a negative influence on the situation in West Berlin, and that the GDR is a significant industrial and military power whose potential is of great importance to the Soviets and the other Warsaw Pact allies.

US/GDR diplomatic relations were established in 1974 as part of a package of East-West agreements affecting German matters and general European security. In agreeing to establish relations, the US deferred its prior demands for an acceptable consular convention and for the satisfactory resolution of claims emanating from World War II.

When we established relations, we stipulated three objectives: (a) to resolve outstanding humanitarian cases; (b) to conclude a satisfactory consular convention; and (c) to obtain a claims settlement, including GDR recognition of Jewish claims. Given the complexity of claims

issues and the fact that it is US registration procedures which are delaying commencement of talks, we have not made a claims settlement a condition for specific current movement in relations.

Given the Belgrade CSCE meeting and the keen East German interest in developing its new relationship with the US, especially in the trade area, the GDR recently has undertaken to clear up all outstanding US humanitarian cases. However, the consular agreement, which otherwise is virtually completed, has been tied up over GDR insistence that the text include specific definition of East German nationality.

Both Options III and IV would still require completion of a consular agreement before more significant steps could be taken with the GDR. As with Bulgaria and Czechoslovakia, we would require that gross violations of human rights be eliminated and that at least some concrete progress be achieved in the human rights area. Both options also would exclude MFN/credits eligibility for the GDR prior to conclusion of a satisfactory consular convention.

The difference between the two options is that Option III would also require progress in the claims talks as a condition for further movement, while Option IV would be prepared to move toward progress in other areas before movement on a claims settlement, the completion of which is liable to take years.

Proponents of *Option III* acknowledge the political and industrial importance of the GDR and share the *Option IV* wish for the gradual development of more normal relations with the East German government and people. Incremental movement to that end would be acceptable. But they believe that it would be unwise to move to structure or formalize our cultural, scientific or commercial relations, or to engage in political-level visits, before the consular convention were concluded and until progress also were made toward an acceptable claims agreement. This is because of our previous deferral of the consular and claims issues and the domestic political ramifications of the claims issue.

Implementation of *Option IV* with the GDR would be based on three assumptions: (a) that both because of its strategic and its industrial potential, the GDR is a nation which deserves significant American attention; (b) that the East German desire for recognition and the need for increased trade with the West provide us with a certain amount of leverage; and (c) perhaps most importantly, that with a regime as suspicious and frightened as that of the GDR, taking the initiative to establish a broader basis from which to conduct relations will over the long run pay more dividends than a policy of demanding prior concessions for each forward step. *Option IV*, while also conditioning further programs in conclusion of a consular convention would represent a somewhat more flexible strategy, accepting on a limited basis

some of the more “normal” aspects of relations such as increased cultural exchanges, reasonably normal commercial relations and political level visits without expecting major concessions from the GDR first. Humanitarian concerns and developments in Berlin would of course continue to play a role in determining the pace of the development of relations.

Option IV would thus not mean any major steps forward with the GDR nor connote any effort by the United States to replace Soviet influence or destabilize the GDR. It would represent, in view of the GDR’s strategic importance to us, an effort to move the bilateral relationship along faster so as to: provide the basis for a long-term US presence in the GDR; develop a better understanding of it; and, by giving the GDR’s technologically based industry some stake in the Western market, give the GDR an additional stake in not raising the temperature in Berlin.

Implications for trade policy

Option III advocates would stress the leverage on human rights issues that resides in the decision to expand Eastern European trade. They would observe that Eastern European regimes place the highest value on increased economic efficiency and improved living standards as virtual requisites for relatively stable political situations. These regimes and their peoples see expanded economic relations with the West, including the US, as a major avenue toward those priority goals. But, from the US side, it is pointed out, Eastern European trade is unlikely to be a significant factor in US foreign trade. The GDR is the only country that now has significant market possibilities in the West for its engineering and high technology exports. Consequently, before opening the doors to expanded trade via MFN/credits, the US should exert the leverage involved to require greater liberalization by the more restrictive Eastern European regimes. The US can afford to wait.

Option IV adherents observe that with the more massive imports of oil the US faces a mounting and continuing problem in achieving a reasonable balance in its foreign trade. While not a large item in US foreign trade, Eastern European trade can make some contribution to the balance of payments (and US employment), as our trade balance with Eastern Europe has been and is likely to continue to be favorable. Expanded trade also creates a tangible and increasing stake in continued good relations with the US and develops broadened contacts and points of influence which, over time, will make these countries more conscious of and attentive to our interests, including our human rights concerns.

This follow-up paper has taken account of the problem of Eastern European indebtedness discussed in the original PRM–9 study. None-

theless, we believe the problem of Eastern European indebtedness may have increasingly important implications, both for our Eastern European policy, and, more generally, for East-West relations. Accordingly, we recommend that the NSC task State, CIA, Treasury and other pertinent agencies to do a further follow-up study on the Eastern European economic situation in general and the indebtedness problem in particular. The study should take account of possible Soviet policy options; appropriate consultations with our allies in the OECD and other Western institutions; and our policy in the IMF. It should set forth appropriate policy recommendations.

Implications for US-Soviet relations

Conduct of our policy toward Eastern European countries bears on our Soviet relations in (a) its effects on the US-Soviet bilateral relationship and (b) its effects on the Soviet position in Eastern Europe.

The Soviets are of two minds about US relations with Eastern European countries. They are apprehensive about the expansion of the US presence in Eastern Europe for two reasons: because it could tend to dilute somewhat Soviet influence and control, which are priority Soviet foreign policy objectives; and because it could tend to deflect the political and economic development of the Eastern European countries in a non-Soviet direction with long-range implications for the Soviet position and security interests in the region. While these prospects are hardly imminent, the Soviets still fear that the US (and Western) influence could contribute to destabilization of some or all of the region, facing the Kremlin with costly policy choices in the European area and in the world at large. On the other hand, Moscow also recognizes that the potential for Eastern European instability stems primarily from resentment from overly tight Soviet control and from the powerful desires throughout Eastern Europe for an improved economic situation and a higher standard of living which the Soviet Union itself cannot provide. The Soviets are also mindful of the political costs of attempting to deny to Eastern Europe the fruits of detente that the Soviet Union itself seeks. Finally, Moscow reluctantly recognizes that Eastern Europe would be less of an economic burden or more of an economic asset if its economic development were spurred by the Western connection.

Consequently, the Soviet Union accepts the development of limited Western economic ties in Eastern Europe as a mixed blessing or mitigated curse, relying on close monitoring of that development and the limitations imposed by Eastern Europe's economic needs and potential to prevent the destabilizing influence it fears.

With regard to the effects of US policy in Eastern Europe, the Soviets would probably not be unduly concerned whether we pursued either Option III or Option IV, calculating that the impact in Eastern

Europe would not be very great. On balance, the Soviet Union would probably consider the net effects on Eastern European stability in the short run either to roughly balance out or to be of manageable proportions. They could be somewhat more apprehensive over the longer-term effects of the expanded US contacts and presence inherent in Option IV, worrying particularly over their effects in the GDR. On the other hand, the greater emphasis on human rights and autonomy implicit in Option III is of very great concern to the US. Moreover, Option III also aims at the development of such expanded contacts and presence in the longer-term.

West European Attitudes

Our West European allies have by and large pursued the Option IV approach to relations with Eastern Europe for some time. France has led the way in seeking to improve relations with East European countries while the FRG spent most of the early seventies in restabilizing its diplomatic presence and normalizing long-suspended relations. However, it is unlikely that the allies would have strong views one way or the other concerning the US pursuing Option III or IV in its relations with Eastern Europe. Whatever we do, the allies would be unlikely to change their own approach.

12. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, August 15, 1977

SUBJECT

Export Control of US Technology

Growing trade from West to East over the past five years has heightened concern over technology transfer, especially to the Soviet Union. The adequacy and appropriateness of export controls have been increasingly called into question by the responsible Executive Agencies, the Congress and the business community. Some—such as State, Commerce, and business—argue that export controls are too stringent. Oth-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 91, Export Controls: 1977. Confidential. Sent for action. While no drafting information appears on the memorandum, it was forwarded to Brzezinski for signature by Benjamin Huberman on August 4 and retyped on August 15.

ers—DOD and Congress—maintain that the controls are not sufficiently tight. To provide the basis for sound policy guidance on this complex and important issue, I recommend that you authorize a PRM directing a review of our policy on the export control of US technology (Tab I).²

The PRM will provide you options for decision on key aspects of technology transfer policy, such as objectives, criteria, control measures, and organizational arrangements. The review will also provide the basis for Executive Branch reports on technology transfer mandated by recent legislation and for consistent Executive Branch testimony in upcoming Congressional hearings.

While there is interest in a comprehensive review of all aspects of technology transfer, all agencies agree that this PRM should focus on the control of technology, particularly to the Communist countries. The other key aspect of technology transfer is in the North-South context. Here the issues are promotional rather than restrictive in nature and involve considerations vastly different from those in the East-West context. Accordingly, I propose to treat the question of North-South technology transfer separately and will be submitting a directive on this for your approval.

RECOMMENDATION

That you authorize me to sign the PRM at Tab I on the export control of US technology.³

² See Document 13.

³ Carter approved the recommendation and wrote "ok—Add [Stuart] Eizenstat. J" at the top of the memorandum. Another note indicates it was done on August 18.

13. Presidential Review Memorandum/NSC–31¹

Washington, August 18, 1977

TO

The Vice President
The Secretary of State
The Secretary of Defense

ALSO

The Secretary of the Treasury
The Secretary of Commerce
The Secretary of Labor
The Secretary of Energy
The Director, Office of Management & Budget
The Chairman, Council of Economic Advisers
The Director, Arms Control & Disarmament Agency
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Assistant to the President for Domestic Affairs and Policy
The Director, National Science Foundation
The Director, Office of Science & Technology Policy
The Chairman, Nuclear Regulatory Commission
The Administrator, NASA

SUBJECT

Export Control of US Technology

The President has directed that the SCC review our policy on the export control of US technology transfer to Communist countries. The review should develop options for Presidential decision concerning objectives, criteria, control measures, organizational arrangements, and possible legislative initiatives regarding export control. The review should provide the basis for reports on these matters called for by recent legislation and recommend guidelines for US participation in the upcoming review of the COCOM list.

The review should include:

- An examination of existing policy, criteria and current mechanisms for control of technology transfer and an evaluation of the degree to which the objectives of such control have been attained.
- An assessment of the military, political, and economic implications for the US and its allies of technology transfer to the various Communist states and an evaluation of how trade-offs among these

¹ Source: Carter Library, National Security Council, Institutional Files, Box 3, Unclassified/Declassified PRM and PD/NSC Documents. Confidential.

factors are and should be made. To place this assessment in perspective, an evaluation should be carried out of the implications for US of technology transfer to other industrial and Third World countries.

- An evaluation of which technologies, and in what form, are most in need of control, together with development of criteria and recommended procedures for carrying out such control.
- An analysis of the policies of COCOM and non-COCOM supplier states regarding the transfer of technology to Communist states, including the likelihood of obtaining cooperation by other key supplier countries.
- An assessment of the advantages and disadvantages of establishing varying standards of export control for specific Communist states, together with development of criteria and procedures for applying such control.
- Identification of the interaction between export control and US policies on related issues (non-proliferation, arms transfers, and North-South technology transfer).

The review should draw on existing PRM responses and other studies. It will be chaired by Ben Huberman on behalf of the NSC and OSTP staffs. It should be submitted for discussion by the SCC by November 1, 1977.²

There will be a follow-on interagency study dealing with the use of US technology transfer as a positive influence in North-South relations.

Zbigniew Brzezinski

² No Presidential Decision was drafted out of the PRM. The PRM report, finalized in March 1978, called for the creation of an NSC Technology Transfer group to deal with technology transfer issues and coordinate administration policies. The PRM recommended that the policy continue as set, evolving toward increasing control over sensitive technologies and associated end products. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Putnam Subject File, Box 30, East-West Economic Relations: 3-8/1978) In an August 14 memorandum to several agencies, Ben Huberman of the National Security Council Staff circulated an action plan for implementation of PRM 31. (Carter Library, National Security Affairs, Brzezinski Material, General Odom File, Box 40, PRM-31 [Technology Transfers to Communist Countries]: 3/74-8/78)

14. Summary of Conclusions of a Presidential Review Committee Meeting¹

Washington, August 23, 1977, 4:15–4:50 p.m.

SUBJECT

Policy toward Eastern Europe

PARTICIPANTS

State

Warren Christopher

Matthew Nimetz

Richard Vine

CIA

Stansfield Turner

Robert Bowie

Defense

Harold Brown

Walter Slocombe

General George Brown (JCS)

NSC

Zbigniew Brzezinski

David Aaron

Robert Hunter

Gregory F. Treverton

1. Christopher indicated the purpose of the meeting was to refine the choice between the two options discussed at the previous PRC meeting on Europe:² Option 3—giving preference to those Eastern European countries that are either relatively liberal internally or relatively independent internationally; and Option 4—abandoning any implicit rank ordering and seeking to expand contacts and relations across the board to the extent feasible.

2. Brzezinski emphasized U.S. objectives, arguing that Option 3 would not *cause* Eastern European states to become more independent or liberal but that overt support for countries that *have achieved* a measure of one or the other would *shore up* their positions. By contrast, Option 4 would conduce merely to attempt to promote good relations and might diminish the special stake that Romania, Poland and Hungary have in their relations with the United States. Secretary Brown noted that pursuit of U.S. objectives should be limited by the need not to provoke something like the Hungarian uprising of 1956. Brzezinski agreed that our objectives should be pursued by working through existing governments.

3. Nimetz noted that the previous NSDM on Eastern Europe had established such a firm rank order and time-table that it prevented taking advantage of opportunities that arose. Christopher suggested that there might be times when the U.S. would want to move forward

¹ Source: Carter Library, National Security Council, Institutional Files, Box 16, PD–21. Secret; Sensitive. The meeting took place in the White House Situation Room.

² See Document 6.

in relations with a particular country *in advance* of demonstrable progress on their parts along either of the two criteria. Vine suggested that our interests in limiting the GDR's mischief in Berlin might call for a more forthcoming U.S. attitude.

4. Aaron and Nimetz stressed that the main point was to underscore the special status of Romania, Poland and Hungary, not to prevent limited improvements in relations with the other three countries. Brzezinski outlined the three areas of U.S. policy: atmospherics (visits), economics (MFN) and scientific and other exchanges; all agreed that those instruments are very limited. Aaron thought it might be preferable to rank concrete manifestations of policy, not countries. Secretary Brown agreed, noting that, for instance, a port visit by the U.S. Navy in Bulgaria should not be ruled out.

5. In the end there was general support for the following reformulation of Option 3: the U.S. would give demonstrably greater support for those countries that have achieved a measure of independence or internal liberalization (Romania, Hungary and Poland). Within that context, it would be appropriate to develop a scenario for returning the Crown of St. Stephen to Hungary. However, Option 3 would not preclude improvements in U.S. relations with the other three (Bulgaria, Czechoslovakia and the GDR), *provided those improvements were tangibly and demonstrably in the U.S. interest*. Negotiations of claim agreements could continue, but the results would have to be assessed *on their own merits*, case by case. Efforts could continue to normalize our relations with the GDR, bringing them into line with Czechoslovakia, provided that effort did not dilute the basic differentiation.

6. There was general agreement that our European Allies, especially the FRG, have somewhat different interests in Eastern Europe than our own. No purpose would be served by exhorting them to adopt a posture identical to ours.

7. There was consensus that our policy toward Eastern Europe and toward CSCE should have parallel objectives. Both should promote modest steps toward re-joining the two halves of Europe, not as a threat to the Soviet Union but as an improvement in the security and life quality of all Europe.

15. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, September 9, 1977

SUBJECT

Policy Toward Eastern Europe

The PRC met on August 23 to review our policy toward Eastern Europe.²

The meeting resulted in a general agreement that the *United States basic objectives in Eastern Europe are: (1) to enhance the international independence of the region's states; and (2) to increase their ability to organize their societies in ways different from the Soviet Union.* There are, of course, limits to our capacity to realize these aims; for example, we do not want to take actions which might provoke another Hungarian uprising. On the other hand, our ability to influence events in Eastern Europe is very limited; what we can do is demonstrably support those countries that have achieved a measure of international independence or internal liberalization.

As a result of the discussions, it was agreed to give preference to those countries that have met these criteria (Poland, Romania and Hungary).³ This approach would imply moving forward with a scenario for returning the Crown of St. Stephen to Hungary. (A recommendation for your approval will be prepared by the Department of State.) U.S. relations with the other three countries (Bulgaria, Czechoslovakia and the GDR) would remain limited until they had demonstrated progress toward one of the criteria. Negotiations to “normalize” formal diplomatic relations (consular relations, claims settlements, and the like) could continue with those countries, but the results would have to be justified on their own merits. Other specific steps to advance U.S. relations with those countries (a port visit by the U.S. Navy to Bulgaria was one step mentioned in the PRC) would have to be justified on similar grounds—as tangibly advancing specific U.S. interests.

Warren Christopher expressed concern that any general policy would not unduly limit our flexibility to act when opportunities arise, and you may want to hear Cy's view. I believe the draft Presidential

¹ Source: Carter Library, National Security Council, Institutional Files, Box 16, PD-21. Secret; Sensitive. Sent for action. Carter initialed the memorandum indicating he had seen it. The memorandum was drafted by Treverton on August 24 and redrafted on September 2 to incorporate Aaron's suggestions.

² See Document 14.

³ Brzezinski underlined “Poland, Romania and Hungary” in this sentence.

Directive (Tab A)⁴ takes that concern into account. Any greater flexibility would dilute the basic differentiation which I believe serves our fundamental objectives; a more flexible general posture would leave those who implement policy free to pursue their natural affinity for better relations with host governments, whatever their stripe.

We all agree that over the long term, our policy toward Eastern Europe and CSCE serve parallel objectives. Both should promote, in a modest way commensurate with our influence in the region, the re-joining of the two halves of Europe,⁵ not as a threat to the Soviet Union but as a means of enhancing the security and way of life of all Europe.

RECOMMENDATION:

That you sign the Presidential Directive at Tab A.

⁴ Not attached. A handwritten notation below the recommendation reads: "signed 9/12/77." See Document 16.

⁵ Brzezinski underlined "re-joining of the two halves of Europe" in this sentence.

16. Presidential Directive/NSC-21¹

Washington, September 13, 1977

TO

The Vice President
The Secretary of State
The Secretary of Defense

ALSO

The Secretary of the Treasury
The United States Representative to the United Nations
The Director, Office of Management and Budget
The Chairman, Council of Economic Advisors
The Director, Arms Control and Disarmament Agency
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

SUBJECT

Policy toward Eastern Europe (C)

The President has directed that policy toward Eastern Europe should be based on the objectives of working with governments of the region to enhance their independence internationally and to increase their degree of internal liberalization. To that end, the United States will demonstrably show its preference for Eastern European countries that are either relatively liberal internally or relatively independent internationally.

For the principal countries of the region (excluding Yugoslavia), this policy will reflect the following general guidance:

—Poland and Romania will continue to receive preferred treatment with regard to visits by government officials, and in handling economic issues and various exchange programs. We should examine ways to ameliorate the Polish debt situation, should it continue.

—Relations with Hungary will be carefully improved to demonstrate that its position is similar to Poland and Romania. The United States will indicate its willingness to return the Crown of St. Stephen, providing the Hungarians will give acceptable assurances about its continuing display. Subsequent to the return of the Crown, the United States will enter into negotiations for a trade agreement with Hungary, including a provision for a waiver of the Jackson-Vanik amendment,

¹ Source: Carter Library, National Security Council, Institutional Files, Box 16, PD-21. Secret; Sensitive.

provided Hungary gives adequate assurances consistent with the spirit of the Jackson-Vanik provision.

—Relations with Bulgaria, Czechoslovakia and the GDR will remain limited until there is demonstrated progress along one of the two dimensions mentioned above. No particular initiatives toward any of the three will be taken, nor will there be indications of willingness to grant MFN. That does not preclude continuing efforts to put formal bilateral relations in a somewhat more normal basis: e.g., through US naval port visits to Bulgaria, or through negotiations with Bulgaria over outstanding bond debts, with Czechoslovakia over nationalization claims and with the GDR over a consular convention and claims. The results of such negotiations must be justified on their own merits, and must not dilute the basic differentiation. Any other specific steps taken to improve U.S. relations with those three countries must tangibly and demonstrably advance specific U.S. interests.

This policy is aimed at producing stability, progress and the enhancement of security throughout the region, pointing toward reconciliation between both halves of Europe.

Jimmy Carter

17. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, November 18, 1977

SUBJECT

Stepped-up Covert/Overt Activities Targeted at Eastern Europe and the USSR

Last February, when State expressed reservations about continuation of CIA's meager covert operations directed at the USSR and Eastern

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 1, Chron File: 10-11/77. Secret; Outside System. Sent for action.

Europe, you suggested State study overt possibilities while, meanwhile, CIA consider modest expansion of selected activities.²

State did nothing. CIA, suffering from internal confusion, was slow to move but during the course of the summer came up with a number of proposals for expansion. Five CIA papers were reviewed by the SCC/SAWG on 5 October 1977.³ CIA was asked to do further work on three but two proposals dealing with expansion of existing programs for publishing and distributing books and periodicals for Eastern Europe and the USSR were put in final form and submitted to the SCC on 26 October, when they were approved.⁴ CIA is going ahead with this expansion. State continues to be unenthusiastic about it.

The recently appointed Deputy Assistant Secretary for East European Affairs, Bill Luers, was present at the 5 October SCC/SAWG meeting and took it upon himself to promise a serious State investigation of possibilities for overt activity targeted against Eastern Europe and the USSR. This was the first he had heard of your request to State last winter, by the way, which confirms our impression that State's persistent arguing against covert programs on the basis that these things could be done overtly is, in practical terms, nothing more than a tactic for bringing everything to a halt. Luers, however, is not of this view. He is an admirer of what CIA has done over the past 25 years, an enthusiastic supporter of RFE/RL and deeply knowledgeable of Eastern Europe. He would seriously like to see State energize the government to broaden activity. He also shares our view, which few others in State do, that the covert programs should be continued and expanded—not curtailed or abandoned in expectation that something *might eventually* be done overtly.

² See Document 2. At the May 10 SAWG meeting, Aaron stressed that Brzezinski wanted "to see movement on this program, not necessarily expansion of only covert things, but also new overt initiatives." Representing the Department, INR Director Harold Saunders said that the Department "found themselves really not in favor of expansion, either covert or overt." Aaron directed the Central Intelligence Agency and the Department to prepare papers on the subject dealing with the covert and overt areas and coordinate them with the NSC Staff, highlighting the policy issues. (National Security Council, Carter Administration Intelligence Files, Box I-020, Minutes—SCC Special Activities Working Group, 1977)

³ On October 25, Aaron approved the summary of the October 5 SAWG meeting, which recommended that "proposals on expansion of book publication and distribution to Eastern Europe and the USSR will be recommended, with some refinements, for approval by the SCC." The SAWG also recommended that CIA proposals for covert action on certain human rights initiatives and Soviet nationalities be rewritten and that the Department of State clarify U.S. policy affecting these proposals. (Ibid.)

⁴ On October 25, Henze informed Brzezinski of the agenda for the upcoming SCC meeting, dealing with items on which a decision was not taken at the October 6 SCC meeting, including approval of the expansion of book publishing and distribution programs for the Soviet Union and Eastern Europe. (Ibid.)

You will recall I told you I planned to work closely with Luers to encourage him. I spent an hour with him yesterday (17 November) reviewing what he has managed to do so far. He is less gung-ho than he was when he took on this responsibility in early October, because he has found roadblocks in his path at every turn—but he intends to persist, and I believe we should continue to help him.

One of the principal roadblocks is INR, which is making an enormous production of the simple things Luers wants to do, as exemplified by the attached paper (TAB A)⁵ addressed to the SCC/SAWG which INR sent to me this week. It asks for SCC Working Group review and authorization for what Luers is trying to do—simple exploratory actions. It is also filled with a whole series of negative statements about existing CIA programs and appears, at several points, to be, in effect, a protest against the fact that the SCC has already authorized expansion of publishing and distribution activity. State's profound lack of enthusiasm for all activity in this field comes through almost every line of this paper. (I have marked certain striking passages in red.) As a foretaste of future State negativity, we are told that State has doubts about any use of emigre organizations and is doing a review of what policy toward nationalities should be. (I hear that State—perhaps even Luers—feels that nothing should be done in respect to non-Russian nationalities at all. But it remains to be seen whether they will take this negative a position formally.)

I told Luers yesterday that I saw no need to have an SCC/SAWG review of the actions he wishes to take—these are not covert activities. I said your request last winter that these “overt options” be explored constituted all the clearance needed at the NSC level. I added that the kinds of things he wants to look into have been open to exploration for nearly 30 years. The fact that no one outside of CIA has ever taken much initiative does not prove that it cannot be done—but it naturally leaves one doubtful that much will be accomplished. Nevertheless, I reiterated, you were very eager to see this effort made and I was ready to support it. Luers will try and may even succeed in getting something going—but I doubt very much that he will be able to develop anything that could be regarded as a substitute for much that CIA is doing covertly.

Some specific thoughts on his proposed initiatives (pp. 3–4 of TAB A):

a. USIA: I see no legal barriers to some increased USIA activity, though it obviously can go no farther than “gray” areas and cannot engage in covert funding or covert distribution.

⁵ Not attached.

b. I do not think the *BIB* should be involved at all; it has enough to do keeping the radios going. Perhaps in years ahead, it might take on publications tasks . . . but these were all segmented out of the radios when they went under the *BIB*. Putting them back would invite congressional problems.

c. *State*, especially under its external research authorization, could undertake some activity legally, I believe—but without some imaginative person to push it continually, I doubt that it could add up to much.

d. It may be possible for the National Endowments for the Arts and the Humanities to engage in marginal activity directed toward Eastern Europe and the USSR (I have a very constructive relationship with the Arts Endowment, as you know) but they have legal restrictions and the problem that they are basically domestically oriented, not foreign affairs operating agencies.

e. American publishers might do something . . . but talk is not likely to be matched by much money.

f. Other private funding sources need to be explored—something can be turned up, I am sure, but it will take a lot of consistent work.

The most hopeful thing Luers had to say was that he thought he had a good chance of getting Abe Brumberg detailed to him for a period of several months (perhaps longer) to work on this problem. Having a dynamic and motivated man such as Abe working on these tasks is about the only hope there is that anything could be done.

I propose that we *not* have an SCC/SAWG discussion of this subject⁶ and that I send INR a short memorandum stating that we consider review of State's (i.e. Luers') proposed initiatives unnecessary since they already have all the authority they need to do so.

Do you AGREE
DISAGREE?⁷

⁶ In the December 15 SAWG meeting, Aaron again stressed to the Department of State representatives that the White House "expected *initiative from the State Department in exploring overt and private possibilities for support of activities directed at the USSR and Eastern Europe*." He reminded the Department that it had agreed to produce proposals as early as May, and "questioned whether State was allocating enough energy to this effort," asking that they focus on generating new activity. He continued: "If new activities proved viable, then they might eventually replace or take over some of the CIA operations." (National Security Council, Carter Administration Intelligence Files, Box I-020, Minutes—SCC Special Activities Working Group, 1977)

⁷ Brzezinski did not mark either option. However, on December 6, Henze sent a memorandum to INR Director William Bowdler stating that Brzezinski "has reviewed your paper and has concluded that the subject does not require new action by the SCC/SAWG at the present time." Stressing that CIA operations were undergoing separate review, Henze wrote that "the exploration of possibilities for new or increased overt activity can be conducted by the State Department without any necessity for new policy authorization." Henze also noted that the White House, through Aaron, had reiterated that point in the October 5 SAWG: "At this stage at least, the explorations which the State Department is undertaking should not be directed toward finding alternate sources of support or funding for existing CIA activities, but should concentrate on new or parallel activities which could be overtly supported by the U.S. Government, if reliable funding arrangements can be made, or financed through private sources." (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 1, Chron File: 12/77)

18. Paper Prepared by the National Security Council Staff for Eastern European Affairs¹

Washington, undated

ANNUAL REPORT EASTERN EUROPE

At the end of 1976 US relations with the countries of Eastern Europe were at a generally low ebb. The previous Administration tended to see policy toward these countries as a corollary of that followed toward the USSR. The effects of the leaking of Helmut Sonnenfeldt's comments² on Eastern Europe had not been completely erased, and President Ford's comments on Eastern Europe during the television debate³ further reinforced the feeling that little concern and attention was devoted to Eastern Europe.⁴

The goals toward the countries of this region were established in the course of the PRM-9 review⁵ of Relations with Europe and were established in PD-21⁶ which established that policy toward Eastern Europe should be aimed at enhancing the international independence and internal liberalization of these countries and that the US should show its preference for countries moving in that direction. This implies preferred treatment for Poland and Romania, which had received special attention in the past, and for Hungary. Relations with Bulgaria,

¹ Source: Carter Library, National Security Council, Institutional Files, Box 131, [NS Files-3] Carter NS 7707862-7801072 [1]. No classification marking. Sent under a December 21 covering memorandum from the Soviet/Eastern Europe NSC Staff to Brzezinski, which dealt with U.S. policy toward the Soviet Union. Brzezinski wrote "King" at the top of the paper, indicating that it should be returned to Robert King. Portions of this paper (see subsequent footnotes) were included in "NSC Report for 1977: A Critical Self-Appraisal," January 12, 1978, which Brzezinski sent to Carter on January 13, 1978. (Carter Library, Plains File, Subject File, Box 28, NSC Weekly Reports, 7-12/77)

² Reference is to remarks made on December 14, 1975, by Counselor to the Department of State Helmut Sonnenfeldt at a gathering of the European Chiefs of Mission in London. When Sonnenfeldt's remarks leaked to the press in January 1976, critics charged that the United States condoned Soviet domination of Eastern Europe. See *Foreign Relations, 1969-1976*, vol. E-15, Part 1, Documents on Eastern Europe, 1973-1976, Document 14.

³ Reference is to the October 6, 1976, Presidential debate between President Ford and Governor Carter in which Ford, responding to a question as to whether signing the Helsinki Agreement codified Soviet domination of Eastern Europe, stated "there is no Soviet domination of Eastern Europe, and there never will be under a Ford Administration." See *Public Papers: Ford, 1976-1977*, vol. III, p. 2416.

⁴ Brzezinski highlighted this paragraph in the margin.

⁵ See Document 1.

⁶ See Document 16.

Czechoslovakia, and the GDR are to remain limited until progress is demonstrated in international or internal policy. Yugoslavia remains a special case deserving particular attention.

American interest in Poland was reaffirmed by the President's visit and the Poles were given further evidence of US concern by the credits for agricultural purchases that were granted and further steps were taken to help them in dealing with their economic problems.⁷

Among the specific goals that were enumerated was the return of the Crown of St Stephen to Hungary to be followed by the negotiation of a trade agreement granting MFN.⁸ The decision was made to return the Crown, satisfactory details were worked out for the transfer, and a Presidential delegation accompanied the Crown and relics to Budapest for the ceremony. The effect on the Hungarian population and government has been and will continue to be extremely favorable for the United States. The one criticism that can be leveled is the way in which it was carried out. The leaking of the decision to return the Crown, of course, created problems. The fact that a public announcement did not follow the leaks in the press gave ammunition to domestic opponents of the return and led some to conclude that the decision was being reconsidered when in fact it was only a question of working out a suitable time. Postponing the public announcement also caused some problems with the hill and gave Congressional opponents the opportunity to raise the issue with the courts. At the same time, however, the delay allowed Hungarian-Americans to supply input into the scenario for return and this may have had beneficial domestic political consequences.

Initial steps have also been taken to prepare a draft of the trade agreement with Hungary. Returning the Crown has been the focus of attention but progress should be made early next year on the agreement. The Hungarians have already been informed of the assurances they will be required to provide under Jackson-Vanik and this should be settled before negotiations begin.

The one country in Eastern Europe which seems to have been neglected is Romania. In the past they were given very favorable consideration, but under the present Administration they appear to have slipped in importance.⁹ Poland is the first East European country to receive a visit from the new President; the US is returning the Crown to Hungary; Ceausescu's visit is scheduled after that of Tito. Although Romania's human rights record is in need of improvement, it is the

⁷ Brzezinski highlighted this paragraph in the margin.

⁸ Brzezinski highlighted this sentence in the margin.

⁹ Brzezinski highlighted this sentence in the margin.

Warsaw Pact state that has clearly demonstrated the greatest degree of independence from the Soviet Union.

In the coming year there will probably be several opportunities for furthering the goals that have been set for Eastern Europe—negotiation of the trade agreement with Hungary (though we may have problems with the timing of this since it will require Congressional approval and other administration priorities and the approach of mid-term elections may cause delays); the visit of Romanian President Ceausescu; and possibilities to expand trade relations and economic cooperation.

19. Memorandum for the Record¹

Washington, March 1, 1978

SUBJECT

Conversation with Dr. Brzezinski, 28 February 1978

[Omitted here is discussion unrelated to Eastern Europe.]

4. Along with Bob Bowie we had considerable discussion on the desirability of increasing [*less than 1 line not declassified*] in FY 78. Brzezinski approved the idea of taking it up in the SCC. What he would like is to try to put some distance between the covert action proposal and [*1 line not declassified*]. Could we:

a. Have a new Presidential Finding to “promote political change” in the Eastern European and Soviet Union areas; and [*1 line not declassified*]

b. Get the State Department or USIA to undertake this on an overt basis?

c. [*2 lines not declassified*]

5. Before we take this up with the SCC, we need a more definitive statement as to:

a. Where the [*dollar amount not declassified*] is actually being spent today.

¹ Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 05S00620R, Administrative Files, Schedules of Daily Activities, DCI and DDCI (Turner Files), Box 3, Folder 92, DCI Stansfield Turner: File Cabinet 9, Drawer 2—Covert Action (1 of 2), 27 Jan 76 to 12 May 80. Secret.

b. What kind of groups does it go to? Are they mainly emigre groups? Brzezinski noted one by a man named [*name not declassified*] that he thought was good.

c. Does some of it go to Western European groups as opposed to emigre groups?

d. We also need to be as specific as we can as to how the additional funding would be employed, again with emphasis on whether it's to emigre groups or established Western European groups.

[Omitted here is information unrelated to Eastern Europe.]

Stansfield Turner
Director

20. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 14, 1978

SUBJECT

Russian and East European Book Program—CIA Report

Admiral Turner has sent you a memo (TAB B)² reporting that the SCC recommendations of last fall on expansion of Russian and East European book publishing are being implemented. A total of [*dollar amount not declassified*] is going to be allocated to increased book publication and distribution in 1978 (FY). State has approved the main lines of the Agency program and there seems, as of the moment, to be no difficulty in carrying out the CIA program.

This represents very effective performance by CIA at a time of stress and confusion in the DDO.³ I have drafted a little memo from

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 2, Chron File: 3/78. Secret; Sensitive.

² Dated March 13. Not attached.

³ In a March 23 memorandum to Brzezinski, Henze described the "*persistent*" and "*mistaken*" philosophy of using covert action only as a last resort. "*Stan Turner*," Henze wrote, "*gives the impression of greater covert capabilities than CIA actually possesses*. This may be in part because he is reluctant to admit the damage his personnel policies have done to the DDO." Scheduled for publication in *Foreign Relations, 1977–1980*, vol. XXVIII, Organization and Management of Foreign Policy.

you to the Admiral giving them a pat on the back. It also establishes a requirement for reporting to us on what has been accomplished as of 1 September so the program can again be reviewed this coming fall.

RECOMMENDATION:

That you sign the attached Memorandum (TAB A).⁴

⁴ Attached but not printed. The draft memorandum reads: "I am pleased to note from your memorandum that this program has moved ahead successfully. It represents good fulfillment of the SCC recommendation of 26 October 1977, approved by the President on 1 November 1977. I would like to have a progress report on this program by 1 September 1978 so that we can review its scope for 1979." There is no indication that Brzezinski signed the memorandum. An unidentified handwritten note at the bottom of the covering memorandum indicates that action was suspended.

21. Paper Prepared by William Odom of the National Security Council Staff for the East-West Planning Group¹

Washington, undated

EAST EUROPE IN THE CONTEXT OF U.S.-SOVIET RELATIONS

The United States² has four general options in its approach to the Soviet Bloc. First, it can pursue a more cooperative³ relationship with

¹ Source: Carter Library, National Security Affairs, Staff Material, Office, Unfiled Files, Box 130, East-West Planning Group: 1-8/78. Secret. In his March 20 covering memorandum to Brzezinski, Samuel Huntington, and Reginald Bartholomew, Odom wrote: "The attached paper is an effort to provide an analytical framework for a discussion of East Europe in the context of U.S.-Soviet relations on March 21. It is a product hastily done this past week with the idea of treating another major area in the context of U.S.-Soviet relations the way we discussed China at the last meeting. Is there an 'East European card'? If so, how can it be played?"

² The West European states are not given separate attention in this discussion of U.S. policy options for two reasons. First, space in a short paper does not allow. Second, the U.S., if it moves firmly in either direction of cooperative or competitive relations with the Soviet Union, can force the Europeans to follow the general trend. Admittedly, in the middle ground, where there is a more even mix of competition and cooperation, this is less true, but some of the implications for the West European role in those cases are discussed. [Footnote is in the original.]

³ "Cooperation" can be thought of in three broad categories: 1) economic, technological, and cultural; 2) political; 3) arms control. In the matrix here, the first category is the major kind of cooperation meant in defining the options. The discussion following should clarify the relationship to political cooperation. [Footnote is in the original.]

both Moscow and the East European states. Second, it can pursue a more cooperative relationship with Moscow while not emphasizing a cooperative approach to Eastern Europe. Third, it can pursue a cooperative relationship toward Eastern European states while de-emphasizing the cooperative approach to Moscow. Fourth, it can de-emphasize cooperation with both Moscow and Eastern Europe. These analytical distinctions can be arrayed as follows:

	Similar Policies toward Moscow and East Europe	Different Policies toward Moscow and East Europe
More Cooperative	1/Toward Moscow and East Europe	2/Toward Moscow but not East Europe
Less Cooperative	4/Toward Moscow and East Europe	3/Toward Moscow but not East Europe

Our real policy choices, to be sure, are not so tidy. This framework, nonetheless, can help us think about some of the causal relations within the real choices. To some extent, we have pursued all of these variants at one time or another in the last three decades. Although they are set down with excessive sharpness here, that sharpness clarifies an inherent ambivalence about goals in U.S. policy. On the one hand, there is a desire to loosen the Soviet grip on East European states; on the other hand, there has been a recurring desire for detente with Moscow. Even in the high time of the cold war, the United States was reluctant to go all the way in helping an East European state escape the confines of the Warsaw Pact. In the high time of the most recent detente period, the U.S. did not wholly ignore differences between Moscow and East Europe that were exploitable for loosening Soviet control, but it did go quite far in giving the impression that we would not work very hard toward loosening the grip, presumably because that could deny us the larger fruits of cooperation with Moscow.

A number of arguments for and against can be provided for each of the four options in the matrix. The following ones should be taken merely as suggestive pros and cons for starting the discussion.

1. *Emphasize cooperation with both Moscow and East Europe.*

The justification for this approach could be that it tends to loosen authoritarian control in all members of the Soviet Bloc by setting in motion economic, social, and finally political change, which presumably will benefit the West. This approach assumes that political factors are driven by economic and social considerations even to the point of systemic transformation, albeit in a slow evolutionary process.

The objection to this approach is that political factors can and probably do set firm limits to the evolutionary process. Furthermore,

the economic and technological assistance gained through cooperation may allow the Soviet leadership to avoid, delay, and limit reforms which otherwise might be forced on an unwilling Soviet leadership. In other words, this approach is more likely to block than facilitate evolutionary change.

2. *Emphasize a more cooperative relationship with Moscow while not emphasizing a cooperative approach toward East Europe.*

This is what many understood—wrongly or rightly—to be the Sonnenfeldt doctrine. Its assumption is that interests in the world order, if commonly shared by Washington and Moscow, take precedence over detaching East Europe from the Soviet Bloc. Its proponents might argue that cooperation with Moscow must come first, loosening up that regime, which is a pre-condition for significant political liberalization in East Europe.

Its critics could argue that it, like the first approach, merely allows Moscow to evade reforms through exploiting Western economic and technological assistance and at the same time to prevent significant loosening of its hegemony in East Europe. It makes the Washington-Moscow relationship look like a super-power coalition against which an East European state like Romania, for example, has an increasingly difficult time playing its maverick role. Nor can the neutrals be sure that their policies will not be the victim of a Moscow-Washington understanding. Finally, the West Europeans find that they can take European security less seriously because the U.S.-Soviet relationship ensures it. West Europeans are left free to pursue whatever policy lines they choose without as much concern for building a NATO policy consensus.

3. *Emphasize cooperation with Eastern Europe but not with Moscow.*

The case for this policy would be that it promises to exacerbate Soviet control problems by creating alternative sources of support for East European regimes over a long evolutionary period. At the same time, it would deny the USSR the benefits of economic and technological assistance and whatever relief that could provide the leadership. The Politburo would face not only growing independence in East Europe but also sharpened dilemmas between political control and efficient use of human and material resources within the Soviet economy.

The objection to this approach might be that the fruits of cooperation—especially economic interaction—would not stop in East Europe but would filter through to Moscow in any event. Furthermore, economic assistance to East Europe would alleviate some of the tensions created there by consumer dissatisfaction and inefficient resource allo-

cations. Finally, it could sharpen the Soviet fear of political evolution in East Europe and perhaps bring greater Soviet repression.

4. *De-emphasize cooperation with both the Soviet Union and Eastern Europe.*

The rationale of this option could be that denying—or merely impeding—the flow of economic assistance and technology transfers sharpens the reform issues in the Soviet political system more quickly and critically than would increasing economic interaction. Thus, by reducing the role of Eastern Europe as a conduit of technology to the Soviet Union, the U.S. could increase the internal Soviet pressures for change. At the same time, this approach should reduce the Soviet capabilities and pursue a competitive foreign policy with military and economic means.

Among the arguments against this approach, it may be insisted that U.S. policy cannot significantly restrain the diffusion of technology and economic interaction in the world, and, therefore, the Soviet Union will find other sources, notwithstanding U.S. reluctance to provide them. Such a competitive stance by the U.S. might also prompt a more aggressive Soviet use of its military power in winning the diplomatic and political leverage in non-European areas. Moscow might also pursue a less moderate role in European affairs by creating periodic crises and indulging in spoiling diplomatic tactics wherever possible.

The security policy corollary to these four options

Each of these options is based on different assumptions about the nature of change in the Soviet Bloc. Changes inevitably are accompanied by uncertainties, uncertainties which both Eastern and Western political leaders desire to reduce or eliminate. In other words, they want predictable change as long as it is also controllable for their own purposes. Military power provides one of the more important means for dealing with the political uncertainties and for controlling and limiting processes of political change.

The policy options that promise more economic change in the Soviet Bloc (1, 2, and 3) are also the options that will most likely *prompt* and *allow* the Soviet leadership to maintain a dynamic and comprehensive military establishment. That kind of Soviet policy in turn is most likely to stimulate larger U.S. military programs. If de-emphasizing cooperation and economic interaction (Option 4) is effective, it should make it more difficult for the USSR to support large military outlays, and it should constrain the Soviet capability for projecting its military power abroad.

U.S. military power for the non-cooperative approach (Option 4) could eventually be a limited security posture, something like mini-

mum deterrence, but initially it might require an intimidating military posture. If the U.S. is prepared to stand aside and let change within the Soviet Bloc take its course, then military forces are necessary only for preventing disorderly developments from spilling into Western Europe. If, however, the U.S. wants to have some influence on the direction of change in the Bloc, then a larger military backdrop is needed for U.S. policy in Europe, both East and West.

For Option 3, a stronger military posture is required if it is to be a serious strategy for loosening the Soviet grip. A large NATO military backdrop during the Czech crisis of 1968 could conceivably have kept the uncertainties for the Politburo sufficiently high to have produced a compromise between Dubcek and Moscow of long-term durability allowing the Prague spring to yield fruit in the fall. The deployment of U.S. forces in Southeast Asia, the general disrepair in the U.S. forces in Europe, and the willingness of the Johnson Administration to reassure Moscow by taking Soviet military observers along the FRG-Czech border so that they could verify the absence of NATO military activities—all of these things contributed to Soviet confidence that the U.S. had neither the military means nor the intention to influence the course of events in Prague. Had the U.S. made even moderate military gestures such as slightly increasing routine military exercises, the Soviet decision to send forces into Czechoslovakia might never have been made.

Today there are again signs of change and transformation in East Europe. In particular, we have seen the continuation of the working class movement in Poland, and perhaps surprising to some observers in the West, dissidence in East Germany has reached distressing levels for the SED leadership.

In the case of Poland, can the present U.S. policy of economic and diplomatic support for Warsaw turn the processes of change to the purposes of the West? Or are we simply helping the Soviets avoid the price of more open and perhaps violent means of repression? Is it true, as some intelligence analysts recently argued, that Moscow is unaware of the explosive situation in Poland? Or is Moscow aware that we are aware and willing to bail the Poles out with credits? It seems difficult to conclude that the forces of change are necessarily favoring the West.

The East German case is not only more complex but of much greater consequence. It is not primarily about a state in Eastern Europe but about Germany as a whole. Moscow seems bent on exploiting Bonn's *Ostpolitik* to draw the FRG back into the traditional German "middle" position, ambivalent about both East and West Europe. Without suggesting that a new Rapallo is at hand, it is nonetheless possible to argue that Bonn finds itself uncomfortable with the West and without recompense in the East. This is the result of three interacting developments:

—The re-emergence of German economic and military power without corresponding political power (or responsibility).

—The crisis in *Ostpolitik* which has failed to produce the kind of results promised either in inter-German relations or in relations with Moscow.

—Uncertainties and pressures created by U.S. policy toward Moscow and Europe, both security policy and economic policy.

There are at the same time signs of dissent and broader unrest in the GDR than many have believed before, but Soviet force deployments there make it virtually inconceivable that unapproved deals between the two Germanies can be more than ephemeral episodes.

Both of these cases, Poland and East Germany, force us to review once again Eastern Europe in the context of U.S.-Soviet relations.

22. Minutes of a Meeting of the East-West Planning Group¹

Washington, March 21, 1978

EAST-WEST PLANNING GROUP MEETING

MINUTES OF MARCH 21, 1978

A paper prepared by Colonel Odom served as the point of departure for discussing Eastern Europe in the context of US-Soviet relations.² In light of the previous meeting at which China had been discussed in this same vein, Colonel Odom posed two issues: Is there an “East European card”? If so, how can it be played?

In the ensuing discussion, a number of objectives of and constraints on U.S. policy toward Eastern Europe were raised. Specifically, it was suggested, U.S. policy should do three things:

1. Encourage greater autonomy, through multilateral means whenever possible.
2. Ease the repressiveness of many East European regimes.

¹ Source: Carter Library, National Security Affairs, Staff Material, Office, Unfiled Files, Box 130, East-West Planning Group: 1–8/78. Secret. Sent under an April 5 covering memorandum from Samuel Huntington to Brzezinski, Bartholomew, Odom, Shulman, Luers, Robert Bowie, and Arnold Horelick.

² See Document 21.

3. Direct efforts toward moderate change while avoiding frontal confrontation.

It has been the U.S. practice to favor regimes in Eastern Europe if they balance greater autonomy with the retention of stability, even though the domestic policies of these regimes are hardly compatible with American political values. The delicacy of the autonomy/stability balance means that we cannot play an "East European card" as we might with China. We must understand why we are doing what we are doing, even if we can not do much. Because the balance is delicate, we must keep our "tight-rope" act in mind and not demand too much clarity in an ambiguous situation.

U.S. policies will inevitably contribute to occasional confrontational situations between Eastern Europe and the SU. We will help to exacerbate both Eastern European-Soviet and internal East European tension. There will be sporadic periods of tension vis-a-vis Eastern Europe as a permanent backdrop to U.S. policy-making.

The paper prepared for the meeting did not set down specific goals for U.S. policy. A simple matrix of possible U.S. interactions with the Soviets and East Europeans presented four different mixes of cooperation and competition. Some illustrative pros and cons for each mix were used to call attention to the key assumptions underlying policy rationale for each. The brevity of the paper was useful in stimulating review of alternative US/SU/East European relationships, but most discussants thought it made the assumptions appear too stark, and without the nuance that, as it turned out, most thought characterize US-East European relations.

Viable, coherent policy alternatives toward Eastern Europe were felt to be difficult to develop because of both domestic and international constraints. Although it was agreed that at the extremes of policy Western Europe is obliged to follow the U.S. lead, it was also felt that we are presently in the middle ground and therefore much less influential in shifting the mix of cooperation and competition. For example, European East-West trade is much larger than US-East European trade. Consumerism is a much larger issue in East Europe than in the SU, and East European politics are more sensitive to economic pressures. The relatively small US-East European trade will thus probably be translated into low political influence where consumerism is concerned.

Eastern Europe also has a "Western orientation" or "Western linkage" which must be taken into account and which the Soviet Union lacks. These historical and cultural ties vary in strength. The Western orientation of East European countries, arranged in a descending rank order is: East Germany; Poland; Czechoslovakia; Hungary; Romania; and Bulgaria. This Western orientation acts to increase Western influ-

ence in East European countries and to limit policy options developed by the West. Western orientation, rather than consumerism, could turn out to be the most important long-term factor in US-Soviet relations where the East Europeans are concerned.

Events in Eastern Europe have some impact on Soviet foreign and domestic policy. For example, experiments in Poland and Hungary will influence the Soviets. Criticisms of the Soviets by the West European Communist parties have had resonance in Eastern Europe. We should be conscious of this indirect effect and should take it into account in our policy.

The comment was made that if one reviews the trends from Eastern Europe for the last five to ten years from a Soviet perspective, they all seem bad. And the Soviets are not facing up to the problem, by one interpretation. By another, the squeaky wheel is getting the grease. It was suggested that it might be useful to try to identify those things that are likely to get immediate Soviet attention; i.e., to identify the ceiling above which Soviets won't tolerate interference. There was general agreement that the action or reaction (i.e. use of force) line was getting fuzzier, but none doubted that the Soviets would act when they deemed it necessary.

The fuzziness, or blurring of Soviet perceptions of what actions would be tolerated, was viewed as good. The Soviets are still going to be vigilant in areas where they feel the US is pushing greater autonomy for Eastern Europe. All agreed that US policies had to include initiatives that would fall within the fuzzy area and succeed by not ruffling Soviet feathers.

There was disagreement about the types of initiatives that would meet this criterion. Some felt that the Soviets would not allow any move by the Eastern European countries that would slacken the Soviet control of their economies or planning processes, and that any help given to Eastern European economies would eventually filter back to the Soviet Union and work to the US's detriment. Another body of opinion held that the Soviets would welcome the movement of some of their East European problem children (in the economic sense) into an international framework that would impose some economic discipline without excessively increasing the autonomy of Eastern Europe. IMF membership for Poland was given as an example, but doubt was expressed that either Warsaw or Moscow could permit genuine IMF discipline to interfere with Polish central planning and CMEA regional trade schemes.

A similar disagreement concerned the linkage between technology transfer, economic growth, and military capability. Some argued that there was a direct linkage, i.e., that more technology transfer led to more economic growth and inevitably to greater military capabilities;

others that military investment decisions depended more on the international context than on the availability of new technology from the West.

A final area of discussion was how to handle the inevitable confrontations between the US and the SU in Eastern Europe. There was general agreement that we should be more ambiguous about our exact course of action than we have been in the past (specifically at the time of Czechoslovakia), and that we should allude to the political costs of possible Soviet actions. Using Radio Free Europe more advantageously in such endeavors was mentioned. The possibility of increasing ethnic interactions (i.e., playing on the Western orientation) and using any influence gained therefrom was also suggested.

Several items not directly related to the day's topic of discussion were mentioned:

1. Most thought it very useful to have a short period of general conversation before focussing on the agenda item. It was tentatively agreed to use the time while lunch was being eaten for this purpose.

2. Topics suggested for future meetings included: U.S. relations with the GDR, including the impact of U.S. intra-agency organizational structure on policy development; the Exim Bank, and particularly opinions on the Stevenson initiatives;³ ethnicity and national minorities in the USSR and Eastern Europe; and the relationship of technology transfer to economic growth and military power in East-West relations.

³ Senator Adlai Stevenson III (D-Illinois) scheduled a number of hearings in the Senate in support of an expansion of the role of the Export-Import Bank.

23. Memorandum for the Special Coordination Committee¹

Washington, May 14, 1978

SUBJECT

Annual Review of Ongoing Covert Action Activities as Required by Executive Order 12036²

[Omitted here is information unrelated to Eastern Europe.]

SOVIET AND EAST EUROPEAN BOOK DISTRIBUTION

1. STATUS:

The ongoing program for distributing uncensored literature to the Soviet Union and East Europe was last reviewed by the SCC in February 1977 and approved by the President on 5 March 1977. Following the SCC review, CIA was directed to submit proposals for expanding the program, which resulted in an augmented budget for FY 78 of [*dollar amount not declassified*]. These funds provide for the publishing and distribution of books and periodicals, support to emigre organizations for the same purpose, and human rights publicity. An important accomplishment of the modest latter program was continued publication of a newsletter to help coordinate activities of human rights groups in Western Europe. Distribution statistics from the major book distribution activity for the six month period 1 December 1977–30 May 1978 show an increase of 40% over the same period of last year. Projected over a 12 month period we estimate a total distribution of 245,000 books by this one activity, as opposed to 175,000 in the previous year. Financial assistance is being given to a major Russian emigre publishing house, and one time assistance was given to a Russian-language periodical to help it organize its financial status and find outside backing; this was successful. A publishing asset will put out 10 books in Russian and Polish in FY 78, up from 6 in FY 77. As a result of these and other initiatives, including the economic stimulus provided to the Russian publishing market by the increased purchases of our book distribution project, we expect a significant increase in the publication of important books by the end of FY 78. Feedback from individuals in the East,

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-020, Minutes SCC Intelligence 1978. Secret; Sensitive. There is no evidence that the program was specifically discussed in the SCC. The Summary of Conclusions of the May 16 meeting, approved by Aaron on May 22, make no mention of the Publication and Distribution program. (Ibid.)

² Executive Order 12036 assigned responsibility for special activities or covert action to the CIA and required an annual review by the SCC of ongoing special activities. (Section 1–306 (a))

travelers and recent emigres confirms the program is having a strong impact.

2. *PLANS:*

The virtually insatiable demand in the Soviet Union and East Europe for proscribed literature, inflation and the decline of the dollar's purchasing power constitute major challenges for the program. The FY 79 budget of [*dollar amount not declassified*] does not mitigate these pressures, hence it is proposed to augment the FY 79 allocation by [*2 lines not declassified*] through reprogramming of funds within CIA. For FY 80, the program is budgeted at [*dollar amount not declassified*]. This figure includes [*dollar amount not declassified*] for book distribution; [*dollar amount not declassified*] for book publishing, [*dollar amount not declassified*] for periodicals; [*dollar amount not declassified*] each to Ukrainian and Russian emigre organizations for publishing and distribution; [*dollar amount not declassified*] for human rights publicity; and [*dollar amount not declassified*] for developmental activities.

[Omitted here is information unrelated to Eastern Europe.]

24. Excerpt From the President's Daily Brief

Washington, August 31, 1978

[Source: Carter Library, National Security Affairs, Brzezinski Material, President's Daily CIA Brief, Box 12, 8/30/78–9/6/78. Top Secret. For the President Only. 2 pages not declassified.]

25. Memorandum From Robert King of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 1, 1978

SUBJECT

Your Request for a Memorandum Detailing Policy in Eastern Europe

Reg² passed on your request to him and Bill Quandt for a memo on policy in the two areas. Reg asked that I handle Eastern Europe separately.

1. *Stages of U.S. Policy Toward Eastern Europe.* Since January 1977 there have been three stages in U.S. policy. Initially there was a period of caution as the new administration began a general policy review. From January until the beginning of September, no new initiatives with any of the East European countries were undertaken, although previous European relationships were maintained.

A more active and decisive stage became evident toward the end of the summer of 1977. The PRM–9 review of European issues included a section on Eastern Europe, and the final PRC meeting on that aspect of European policy was held at the end of August. The President signed PD–21 on September 13³ which set the administration's policies—we would seek to work with East European governments to enhance their international independence and increase the degree of internal liberalization. In concrete terms this policy involved continuing to give preferential treatment to Poland and Romania, improving relations with Hungary through returning the Crown and negotiating a trade agreement under appropriate conditions, but relations with Bulgaria, Czechoslovakia, and the GDR would remain limited until there is some progress in either independence or liberalization although steps might be taken to put relations with these three countries on a more normal basis.

Since the enunciation of that policy one year ago, our efforts have been focused on carrying it out. The highlights have included the President's visit to Poland, the granting of \$500 million in CCC credits to Poland for the purchase of U.S. grain, returning the Crown of St.

¹ Source: Carter Library, National Security Council, Institutional Files, Box 16, PD–21. Secret; Eyes Only. Sent for information. Larrabee initialed the memorandum for King.

² Reginald Bartholomew.

³ See Document 16.

Stephen to Hungary, negotiation of a U.S.-Hungarian Trade Agreement, including MFN, and welcoming Ceausescu here for a State visit.

With the Ceausescu visit and ratification of the Hungarian Trade Agreement the specific policy initiatives in PD-21 have been completed and we now seem to be entering a period marked by a less active policy for Eastern Europe. State Department East Europeanists are pushing to negotiate a Claims/Gold agreement with Czechoslovakia and may want to consider discussions on MFN with Bulgaria. There is some interest in maintaining the momentum that we have built up to deal with other outstanding issues toward the East European countries. The difficulty, however, is that those countries with whom we could achieve progress in our bilateral relations—Czechoslovakia, Bulgaria, and the GDR—have not exhibited the international independence or the internal liberalization that would justify such actions.

With Poland, Romania, and Hungary we have now about reached the limit of what we can or would want to do. We should continue to work with Poland on the debt problem, but beyond granting the Poles an additional large CCC credit this year (and in future years) there is little more that we can do. We are similarly limited with Romania and Hungary. High level visits represent the most we can do in continuing to emphasize our interest in the region. A Gierek visit possibly in 1979 was mentioned during the President's Warsaw stop, and the Romanians are anxious to host the President in Bucharest. The Hungarians would like to see Kadar in Washington, but such a visit would create problems with Hungarian-Americans who are still smarting from the return of the Crown. An invitation for a Kadar visit would best be issued after 1980, with an official visit by Secretary Vance to Budapest and possibly one by the Vice President as interim measures.

2. *Your Role in Policy Formulation.* You have clearly played the dominant role in formulating our policy towards Eastern Europe. Your background, expertise, and interest have given you a much stronger and more authoritative voice in this area. Furthermore, Eastern Europe is not a major focus of policy concern, thus other policy players are not willing to spend their political capital to challenge you in that area.

You have been largely responsible for conceptually framing the approach to Eastern Europe, but you have also been active in initiating and implementing specific actions (return of the Crown and Polish CCC credits). Your role as the strongest advocate for increasing from \$300 to \$500 million the total amount of CCC credit for Poland last December, however, resulted in a certain degree of criticism. Because of your Polish background, there was some muted feeling that you were playing favorites. In the context of the President's visit and the importance of Poland, this was unjust. It would be useful in the future, however, to appear less of an advocate on controversial matters which

involve Poland. The European Bureau of State and the Department of Commerce can take the lead, and they will lead boldly if they have your support. If it becomes necessary to reschedule the Polish debt there will be strong opposition from Treasury and EB at State to a policy giving Poland benefits other debtor countries do not enjoy. This issue is one on which you should avoid taking the lead if possible.

3. *Reflections on the Decision-Making Process*: My comments on the decision-making process are probably not unique to Eastern Europe, although as an area of lower priority the problems with the process may be more evident than in the areas of higher risks and concerns.

—Interagency papers that have formed the basis for decisions, generally drafted in segments by several different agencies, have tended to be too long and poorly integrated. They may be useful in helping the working-level elements of various agencies to understand the problems, but they do not seem to be helpful at higher levels in informing and channeling discussion.

—The policy options tend to be less sharply defined than might be desirable. The working level tend to round off the edges and fuzz the sharpness of options in the search for consensus.

—While the policy process is never orderly and subject to neat timetables, there tends to be too little time before decision meetings to digest papers and even agenda, with the result that principals are less well prepared than would be desirable.

The drafting of policy and options papers by a single agency with ample opportunity for other agencies to comment and register dissents would seem to be more useful and orderly mechanism.

4. *Basic Documents*. Appended to this paper is a copy of PD-21, the principal statement of general policy toward Eastern Europe.⁴

⁴ Not attached.

26. Paper Prepared in the Central Intelligence Agency¹

RP 78-10293

Washington, September 1978

Dissidence in Eastern Europe

Key Points

- The new wave of dissidence in Eastern Europe last year, although now considerably diminished, shows no signs of vanishing. It has been most intense in Poland and Czechoslovakia, somewhat less so in Romania and East Germany. (U)
- The dissidents, few in number, are generally outspoken, nonconformist intellectuals. They have developed and sustained their causes and have attracted some popular support, particularly in Poland, where those who protest are relatively well organized and well led. (U)
- The East European regimes, however, have kept the domestic impact of dissident activity within bounds. They have made it clear that a price must be paid for active dissidence—loss of job, harassment, physical abuse, police detention, or a jail sentence. There is no evidence that the dissidents' causes have been taken up by influential party or government officials. (C)
- The formulation of regime policy toward dissent could, however, become a serious source of discord within local leaderships, particularly as a new generation of leaders displaces the old. The toleration of any measure of dissent will remain a risky course, both for the national leaders and for their relations with the USSR. (U)

[Omitted here is the Table of Contents.]

Dissidence in Eastern Europe

The Roots of Dissidence

The authoritarian systems in Eastern Europe invite dissent by continuing to place a wide range of human endeavor within a political

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 80T00634A, Production Case Files (1978), Box 9, Folder 11, Dissidence in Eastern Europe (A Research Paper), Secret/NF, Copies 23,51. Secret; [handling restriction not declassified]. The paper was prepared in the Eastern European Division, Office of Regional and Political Analysis. Paragraph classification and handling restriction marks are handwritten. The paper included country studies for Poland, Czechoslovakia, East Germany, and Romania. A note on the paper indicates: "Hungary and Bulgaria are omitted, since neither has exhibited significant dissent. Hungary remains virtually untouched by dissidence" while dissidence in Bulgaria "came to light only in March 1978 with the appearance of a 'Declaration 1978' which claimed to speak for dissent group, ABD. Whether such a group exists or what ABD means is not known."

straitjacket, by refusing to tolerate criticism, and by insisting that whatever change takes place be initiated by an inherently conservative, bureaucratic structure. Above all, the formal repudiation of the most onerous Stalinist controls has made possible the systematic expression of dissent. (U)

The roots of dissident activity reach back into the mid-1950s and the search for new political, social, and economic blueprints initiated by Khrushchev's denunciation of Stalinism. Many of today's dissidents either participated in, or are spiritual heirs of, those efforts to revise ideology and the Stalinist system that was built in its name. The present-day dissidents, unlike the earlier "revisionists," do not consider ideological reform as the key to systemic reform, but they do seek, as did their predecessors, to expand the range of individual freedoms allowed by the authorities. (U)

In the early days of de-Stalinization, dissent against various aspects of the Stalinist system was generally tolerated and even officially encouraged. Candid discussion and innovative proposals were permitted both for their cathartic value and as proof that Stalinism had been rejected. Over time, some of this activity became officially unacceptable. "Dissidence" that went beyond the bounds set by local Stalinist leaders still clinging to power or that led to "radical" demands for freedoms was banned. (U)

In some instances, the advocates of reform became involved, willingly or accidentally, in scheming against local Stalinist leaders by political moderates, which was made possible by the concurrent political struggles in the Soviet Union. In Poland, for example, revisionist Marxists like Leszek Kolakowski publicly battled against dogmatism and helped bring to power in 1956 a "reformist" party leader, Wladyslaw Gomulka. Similarly, the fight by Hungarian writers to end censorship in late 1955 was closely linked with the efforts by backers of reformer Imre Nagy to bring down Stalinist party leader Matyas Rakosi. (U)

The spontaneous ferment of de-Stalinization was also at work in East Germany and Czechoslovakia in the mid-1950s, albeit more subdued. In East Germany, a young Marxist philosopher, Wolfgang Harich, led a small group of party members in advocating economic and political reforms, "true independence" (that is, an escape from Soviet hegemony) for East Germany, and eventual reunification of the two German states. Unlike developments in Poland and Hungary, however, the actions of the East German dissidents were of little consequence. Harich made his move too late (after the suppression of the Hungarian uprising when there was a general turn to orthodoxy) and did not make common cause with party chief Ulbricht's opponents in the Politburo. (U)

Efforts after 1956 to suppress revisionism, and to tighten the allowable bounds of de-Stalinization, gave rise to the first readily identifiable dissidents, since many of the “revisionists” refused to abide by the new restrictions. In Poland, where revisionism had run the deepest and where many revisionists were for a time allowed to air their views in official publications, Gomulka—initially considered a reformer—gradually followed a more conservative course. By 1963 Gomulka’s retrenchment in the cultural and ideological spheres prompted writers and other intellectuals to react with what have become classic dissident tools. (U)

In early 1964 well-known Polish intellectuals published the “Letter of 34,” in which they protested censorship and other controls on book publication. Jacek Kuron and Karol Modzelewski, two young Marxist scholars who had studied under Kolakowski, subsequently circulated a 90-page open letter criticizing Gomulka personally and calling for the creation of a “true socialist state.” In May 1965 the Warsaw branch of the Writers’ Association demanded that censorship be abolished. In October 1966 Kolakowski commemorated the 10th anniversary of Gomulka’s rise to power with a public condemnation of “repressions and lack of democracy in Poland.” In reprisal he was expelled from the party. Other writers who protested Kolakowski’s expulsion were, in turn, also expelled. Gomulka’s increasing problems with the dissident intellectuals came to a head in early 1968, when a ban on staging a classic Polish drama with anti-Russian overtones led to a writers’ “revolt” and to student riots. Amidst an ensuing party factional crisis, Kolakowski and others were forced to emigrate, and many student leaders, including Kuron and a newcomer to dissident activity, Adam Michnik, were jailed. (U)

While Gomulka was tightening up in Poland, Czechoslovakia’s Stalinist leader Novotny, under the pressure of Khrushchev’s second round of de-Stalinization and the weight of a stagnating Czechoslovak economy, belatedly undertook the de-Stalinization that he had avoided in the mid-1950s. As in that earlier period, the general feeling that dogmatism was being rejected, albeit in a hesitant way, encouraged spontaneous talk of revisionist policy alternatives to prevailing neo-Stalinism. Much of the pressure on Novotny to go further than he wanted came from Slovak intellectuals and journalists, whose public criticisms and calls for reform came to be viewed as “dissidence.” More important, these dissident acts were probably encouraged by Slovak party leaders who wanted to force Novotny to redeem a Slovak nationalism that had been labeled bourgeois during the Stalinist purges. (U)

Novotny, beginning in 1963, presided over a relatively widespread de-Stalinization that countenanced substantial revisionist discussion, startling freedoms in the arts, and permitted, at least for a time, consid-

erable frankness in the media. It was during this period that such revisionist theoreticians as Zdenek Mlynar developed theories of how to build a “democratized” Communism, ideas that were to be put in practice in 1968. The period also had its outright dissidents who fell victim to Novotny’s periodic efforts to retrench or at least to set limits to de-Stalinization. (U)

In 1966 Novotny began to take a tougher stance toward nonconformist intellectuals, especially the writers. In so doing, he was following the lead of the Soviets, who in February of that year had tried and convicted the nonconformist writers Sinyavskiy and Daniel. These trials sent shock waves through the Soviet and East European intellectual community and marked the beginning of sustained dissidence in the Soviet Union. (U)

The East German regime also responded to the pressure of Khrushchev’s second de-Stalinization with moderation of its cultural policies, but with greater hesitation, abrupt policy shifts and considerably less domestic effect than in Czechoslovakia. For example, the nonconformist East German songster Wolf Biermann, who was criticized and stripped of party membership in early 1963, was allowed to publish his poems and perform his songs in 1964 and, in late 1965, was abruptly banned from performing and was labeled an anti-Communist. Another victim of this regime ambivalence was Robert Havemann, an eminent scientist who was prohibited from teaching in 1964 and then retired in 1965 because of his outspoken views. (U)

Many revisionist ideas were put into effect in Czechoslovakia during the “Prague Spring” of 1968. Perhaps surprisingly, this institutionalization of reform ideas did not lead to greater dissident pressures for similar changes elsewhere in Eastern Europe. The Soviet-led Warsaw Pact quashing of the Czechoslovak “experiment” in August was protested by dissidents in other East European countries, but it also stifled hope that popular agitation for a “humane” type of Communism would bear fruit. That hope has been rekindled by the convergence of circumstances during the past two years. (U)

New Stimuli to Dissident Activity

The 1975 Helsinki accord and efforts of the East European regimes to show a measure of compliance with its human rights provisions raised some popular expectation that authoritarian controls might be loosened, and stimulated dissident efforts to that end. There was a widespread anticipation among East Germans in the summer of 1976, for instance, that because the accord signified “international recognition” of East Germany, the regime could not, or would no longer, block foreign travel on the grounds that travel was predicated on such “recognition.” (U)

Even more important, the decision to review implementation of the Helsinki agreement in Belgrade in 1977 prompted some dissidents to conclude that a Communist desire to show a good record in Belgrade might make regimes susceptible to pressures for internal reforms. Other dissidents were well aware that Moscow intended Helsinki to signify only Western recognition of Soviet hegemony in Eastern Europe. As a result, they apparently emphasized the human rights commitments of the accord as a way of inducing the West to reconsider its support for the agreement or at least to force the Soviets and their allies to observe human rights as a price of Western recognition of Soviet hegemony over the area. (U)

The calculation that pressure might lead to some changes for the better was fortified by what many dissidents saw as important Soviet concessions regarding national independence made to the "Eurocommunists" at the Berlin conference of European Communist parties in June 1976. For example, the East German dissident philosopher Robert Havemann, who considers himself a Eurocommunist of the Spanish variety, seized upon the conference as a vindication of his longtime advocacy of a Communist system that included domestic pluralism and a "true" sovereignty in foreign affairs. Some Polish dissidents also concluded that the time was ripe for the East Europeans to strive for greater autonomy from Moscow. Indeed, public, that is to say, dissident pressure was seen as an effective way to lead the regime toward seeking "true sovereignty." (U)

The vigorous US human rights policy enunciated in early 1977 gave some impetus to dissident activity and emboldened persons to speak out who otherwise might have remained silent. Many dissidents probably welcomed the US position because they believed it would help expose the vulnerabilities of the East European regimes with regard to human rights. Those who were already actively pressing a cause and considered international attention important for both its success and their own protection no doubt calculated that the US human rights policy would serve these ends.² (U)

East European dissidents were also encouraged by publicity and support from West European media, politicians and government leaders, public organizations, influential intellectuals, and maverick Com-

² This was not the unanimous view, however. Other dissidents apparently were wary of the American policy and, recalling what they consider past US inconsistency toward Eastern Europe, were skeptical that Washington would press its objective with consistency or determination. Those who consider themselves Communist reformers rejected the helping hand of a "capitalist" state for ideological reasons; others felt vulnerable to charges of being "agents of imperialism." [Footnote is in the original.]

munist parties.³ This support has generally been a consequence of the US initiative, of a naturally keen interest in developments close to home, and of domestic and regional political pressures. Some, particularly East European, emigres may have seen in the US-led, Western human rights campaign evidence of a new, more confrontational policy toward Eastern Europe, which they welcomed. (U)

Against this international backdrop, region-wide trends and developments in individual countries gave a direct stimulus to dissidence. By mid-1976 many dissidents were undoubtedly aware that all of the Warsaw Pact countries faced difficult economic problems, and probably calculated that the regimes were thus more vulnerable to pressures for concessions. (U)

The economic factor was most important in Poland, where the workers' riots in June 1976 dramatized popular dissatisfaction and revealed the regime's political weaknesses. Polish dissidents had already become more active by late-1975, when they were successful in modifying government-proposed changes in the constitution. In September 1976 they seized upon the issue of the release of imprisoned rioters to show the need for political reform.⁴ This attracted popular support and, in turn, helped stimulate other dissident activity in Poland and, perhaps, elsewhere in Eastern Europe. (U)

In Czechoslovakia, the well-publicized Charter 77 manifesto was triggered by the publication in the Czechoslovak press in the fall of 1976 of the UN human rights covenants. Czechoslovak dissent, in general, has been fed by the despair of those reformers who had been purged and ostracized since 1968. Many of these persons may have gained new hope that the stagnating economy would impel the leadership to rehabilitate, among others, purged economic and managerial functionaries. In East Germany, Rudolf Bahro's wide-ranging critique in August 1977 of the "system's" deficiencies examined at length the country's economic shortcomings. (U)

Who Are the Dissidents?

The dissident activists in Eastern Europe have traditionally come from the educated, articulate stratum of society, a broadly defined

³ For some dissidents, support by Eurocommunists has not been consistent enough. Thus, a prominent Czechoslovak dissident publicly acknowledged Eurocommunist support, but said that it "could be more effective and courageous." He called on the West European Communist parties to publish political material by exiled East Europeans and to establish direct contacts with dissidents in the East. [Footnote is in the original.]

⁴ Polish leader Gierek's talk, in the immediate wake of the riots, about the need for "democratization" probably helped some dissidents to believe that chances for reform were good. As time passed, however, the regime talked less about the need for political changes. [Footnote is in the original.]

intelligentsia. They are politically dedicated, idealistic men and women of all ages whose zeal and commitment make them willing to pay the substantial personal price that the regimes exact for openly nonconformist behavior. (U)

The broad spectrum is evident in the Polish dissident ranks, which includes academicians, lawyers, writers, journalists, retired non-Communist politicians and soldiers, Catholic priests, and university students. In East Germany, the voices of dissent have been scientists-turned-political philosophers, popular entertainers, writers, and frustrated emigrants. Czechoslovak dissidents, largely those persons who helped generate or implement the reform ideas of 1968, include philosophers, writers, dramatists, entertainers, and politicians. In Romania, aside from a few writers and scholars and a group of Baptist clergy, the majority of dissidents have been would-be emigrants or, more recently, members of discontented national minorities. (U)

While the dissidents have had some success in expanding their numbers, they have generally failed to enlarge their circle⁵ of political activists beyond a small portion of the intelligentsia and have been unsuccessful in politicizing other segments of the population. [*classification not declassified*]

The most success at attracting a broader following has been evident in Poland. One dissident group initially championed a cause—help for and the release of jailed workers—that garnered considerable popular support. This and another dissident organization have enlisted students into dissident work and may have won popular good will through efforts to counsel people about their everyday problems. The second group also claims to have financial backing and considerable moral support from private farmers (an important class in Poland where three-quarters of the farms are in private hands) and retired, probably World War II, military veterans.⁶ Some of the changes that Polish dissidents advocate are looked on favorably, if passively, by liberal members of the Communist Party establishment. Despite considerable effort, however, the Polish dissidents have not enlisted much worker support. The influential Catholic Church, moreover, has not backed them, even though some Catholic priests, seeking to win greater religious freedom, are also dissidents. [*classification not declassified*]

Despite the rapid increase in the number of Czechoslovak dissidents, they continue to be mostly drawn from the intelligentsia. In Romania, Goma's "following," swelled from seven to 300 in less than

⁵ An unknown hand underlined "failed to enlarge their circle" in this sentence.

⁶ An unknown hand underlined "financial backing and considerable moral support from private farmers," "and retired," and "military veterans" in this sentence and wrote "STATE MEMCON" in the left-hand margin next to it.

six months. This was largely illusory, however, because most persons subscribed purely as a device to get out of the country. (U)

There are a number of reasons why dissidents fail to attract meaningful support. The vast majority of East Europeans obviously considers the personal cost of participation far too high and believes there is only a slim chance that dissident activity can produce change. Political apathy and anti-intellectualism among workers and a frequent aloofness among intellectuals are the major factors that have kept these two key segments of society apart. The regimes naturally exploit and encourage these attitudes. Liberals within the establishment intelligentsia may sympathize with certain dissident objectives but, more than likely, they consider many of the goals and methods unrealistic, if not dangerous. Those dissidents who have long been open critics are sometimes viewed, justifiably or not, as gadflies, whose failure to produce change is proof of their futility. (U)

Frequent personal and philosophical differences among dissidents have weakened their overall cause. This diversity and disunity helps in part to explain why some in the regimes are relatively tolerant of dissidents; a fragmented movement cannot draw wide support. (U)

What Do They Want?

The dissidents seek a variety of changes in the existing systems of rule in Eastern Europe. Some advocate sweeping reforms that would in fact constitute revolutionary changes in the way the Communist systems function. While none of the dissidents challenge outright the leading role of the party, as this would make them vulnerable to charges of treason, some of the dissidents, notably those associated with one of the leading Polish groups, incline strongly toward West European Christian democratic views. Those pressing for the broadest changes include most Polish dissidents, some East Germans, and many Czechoslovak Chartists. Their political platforms typically embrace the following demands: (U)

- A “real” multiparty system or some formal mechanism for greater interest group representation within a one-party system (usually, but not always explicitly, within a so-called Communist framework).
- The abolition or significant relaxation of censorship.
- The reduction of centralized, bureaucratic controls, especially in the economic and government administrative spheres.
- Greater independence from the USSR. Nonetheless, most dissidents recognize, however reluctantly, the imposed necessity of some type of close relationship with the Soviet Union.
- Respect for human and civil rights already delineated in domestic laws and international accords signed by East European governments. (U)

Aside from the “programmatic” dissidents, there are those who seek more modest changes. Thus, the Romanian Goma speaks out for a de-Stalinization patterned after what he calls the “livable life” in Hungary and Poland. Many of the Czechoslovak dissidents want rehabilitation—not necessarily of their political views, but of themselves and their families—and the opportunity to live a more normal life. Then there are the more narrowly focused “one issue” dissidents such as the East German writers, who want more freedom to write what they wish, and the Romanian Baptists, who want more freedom to preach. Finally, there have been some, such as many signatories of Romanian writer Goma’s manifesto, who have taken to dissent as a device to facilitate emigration. (U)

Several prominent dissidents—the East Germans Havemann and Biermann, the Hungarian Agnes Heller, and the Czechoslovak Zdenek Mlynar—consider themselves ideological brethren of the Eurocommunists. Others—such as the Poles Kolakowski and Michnik—are skeptical that Eurocommunism will turn out to be different from the Communism practiced in the Warsaw Pact states. Nonetheless, all have welcomed the Eurocommunists’ support in the struggle for more independence from the Soviets. (U)

The dissidents frequently differ on ways to bring about change. The East German Bahro, for example, appeals to “men of conscience” within the establishment to work for change. Some Polish dissidents believe popular pressure on the leadership can induce it to initiate reforms. Other Poles do not believe the system can reform itself and have tried to establish a de facto pluralism by founding, without regime approval, publications, groups, and societies that speak to and on behalf of specific interest groups. The Polish dissidents so far claim to be satisfied with these small steps which they feel will slowly erode regime control. They have shunned violence, realizing that this would give the regime cause for repression and would dissipate the limited public support they now enjoy. (U)

Some dissidents have formed secret organizations to avoid regime reprisals. A secret Polish group,⁷ [6 lines not declassified]. In East Germany, the anonymous manifestos that appeared early this year claimed to represent the views of amorphous groups but, more than likely, were the work of a very few individuals. [classification and handling restriction not declassified]

Such secret groups can presumably exist for a long time because their members pay little or no personal cost for belonging. They could

⁷ An unknown hand wrote “STATE MEMCON” in the left-hand margin next to the first two sentences in this paragraph.

also play an important role during a period of political transition, when uncertainty and change are in the air. Generally, however, anonymous dissent has little impact, if only because there is a tendency among the population to view it as a possible police provocation. (U)

There has thus far been little active cooperation and almost no advance coordination among dissidents in different East European countries. The few known instances of such contacts across national boundaries have usually been instigated by Polish dissidents. [*less than 1 line not declassified*] group has periodic contacts with dissidents in the USSR.⁸ The most brazen and ambitious effort at cooperation occurred in August 1978, when Polish and Czechoslovak dissidents met in southern Poland to discuss possible joint actions and then issued a communique.⁹ [*classification not declassified*]

Nonetheless, many dissidents see disadvantages in such personal contact. It is difficult to arrange, and may expose dissidents to serious legal charges, such as conspiracy. Any attempt at coordinated actions across national boundaries would arouse deep suspicion in Moscow and induce Soviet pressure on the East Europeans to crack down. Existing evidence that dissidents respond to or imitate the activities of dissidents elsewhere in the region most often indicates only that they are well informed of each others' activities by Western media broadcasts. (U)

Impact of Dissent

The dissidents have not altered in any fundamental way the East European regimes' style of rule, nor have they induced the governments to adopt more conciliatory domestic policies. If anything, there has been a shift—slight in Poland, pronounced in Czechoslovakia—toward tougher internal controls. Indeed, the dissidents seem to have brought upon themselves varying degrees of harassment and repression. Nor has dissidence helped generate serious political discord within the party leadership that could provide the vehicle for political change.¹⁰ [*classification not declassified*]

Nonetheless, the mere existence of dissidence has been an embarrassment to regimes that insist on making a show of unanimous popular support and try to conceal the repressive features of their system. At

⁸ An unknown hand highlighted this sentence in the left-hand margin.

⁹ The Poles apparently consider this as the first in a series of cooperative efforts. They have also been trying to encourage Hungarian dissident intellectuals to become outspoken and to use *samizdat* publications to express their views. [Footnote is in the original.]

¹⁰ An unknown hand underlined this sentence and wrote "1" in the left-hand margin next to it. The "1" corresponds to a handwritten note at the bottom of the page that reads "ANALYSIS."

least initially, dissent confronted the regimes with a challenge that had to be assessed and kept within bounds.¹¹ It has probably caused some differences within leaderships over tactics¹² to be used in muzzling dissent, although these differences have not been obvious or persistent. The more organized dissidents—those in Poland and Czechoslovakia—probably created some strains, albeit limited, between the regime and segments of the populace by strengthening endemic popular antipathy toward such institutions as the police, bureaucracy, and the censor. The dissidents frequent use of legalistic tactics in challenging regime practices has made the authorities, in turn, more attentive to legal procedures in dealing with the dissidents. [*classification not declassified*]

The dissidents' protests against repressive and restrictive regime policies—including tough police countermeasures that substantiated the initial allegations—provided an issue that, within the context of the Helsinki review process and the US emphasis on human rights issues, placed the East European regimes on the defensive in foreign affairs. How best to throttle dissent reportedly caused some differences for a time between the Soviets and East Europeans.¹³ The Soviets have clearly been inclined toward a more heavy-handed approach than most of their East European allies.¹⁴ [*classification and handling restriction not declassified*]

Some of the East European regimes clearly saw dissent as a potentially troublesome obstacle to their desire to maintain or expand economic and, in some cases, political relations with the United States. Consequently, the regimes' handling of dissident activity appears in some limited ways to have taken the US human rights interest into account. The Polish decision in February 1977 to grant amnesty to workers jailed the previous summer in connection with disturbances over proposed price increases was announced less than a week after the United States expressed concern for Soviet and Czechoslovak dissidents. The move was an unexpected capitulation to dissident demands, and was probably intended to enhance Warsaw's image in Washington and reduce the possibility that the dissident question might intrude on bilateral relations. To be sure, Poland has consistently handled its dissidents more subtly than most other East European states, but the regime's moves probably reflected more its concern with domestic

¹¹ An unknown hand underlined this phrase and wrote "2" in the left-hand margin corresponding to "VARIOUS STATE CABLES" at the bottom of the page.

¹² An unknown hand underlined this phrase.

¹³ An unknown hand underlined "reportedly caused some differences for a time between the Soviets and East Europeans" in this sentence.

¹⁴ An unknown hand wrote "ANALYSIS" in the margin below this and the next four paragraphs.

political factors than a wish to please the United States. [*classification not declassified*]

Similarly, the Hungarian regime's decision not to punish 30 would-be dissidents who in February 1977 supported the Czechoslovak Charists may have been taken in the hope that this would deter the creation of a dissident movement that could have an adverse impact on relations with Washington. Budapest clearly hoped that the new US administration would be more inclined than its predecessors to return Hungarian national treasures and grant Hungary most-favored-nation trading status. The Hungarian decision to invite American religious leader Billy Graham to Hungary in late 1976 was unquestionably intended to draw attention to Budapest's relatively moderate domestic policies at a time of sharply increased dissident activity elsewhere in Eastern Europe. [*classification not declassified*]

The Romanian regime was acutely concerned that US attention to human rights could impede renewal of its most-favored-nation status. More importantly, Bucharest was worried that this might set back its "special relationship" with Washington that has been of major political use in fending off the Soviets. As a consequence, the Romanians—except for a brief crackdown in the spring of 1977, when they apparently feared that there would be a dramatic increase in dissidence—have encouraged dissidents to emigrate. The Ceausescu regime has not shown, however, an inclination to adopt more enlightened domestic policies, and remains perhaps the most repressive in Eastern Europe. The regime has privately played down agitation for increased cultural and linguistic rights by the Hungarian minority, calling it a Moscow-inspired, Budapest-engineered tactic to tar Romania's image. [*classification not declassified*]

The Czechoslovak Government, despite its interest in settling several longstanding bilateral issues with the United States, has not moderated in any way its "hard-line" inclinations and has almost completely ignored US sensitivities when dealing with its dissidents. [*classification not declassified*]

Western publicity and support for dissidents has been largely responsible for whatever successes and impact the dissenters have made. Media coverage of their activities, when relayed back into Eastern Europe, has provided important, if indirect lines of communication between dissidents within a country and across national boundaries. This coverage has bolstered morale and has often been the only way for the dissidents' cause to be publicized within their own country. As a consequence, most dissidents have made a special effort to funnel news to the West. Most frequently, their "connections" have been friends and colleagues who have emigrated: Poles in London and Paris, Romanians in Paris, East Germans in West Germany, and Czechoslovaks in Rome and Vienna. [*classification not declassified*]

*Outlook*¹⁵

Although dissident activity in many East European countries has declined considerably since early 1977, it is likely to persist throughout the region. Many of the factors that propelled the recent surge of dissent will still be at work. Economic problems may worsen and provide dissidents with renewed hope that some of their proposals for political reform will be heeded by regimes weakened by or preoccupied with dissatisfied consumers. While such hopes may be misplaced, the combination of dissident pressures and a sluggish economy could create acute domestic instability. [*classification not declassified*]

The situation is especially acute in Poland, where intense popular dissatisfaction over consumer supplies is likely to continue over the next several years, and where dissidents see their job of pressing for political change as a long-term endeavor. In Czechoslovakia, recent dissident activity has been tied to the 10th anniversary in August of the Soviet-led invasion, but it will continue to exist at least as long as the regime fails to come to terms with the large number of people who were purged after 1968. The dilemma for the Prague regime—how to rehabilitate people without rehabilitating their ideas—is complex, and may be unsolvable without changes in the leadership. In Romania, the direct link between dissidence and emigration that was established last year should help perpetuate dissent in a country where a spartan and harshly totalitarian life makes emigration particularly attractive. [*classification not declassified*]

Other factors that could perpetuate and intensify East European dissidence include:

- A difficult leadership succession problem in the USSR that engenders either hope for moderate policies or fear of orthodoxy.
- Continued political sparring between the Soviets and the Eurocommunists.
- The second Helsinki accords review conference to be held in Madrid in 1980. This will remain a factor even though the dissidents' expectations may have been reduced by the limited accomplishments of the Belgrade review conference.
- The continued unsettling effect of Western contacts with, and presence in, the region. The area's economic needs argue against any cutback in Western ties.
- Uncertainties surrounding the succession to Tito in Yugoslavia. [*classification not declassified*]

On the personal level, the camaraderie of the struggle, the excitement of matching wits with the authorities, and the hope that is

¹⁵ An unknown hand wrote "ANALYSIS" next to this section title.

renewed by even a small success will also propel dissident actions. *[classification not declassified]*

The authorities may calculate, perhaps with reason, that time is on their side in the contest. The psychological and personal financial price that dissidents have to pay is difficult for most to bear for a sustained period. Their failure to get results not only adds to their personal discouragement, but makes it difficult to maintain popular interest. *[classification not declassified]*

At least in Poland, however, the dissidents can already claim to have accomplished much, and are working to secure more. If they continue to be allowed relative freedom, their activity could give rise to the claim that a new norm of what is allowable has been wrested from the regime. This, in turn, could encourage other dissidents in Eastern Europe to emulate the Poles, a prospect that could be destabilizing for the area as a whole. A prolonged period of active Polish dissent would increase the risk that chance and miscalculation could lead to violence and possibly to a Soviet intervention. *[classification not declassified]*

At present, East European dissidents can be seen most properly as a small hard core of political “radicals” who do not have the popular support or political leverage to force a change in any of the East European states or to effect a national uprising. Unlike many of the “revisionists” and dissidents of the past, they do not have access to the official media, and are not operating in an environment of acute political discord. The motive force for abrupt political change has most frequently been political factionalism within the establishment (Nagy versus Rakosi; Gomulka versus Ochab; the Slovaks versus Novotny). Dissidence, when it preceded such change, was an indicator of existing political disarray and, frequently, a tool of factional maneuvering. If history is any guide, dissidence will come to play an important role in forcing political change only when it combines with economic problems that acutely affect the consumer and at a time of political upheaval within the ruling elite. *[classification not declassified]*

[Omitted here are the country-specific Table of Contents and country studies for Poland, Czechoslovakia, East Germany, and Romania.]

27. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, October 25, 1978

SUBJECT

Priorities, Emerging Issues and Initiatives

EASTERN EUROPE

1. Basic Priorities

Relations with Romania, Poland and Hungary have visibly improved. This improvement has underscored our desire to move forward with countries that have either edged away from the Soviet Union in foreign policy or have shown a significant degree of internal liberalization. In contrast to past, East European countries have been treated as countries in their own right, not just as appendages of the Soviet Union.

2. Emerging Issues

—The major emerging issue is the question of CCC credits to Poland; a PRC meeting to discuss this issue is to be held in next weeks.

—The question of the Czech Gold/Claims issue² is also looming on the horizon again; State has a number of task forces working on it at present. The main problem remains getting Senator Long to sign on.

—There is a need to put relations with Romania back on an even keel in the aftermath of the Pacepa affair; your meeting with Stefan Andrei at the end of September was an important step in this direction.³

—We should also pay heed to maintaining the momentum in U.S.-Hungarian relations begun with the return of the crown.

Beyond this, there are a number of more general issues which should receive some systematic attention:

—how to deal with an increase of nationalism and dissent in Eastern Europe, especially Poland, which may emerge in the aftermath of Pope John Paul's investiture and if there is a succession crisis in the

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 59, Administration's Policy: NSC: 1978. Secret. Sent for information.

² See Document 98.

³ In July, Major General Ion Mihai Pacepa, the Director of the Romanian Foreign Intelligence Directorate, and a close adviser to Ceausescu, defected to the West while in West Germany. He was granted asylum in the United States and was placed in protective custody. See Document 208.

Soviet Union. In general, East Europe is likely to be less quiescent than it has been in the first 2 yrs of the Administration.

—growing instability in GDR.⁴ GDR has failed to stabilize to the degree expected after signing of Basic Treaty in 1972. Unrest by intellectuals is only part, if most visible, aspect of problem. Church-State friction has escalated, and may continue to do [so] in aftermath of Pope's investiture, even though GDR is predominantly Protestant; youth has become increasingly restless, and there has been increased evidence of worker discontent as economic situation has deteriorated over last few years. In short, despite orthodoxy of Honecker regime and strong ties to Moscow, GDR remains a country to watch.

3. *New Initiatives*

—return Czech Gold

—visits to Hungary, Poland and Romania by high-level U.S. official, possibly Vice President or Secretary of State, within context of trip to other countries/region (such as Middle East).

—Gierek visit to U.S.

⁴ See Document 126.

28. Memorandum From Director of Central Intelligence Turner to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, December 15, 1978

SUBJECT

Progress Report on Publishing and Distributing Literature to the Soviet Union and Eastern Europe

REFERENCES

A. My Memorandum of 13 March 78; Subject: Support for Russian Emigre Publishing House²

B. Your Memorandum of 18 March 78; Subject: Support for Russian and East European Book Publishing³

1. Paragraphs 2–5 below summarize the use of the [*less than 1 line not declassified*] earmarked specifically for an increase in book publishing and distribution to the USSR and Eastern Europe.

2. The [*less than 1 line not declassified*] funds were made available to our major book distribution mechanism in February 1978. While all the funds were obligated prior to 1 October 1978, the full impact on actual distribution cannot be measured accurately until well into FY 79, as some of the books purchased are still in the distribution pipeline. Since our operational mechanism was largely in place, it was possible to utilize [*less than 1 line not declassified*] directly for the purchase and distribution of books. Two preliminary indicators of the effectiveness of the effort are: (A) 212,000 items were distributed from 1 July 1977 to 30 June 1978 (115,000 to Soviets; 97,000 to Eastern Europeans) as compared with a total of 175,000 for the same period the previous year—an increase of 37,000 (21%); and (B) 122,000 items were distributed in the period 1 January–30 June 1978 as compared with 90,000 in the 1 July–31 December 1977 period—an increase of 32,000 (35%). [*less than 1 line not declassified*]

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 3, Chron File: 12/78. Secret. Henze forwarded the memorandum to Brzezinski on December 18. In his covering memorandum, Henze wrote: "The results are impressive. They are typical of what can be done when long-established, professionally run programs are given the opportunity to expand and the best judgment of the people who are running them is taken as the basis of judgment for what can be done." Regarding the future plans for the program in the coming years, Henze concluded: "By about 1981 it may be back at the level it was at 10–15 years ago. Its effectiveness is likely to be greater than it was then since the material available to be used is better and the receptivity in the target countries greater."

² See footnote 2, Document 20.

³ Not found.

3. Further to paragraphs 3–5 of Reference A, in the spring of 1978 we provided the first subsidy [*less than 1 line not declassified*] to a prominent Russian-language publishing house [*less than 1 line not declassified*]. With these funds it was possible for them both to keep in business and to plan the publication of approximately 12 titles of philosophical works much in demand in the Soviet Union. [*less than 1 line not declassified*]

4. Increased funding has allowed an increase in publication of Russian-language books to provide a wider choice of materials available for infiltration into the Soviet Union. Two major works have now appeared, and four additional titles are in the process of being published. Three or four more titles will appear by the end of the year, including the initial volume of what is to be a major historical series. At the same time, in order to exploit more fully increased political activism in Poland, eight additional titles are in various stages of publication in the Polish language. Five volumes have already appeared and have been distributed. The demand for written materials in Poland is high, [*2 lines not declassified*] which facilitates distribution. Russian and Polish editions of works of current importance in Western thought are now being given active consideration. [*less than 1 line not declassified*]

5. Although tighter controls exist in Czechoslovakia than in Poland (especially during the tenth anniversary of the invasion) many manuscripts have been smuggled out of Czechoslovakia. The additional funds were used to publish more of these materials in a Czech-language journal and to publish an additional issue of this journal. Part of the funds were also used in an effort to increase internal distribution. [*less than 1 line not declassified*]

6. [*6 lines not declassified*] that our literature is distributed widely in both East Europe and the USSR.

7. The preparation of this report was delayed because of the need to collate information received through a number of outside contacts— [*1 line not declassified*].

All portions of this document are SECRET.

Stansfield Turner

29. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, January 23, 1979

SUBJECT

CIA's Soviet and East European Book and Publications Program (S)

[*name not declassified*] of CIA has just sent me (without going through Turner) an extremely interesting report prepared by [*name not declassified*] on the book distribution program targeted at the Soviet Union (TAB B).² It demonstrates that the Soviet program is maturing and showing increase of effectiveness in depth. [*name not declassified*] principal theme is the way in which responses from the Soviet Program are beginning to exhibit the same patterns as the East European program did at an earlier period in its development. The report provides encouraging evidence of the sophistication and refinement of this program and demonstrates that we have here an undertaking on which we can build and expand almost indefinitely. I recommend you leaf through the first few pages and note the passages I have underlined in red. (S)

In the light of this highly positive report, it is distressing, as I mentioned to you in a recent Evening Report,³ to discover that Turner has accepted OMB's unimaginative dictum on this program—ruling out any further expansion in 1980 or beyond. A program such as this contributes as much to our national defense as any of our weaponry—besides which its costs are chicken feed. The SCC endorsed your recommendation for continued expansion in the summer of

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 3, Chron File: 1/79. Secret. Sent for action.

² Attached but not printed is a January 22 memorandum from [*name not declassified*] to Henze to share with Brzezinski. The memorandum noted: "The program is moving forward in a most positive way [*text not declassified*]. Thanks to your ability to keep the funds flowing." The report was not attached and not found. On October 18, 1978, two days after Cardinal Woytyla was elected Pope, [*name not declassified*] had called Henze to tell him that "among the recipients of [*name not declassified*] book mailings to Eastern Europe had been Cardinal Woytyla." Henze informed Brzezinski that [*name not declassified*] had been sending the Cardinal "considerable quantity of material in both Polish and English, including *Kultura* and *Kronika* articles" and that [*name not declassified*] received a postcard from the Cardinal thanking him for the mailings. (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 2, Chron File: 10/78)

³ In a January 19 Evening Report to Brzezinski, Henze reported that Turner had accepted [*text not declassified*] in the Soviet and East European book program for the 1980 fiscal year. (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 6, Evening Reports File: 1-6/79)

1977⁴ and this recommendation has never been altered. To smoke out Turner (who has probably not actually given this program any serious thought) I recommend you send him the attached memorandum (TAB A)⁵ asking for a status report. When that comes ([*name not declassified*] will ensure that it makes the points we need made) we can take up the issue of reprogramming funds to cover continued expansion. (S)

RECOMMENDATION

That you sign the attached memorandum to Turner (TAB A).⁶

⁴ See Document 17.

⁵ Attached but not printed is an undated draft memorandum from Brzezinski to Turner requesting a report on the accomplishments to date of the Eastern Europe Book Publishing and Distribution Program and a summary of plans for future implementation of the effort.

⁶ Although a signed copy of the memorandum has not been found, a subsequent memorandum indicated it was sent on January 26. See Document 32.

30. Paper Prepared in the Department of State¹

Washington, undated

EASTERN EUROPE, THE SOVIET UNION AND FOREIGN POLICY AUTONOMY

I. *Soviet/East European Political Framework*

1. The Kremlin considers a stable, obedient East European buffer zone, reasonably free of Western influence, to be essential to Soviet security. This applies especially to the GDR.

2. While relatively quiescent in the aftermath of the 1968 Czechoslovak invasion, East Germany and the regimes of East Europe remain potentially unstable and politically unpopular. Moreover, the Soviets are well aware of the ultimate contradiction between East European

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981, Lot 82D298, Box 11, Classified Correspondence, 1979, M–Z. Confidential. Sent under a February 7 covering letter from Anthony Lake to Ronaldo Sandenberg, Special Adviser to the Foreign Minister for Political and Economic Affairs in the Bilateral Area in the Ministry of External Affairs of Brazil.

nationalism and Russian control. Moscow therefore has shown limited tolerance for either "destalinization" or "desatellization."

3. In this situation, the Russians also are continuing to press for tighter economic integration in Comecon and military integration in the Warsaw Pact. Moreover, the Soviets seem intent, as a counter to increased East-West contacts, on tightening up internal discipline in Russia and in Eastern Europe.

4. Nonetheless, the actual exercise of control over the countries of Eastern Europe has not proven to be easy for Moscow. Beyond the broader forces of nationalism, East European instability has become an increasing possibility. This is due to the expansion of East-West relations, and, in particular, to the economic factor, CSCE, China and the effects of "Eurocommunism" and ideological ferment.

5. *The Economic Factor.* East Europeans are straining to pay for higher-priced oil and other imports from the USSR as well as Western advanced technology, raw materials, and semi-manufactures necessary to modernize and expand their industries. Their export earnings are far from adequate. Thus far, the very large growth in imports from the West has been financed by massive hard currency borrowing. East European and Soviet hard currency indebtedness has risen sharply, and the debt service ratios of several countries are being watched closely by creditors. The post-1973 Western inflation/recession has contributed further to the surge in East European hard currency trade deficits. Unless East European exports can be greatly increased, trade will stagnate and it will be difficult for these countries to satisfy rising consumer expectations. This could produce further political instability in some East European regimes which have tried to gain popular support through the satisfaction of consumer demand.

6. CSCE. The Helsinki Final Act provisions on human rights have had considerable psychological impact in Eastern Europe, stirring Soviet and East European leadership concerns. They were cited, for example, not only by the "Charter 77" dissidents in Prague but also by the vast majority of the estimated 100,000 or more East Germans who have sought to emigrate legally to the West.

7. *China.* The enhanced international role of China and Peking's independent stand in the communist world poses serious problems for Moscow. Deepening Chinese relations with the U.S., Western Europe and Japan have generated some Soviet concerns. The USSR is thus all the more likely to oppose most efforts at political innovation in Eastern Europe as threatening to its own interests.

8. *"Eurocommunism"/Ideological Ferment.* The stands of the Italian, French and Spanish communist parties, and the positions of the Yugoslav and Romanian regimes, have had a marked effect on intellectuals and more independent-minded party members in Eastern Europe.

These developments, together with the obvious irrelevance of the ruling ideology—both morally and in terms of pragmatic governing—are likely to be an important source of continuing tension in the Soviet Union and in East European states. This ferment so far has been limited largely to intellectuals and generally presents no genuine security problem. However, Soviet worry about how such ideas could infect East European ruling parties has contributed to Moscow's rigid attitude toward CSCE implementation.

9. These factors of economic decline and frustrated political "possibilities" have increased the sense of popular dissatisfaction with East European regimes. As a result, the next decade may see a rise in social and political tensions there. These occasionally may take the form of civil disturbances. The most likely pattern will be one of increased pressure on the party leadership by elite groups, both within and outside of the party, to permit some devolution of power to more "modern" elements in society. Such long-term political dynamics will be viewed with great concern in Moscow.

10. With Eastern Europe, and at home, Soviet leaders are faced with a conflict between the CPSU imperative of hegemony and the rising demands of equality. Brezhnev's response has been a pragmatic combination of holding to a firm line where possible (e.g., East Germany, Czechoslovakia, and Bulgaria) and grudging acceptance of gradual reform or autonomy where necessary (e.g., Poland/Hungary; Romania/Albania). The CPSU has taken a similar tough approach domestically. Toward East European regimes—as with Soviet society—the Soviet leadership has preferred, where necessary and possible, to shift the terms of debate and conflict from political to economic matters. In the Soviet Union and Eastern Europe, consumerism and economic aid constitute major expressions of this strategy. Soviet aid to Poland, following the June 1976 price riots, is a case in point.

11. From a Soviet standpoint, this policy suffers from two basic defects. First, it has no natural terminal point. Gradual appeasement of East European demands—on economic issues, liberalization, or foreign policy autonomy—inevitably feeds rather than satiates East European appetites. Secondly, with its own major economic—and potential energy—problems, the USSR has neither the capacity nor the desire to divert scarce economic resources from internal Soviet requirements to the needs of more developed East European economies. Moreover, it is Western technology that is most relevant to East European and Soviet economic needs.

12. These two factors have important ramifications for Soviet/East European relations and consequent Western policy. The dynamic feature of this relationship offers long-term hope to East Europeans and poses a long-term threat to tight Soviet control. It also suggests

the possibility of occasional eruptions when East European hopes and Soviet fears collide.

13. The development of East-West trade and appropriate Western technology transfers has enormous relevance and appeal to the coming educated generation of East Europeans. In time, expansion of East-West economic relations could lead to shifts in trade patterns and to some reduction of East European economic dependency on Moscow; this has occurred to some extent already in Romania and Poland. On the other hand, all East European states remain fundamentally dependent on the USSR for markets and for the supply of oil (except Romania) and other raw materials. However tight the future Soviet economic and petroleum pinch, Moscow is unlikely to permit this basic political reality to change. Finally, East European indebtedness and bleak export prospects pose serious obstacles to sustained Western commercial credits, and Western countries have other high priority demands on their limited resources.

14. Soviet leaders are determined to maintain overall control in East European politics, through military force if necessary. But they also seek to fend off East European pressures for change with partial concessions. How this balance evolves could be a major factor for Europe in the 1980's.

II. East European Foreign Policies

15. Against the above analysis, this section describes the endeavors of East European states to delineate nationally-based foreign policies. Those efforts occur primarily in their private bilateral consultations with Moscow prior to multilateral Warsaw Pact and CEMA conferences, where the Soviets expect and generally obtain obeisance. The same approach is used concerning East-West conferences, such as MBFR and CSCE, where the limited East European influence must be exercised in private bilateral meetings with the Russians.

16. With the exception of Yugoslavia, Albania and Romania, Soviet control over East European foreign policy clearly is the norm. Nonetheless, there are some variations relating to particular East European national concerns.

YUGOSLAVIA

17. When considering foreign policy autonomy in Eastern Europe, Yugoslavia must immediately be put into a category separate from the Warsaw Pact member countries. Yugoslavia's foreign policy is made exclusively in Belgrade. Non-alignment, which sets Yugoslavia apart from both the major alliance systems in Europe, remains the key pillar of Yugoslav foreign policy. On East-West issues, including CSCE, Yugoslavia seeks to play a moderating role and to maintain an arms-length

balance between the U.S. and USSR. On North-South economic issues, Yugoslavia champions the interests of the developing countries and supports demands for a New International Economic Order, while promoting dialogue between developed and undeveloped countries. On global political issues, Yugoslavia attempts to exercise a moderating influence but invariably goes along with the non-aligned consensus. Within the non-aligned movement, Yugoslavia has shown great concern over Cuban efforts to push the movement toward closer affinity with the USSR and other Communist countries.

18. Belgrade seeks to maintain good relations with all countries, particularly the major powers, and has generally managed to do this. In the past two years, Tito has visited the USSR and the U.S., as well as China, France and Britain. Tito's efforts to improve relations with these countries are intended in large part to insure Yugoslavia's continued independence and territorial integrity after his departure from the political scene. The recent Yugoslav effort to improve relations with China—including the recent visit of Hua Kuo-feng to Belgrade—has had an adverse effect on Yugoslav-Soviet relations, despite repeated assurances by Yugoslavia that its relations with one country were not directed against any other country.

19. As in the conduct of foreign affairs, the Yugoslav leadership insists on maintaining independence in its domestic policies, which are devised to meet the country's rather singular needs and traditions. A particular form of federalism has developed to accommodate the diverse political and regional characteristics of Yugoslavia. From a rigidly Stalinist state in the immediate post-war period, the domestic system in Yugoslavia has evolved into the most liberal in Eastern Europe, with considerable freedom of movement and emigration, access to foreign publications and radio broadcasts and relative tolerance of cultural expression. Significant restrictions exist, however, on freedom of political expression and activity.

20. In the economic sector the Yugoslavs practice a kind of "market socialism" not found elsewhere in the communist world; the concept and practice of "self-management" are particularly unique. Belgrade maintains ties with both CEMA and the EC. Foreign investment—within limits—is encouraged in Yugoslavia.

21. Although the leadership is now preparing for the post-Tito era, with all its attendant uncertainties and imponderables, Yugoslav leaders insist that long-successful policies—non-alignment and self-management—will be continued after Tito and that the Yugoslav commitment to independence, territorial integrity and sovereignty will not be altered.

ROMANIA

22. Romania is the only Warsaw Pact member state which has been able to reduce significantly its economic and political dependence on

the Soviet Union, assert policies that are opposed by other Pact members and assume an independent international role. Since the early 1960s the Romanians have gradually established political and economic ties to the United States, Western Europe, the non-aligned movement and other independent communist entities—especially Yugoslavia, China and the Eurocommunists—as a counter to Soviet leverage. In the process Bucharest has pursued a number of independent positions, *inter alia*:

- willingness to conclude a trade agreement with the U.S. and comply with the Jackson-Vanik amendment;

- opposition to economic integration within CEMA and military integration within the Warsaw Pact;

- non-participation in the Czechoslovak invasion;

- support for the rights of all communist parties to pursue their own course;

- membership in such organizations as the IMF and participation in the “Group of 77”; and,

- retention of diplomatic ties with Israel and playing an intermediary role in regional crises, most notably in the Middle East, where Ceausescu helped facilitate Sadat’s visit to Israel.

23. In 1978 Romania strengthened its ties to those states which are perceived as major counters to Moscow. The most dramatic part of this campaign was the unprecedented visit of Hua Kuo-feng to Bucharest. The Hua visit set the stage for a heightening of Soviet-Romanian tension, which culminated in Ceausescu’s public criticism of Moscow in the aftermath of the November Warsaw Pact summit. In five major speeches, Ceausescu indirectly rebuked the Soviet Union for seeking increased military expenditures by Pact members and for attempts to improve Pact command and control mechanisms that would negate Romania’s sovereign control over its armed forces. Couching his critique in highly nationalistic terms, Ceausescu sought to rally the population behind him once again in defiance of Moscow.

24. Appeals to Romanian nationalism and independence are used by Ceausescu both to counter Soviet designs and to offset public disenchantment with Romania’s standard of living and authoritarian political system. Foreign policy independence has been effective in bridging some of the gap between the population and the regime.

POLAND

25. Poland was the first among the Warsaw Pact countries to develop a positive relationship with the U.S. and to resume cultivation of traditionally close ties with such Western countries as France, Britain and Italy. This has led to a Western presence in Poland which far

exceeds that which exists in most other Warsaw Pact countries. Despite the occasional strains it has produced in its relations with the Soviet Union, the Gierek regime has given every indication of continuing its moderate, pragmatic approach to Poland's cooperation with the West. The regime continues to pursue a course of relative restraint toward vocal political dissidents; it continues at least an outward conciliation toward the thriving Roman Catholic Church, which has been greatly strengthened by the accession to the Papacy of John Paul II; and, in the interest of stimulating improved economic performance, it has shown some desire to encourage private farmers who cultivate about 80 percent of all arable land.

26. Moscow has grudgingly tolerated these deviations because it wants, above all, stability in strategically located Poland, and knows that cruder forms of interference or repression could lead to an upheaval that would necessitate an unwanted military intervention. In return, Poland faithfully supports Soviet foreign policy objectives, as well as the Soviet economic integration goals in Eastern Europe. Although only half of Poland's trade is with CEMA countries, its interests in the area as a market for its products and dependence on Soviet raw materials are genuine. Warsaw's support of major Soviet foreign policy goals also derives from an historically based fear that Moscow might one day revise its attitude on the German question, to Poland's disadvantage.

27. The major question-mark surrounds Poland's economic situation, which has deteriorated in recent years due to five successive bad harvests; stagnation in Western export markets; and a failure to date of major investments in Western capital equipment to pay off. As a result, Poland's external hard currency indebtedness has grown markedly. Generous Western public and commercial credits have been granted but future prospects for Poland's external economic picture are cloudy and Warsaw faces some tough political and economic choices ahead.

HUNGARY

28. Having gained power in the Soviet invasion of 1956, Hungarian party leader Kadar consolidated his position in the early 1960s and has since displayed skill and pragmatism in promoting Hungary's national interests, without violating essential Soviet desiderata. He has thus achieved a rather firm political base and a measure of popularity. Kadar has in more recent years departed from orthodox Bloc patterns in such key areas as:

—the ten-year-old economic reforms (New Economic Mechanism), which provide for a variety of incentives and other market forces to operate;

—a measure of accommodation with the Roman Catholic and Protestant churches; and

—a relatively relaxed political-cultural atmosphere, including the cultivation of ties with Hungarians living abroad.

29. While remaining a loyal Soviet ally, Kadar has for the past two years used the CSCE umbrella to pursue a deliberate but low-keyed foreign policy aimed at improving relations with the West.

To this end, Kadar has:

—visited four West European countries in less than four years (Austria, Italy, West Germany and France);

—taken a moderate attitude toward West Europe's Eurocommunist and socialist parties; and

—promoted ties with the U.S. Hungary's relatively liberal internal and emigration policies have facilitated the U.S. granting of MFN status and the return of the Crown of St. Stephen, the symbol of Hungarian national independence.

30. Unlike most other Warsaw Pact countries, Hungary has eschewed criticism of Romania and Yugoslavia for receiving Hua or for Ceausescu's refusal to sign several documents submitted at the recent Warsaw Pact summit in Moscow. In such international organizations as the UN and in other public fora, Budapest has increasingly pursued matters of vital or major significance to Hungarian national interest, while not antagonizing the Soviet Union.

GERMAN DEMOCRATIC REPUBLIC

31. East Germany is of course a special case in East Central Europe. The GDR's communist political system and highly cautious political leadership reflect the continued, anomalous position of the East German state. The GDR remains wholly dependent on an occupying force of twenty Soviet divisions. The Berlin Wall remains a grim reminder of the regime's unpopularity. Despite widespread diplomatic recognition from the international community, the Four Powers (U.S., UK, France and USSR) retain their post-war rights and responsibilities for Germany and Berlin. While quiescent since the 1971 quadripartite agreement, Berlin, located at the center of Europe, remains a potential East-West flashpoint.

32. In the absence of a meaningful separate East German nationalism, the Honecker regime has sought to bridge the gap between party and population through policies aimed at boosting the standard of living. East Germans, for example, are permitted to use Western currency to purchase Western goods in GDR specialty shops. "Consumerism" has helped generally to meet some of the population's rising expectations—generated in part by West German TV broadcasts which

cover 80 percent of East Germany—for a better material life. More recently, Honecker has sought other bases of support, particularly in the Evangelical (Lutheran) Church, which has been promised sweeping concessions that include access to media broadcasts. If these are implemented, the Church could emerge as one of the most influential in Eastern Europe. The regime will want to ensure that it confines the Church's role strictly to clerical—non-political—matters.

33. East German foreign policy is tied to Soviet foreign policy, including an increased presence in Africa. To the extent they diverge, the GDR tends to press Moscow to adopt more rigid policies in the East-West sphere in order to avert increased Western contacts. The East Germans are particularly concerned that their CSCE Basket III human rights commitments could arouse public expectations which, when unfilled, could lead to popular discontent. This foreign policy posture reflects the GDR policy of *Abgrenzung*, or separation, of the two German states.

34. There have been times when Moscow's Western policy was seen as contravening East Germany's fundamental need to assert its sovereign state identity. In the opening phases of detente, it thus tried to slow down or resist what it viewed as Soviet concessions to the FRG without sufficient benefits to the GDR. More recently, there are indications that the GDR is less than enthusiastic—given its growing economic problems—about Soviet proposals for increased military spending by Warsaw Pact members. For the most part, however, these challenges have been and are contained by Moscow which, with 400,000 troops in the GDR, still clearly sets the main directions of East German foreign policy activity.

BULGARIA

35. Bulgaria is usually considered the Soviet Union's most loyal ally, and Bulgarian leader Zhivkov the most reliable associate. We know of no instance in which the Bulgarians have opposed Soviet objectives in foreign policy, even when these objectives may run counter to Bulgarian foreign policy interests.

36. This is particularly evident in the instances of Balkan cooperation and the Soviet exploitation of the Bulgarian-Yugoslav dispute over Macedonia:

—The Bulgarians have rejected various initiatives of other Balkan countries to promote multilateral commerce and cooperation, apparently because of Soviet opposition;

—There also is little doubt that the intensity of polemics and the state of Yugoslav-Bulgarian relations over Macedonia is influenced, if not dictated, by Moscow's desire to increase political pressure on Yugoslavia.

37. More recently, Zhivkov has traveled to Africa and promoted Bulgarian relations with selected African countries in an effort to further Soviet aims in Africa. Finally, there are indications that the Bulgarians have sought to improve their relations with Albania—again acting as a Soviet proxy.

38. Party leader Zhivkov's long tenure in office and his close relationship with the Kremlin have been accompanied by the appearance of a stable regime—perhaps in some respects the most stable in Eastern Europe over the past 20 years. Intellectual dissidence—in contrast to Czechoslovakia, Poland, GDR, and, even, Romania—has been minimal and easily controlled. There has been no worker unrest of significance and political factionalism has not threatened Zhivkov's position. However, Zhivkov has recently carried out changes in the Party and State leaderships which might have been motivated in part by real or potential opposition to his policies. More likely, these changes were carried out to improve economic performance and efficiency and to install younger, more vigorous leaders. Until recently, the Bulgarian leadership was one of the oldest in Eastern Europe.

CZECHOSLOVAKIA

39. Since 1969, in order to accommodate Moscow, the Czechoslovak regime has been one of the most internally repressive and externally sycophantic in Eastern Europe. Under the close aegis of Moscow, Czechoslovak leaders have been carrying out the most widespread purges in Czechoslovak Party history and maintained tight controls over all aspects of Czechoslovak life—including punitive measures against political/human rights dissidents who sought to have the regime honor its commitments to the CSCE Final Act. The Prague regime's domestic repressions at times seem to be an embarrassment to other East European regimes and even the Soviets in their relations with the West. Although both the Soviet and Czechoslovak leaderships reportedly have considered alternative courses of action to present hardline policies in Czechoslovakia, there are no indications that these policies will be modified. Realization of its vast unpopularity has made the Czechoslovak regime even more unimaginative and reluctant to undertake independent action (such as meaningful reform to improve the economy). It has, as a result, followed the Soviet foreign policy line wherever possible in order to prove its loyalty to Moscow. Perhaps more than any other regime in Eastern Europe, Prague has tried to buy political apathy through outright concessions to material wants (e.g., weekend cottages, travel abroad, automobiles).

40. Soviet domination of Czechoslovakia appears virtually complete, with the Prague leadership at times more subservient in following Soviet foreign policy than even Moscow would seem to wish.

Prague has acted as a proxy for Moscow in propaganda attacks on the West in general and the U.S. in particular, particularly when for tactical reasons the Soviets preferred to be either silent or moderate in their commentaries. In the past, Prague has played a considerable role in Soviet foreign policy strategy by acting as a penetration agent among developing countries, particularly because the Czechoslovaks were more acceptable than the Soviets to these countries. This role has diminished over the past years, in large part because Prague's economic difficulties at home have made it impossible for it to play such a role and also because other East European regimes have acted as penetration agents in various regions—e.g., East Germany in Africa. Finally, the cautious attitude of the Prague regime in borrowing from the West and also in pursuing cultural contacts have generally resulted in limiting Czechoslovakia's ties with the West.

ALBANIA

41. Albania's xenophobic, isolationist foreign policy is unique among the communist regimes in Europe. The Tirana regime has refused to countenance any improvement of relations with the U.S. and several other Western countries until all its demands have been realized. It also continues its unrelenting struggle against the "social imperialism" of the USSR and, more recently, against China.

42. Albania has been quite selective in its establishment of diplomatic and trade relations with other countries, particularly in Western Europe. Despite the cessation of economic assistance from China—Tirana's last benefactor—there are at present no signs that the Albanians intend to modify their intransigent ideological policies. Albania has hinted at its interest in increasing commercial and perhaps other links with some Western and Third World countries. Tirana's relations with neighboring Greece have improved somewhat since the break with China. But there has been no such improvement with neighboring Yugoslavia, whom the Albanians revile as revisionist and fear as a larger neighbor with a substantial Albanian minority population. The Albanians have also refused multilateral Balkan cooperation endeavors, insisting that such endeavors be conducted on a bilateral basis.

43. The Tirana regime is the most repressive in Eastern Europe, and the Albanian standard of living continues to be the lowest in Europe. Any hopes that it would improve in the near future evaporated with the cessation of Chinese economic assistance. The regime has carried out incessant strident propaganda campaigns which rail against foreign influences, urge the population to greater sacrifice and economic effort, and demand strict ideological conformity with the policies of the leadership.

31. Memorandum From Secretary of State Vance to President Carter¹

Washington, February 26, 1979

SUBJECT

Presidential Determination to Provide Financial Assistance to U.S. Voluntary Agencies Assisting Political Refugees from Eastern Europe

The American voluntary agencies assisting in the resettlement of political refugees coming from the Soviet Union and Eastern Europe to the United States are having serious financial difficulties. These agencies depend heavily on financial assistance from the Department of State. Due to a sharp increase in the number of refugees being cared for and resettled during calendar year 1978 (from a projected 17,000 to an actual figure of approximately 24,000 refugees) as well as inflation and the decline in the value of the dollar, funds appropriated for the European refugee program for calendar year 1978 were exhausted during the fall.

The agencies have continued to care for, process, and resettle refugees at their own expense, despite a funding shortfall totalling nearly \$8 million. (Details of the shortfall are shown in the attached table.)² As a result, the voluntary agencies accumulated substantial debts and have had to curtail services; some may soon be forced to cease accepting responsibility for new refugees, irrespective of the rate of refugee flow. Such a development would pose a threat to U.S. foreign policy and humanitarian concerns, for these agencies have been unique and faithful partners in U.S. refugee efforts throughout the world dating back to the end of World War II. It is in our national interest to ensure that these agencies are able to continue their important work, at a time when Soviet and Eastern European emigration continues at extraordinary high levels.

The Department of State has been moving on two fronts to resolve the financial problems of the agencies, working closely with representatives from OMB and the NSC. First, the supplemental budget request for fiscal year 1979 will provide funds to make up the October-to-December shortfall. The Administration has asked the Congress to treat the refugee supplemental on an urgent basis, separately from the government-wide supplemental. (During the week of February 20,

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 50, Presidential Determinations: 5/78-7/79. No classification marking. Brzenzinski forwarded the memorandum to the President on March 16. (See Document 33.)

² Neither attachment was attached.

OMB will present you an upward revision in the supplemental for refugees, requested by the Department based on the latest information on refugee flows and careful analysis of the appropriate U.S. response.)

Second, to provide immediate alleviation to the hardest-hit voluntary agencies, and to meet the pre-October shortfall, I am here proposing the provision of \$1.13 million from the Emergency Refugee and Migration Assistance Fund, for which a Presidential Determination is required. All of this amount will be used for payments equivalent to resettlement grants at the standard 1978 contract rate (\$250 per capita) to the voluntary agencies who resettled European refugees, without U.S. compensation, before October 1. The attached table shows the funding shortfalls, by voluntary agency, during 1978. Only the pre-October amounts will be met by this drawdown. The October-to-December shortfall will be met through the FY 1979 supplemental.

Our efforts to use the Emergency Fund for this purpose have been delayed because of certain steps taken on December 15 by Senator Inouye for the Senate Appropriations Committee. At that time, in the course of objecting to a proposed reprogramming action, Senator Inouye asked the GAO to determine whether the Emergency Fund could be used as here proposed. Accordingly, we suspended further action on use of the fund until the GAO ruled. We received its ruling on February 9. The GAO has fully approved the proposed use of the Emergency Fund to meet the pre-October shortfall of the voluntary agencies.

The current balance of the Emergency Fund is \$3,290,000, sufficient to cover this proposed drawdown.

Recommendation

That you sign the attached determination which will make available up to \$1.13 million through the Department of State to American voluntary agencies to meet their expenses incurred during 1978 prior to October 1, in resettling refugees as part of the European portion of the United States Refugee Program.³

³ No decision is noted on the document.

32. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 15, 1979

SUBJECT

CIA's Book and Periodical Distribution Program for Eastern Europe and USSR

Stan Turner has provided a report (Tab 2)² in response to your memorandum to him of January 26, 1979 (Tab 3)³ requesting a status report on the book program. The report provides striking evidence of the effectiveness of this program (I have marked in red certain key passages which I recommend you leaf through if you have time) and demonstrates that the program has made highly productive use of the extra funds which you directed be allocated to it nearly two years ago.

The report reveals, however, that the program is being curtailed in FY 1980, by cancelling an increase of \$1.5 million which was originally planned. Leveling off (actually slightly reducing) a program such as this after it has gained momentum from expansion is especially unwise and not cost-effective. Funds projected for a FY 1981 increase (\$1.5 million) may also not materialize, for the FY 1981 budget process is likely to entail as much squeezing as we have been through on FY 1980. I am told by highly reliable sources in CIA that there is no good reason to cut this program; they made an effort to keep it expanding. They, and I, have the suspicion that Turner, knowing your interest in it, sacrificed it to OMB's bookkeepers. Whatever the motivation, I do not believe we should let this excellent program "plateau off". Funds added to it are among the most productive CIA spends for covert action. In fact, this program constitutes a large part of what is left of CIA's covert action program and they constitute most of what we are doing against our highest-priority target—Eastern Europe and the USSR. I have prepared a short memorandum from you to Turner requesting that funds be reprogrammed to permit continued expansion in FY 1980.

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 3, Chron File: 3/79. Secret; Sensitive. Outside the System. Sent for action.

² Not attached.

³ See footnote 6, Document 29.

RECOMMENDATION:

That you sign attached memorandum (Tab 1).⁴

⁴ At Tab 1 is the undated, draft memorandum. A notation on the draft indicates that Brzezinski signed it on March 20. In the memorandum, Brzezinski commented: "The Soviet Union and Eastern Europe are our highest-priority targets for sustained covert action impact. Money to permit continued expansion of this entire program during FY 1980 should be found through reprogramming." Turner responded on April 9, writing that the Agency "will remain alert to the possibility of reprogramming to provide additional funds" for the program. However, Turner cautioned that "Fiscal Year 1980 is a very austere budget and, at this point in time, we cannot identify funds available for such reprogramming." He added "Will keep looking—" to the memorandum. (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 3, Chron File: 4/79)

33. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, March 16, 1979

SUBJECT

Determination to Assist Refugees from Eastern Europe and the Soviet Union

In the memorandum at Tab B,² Cy Vance recommends you determine that it is important to the national interest that up to \$1.13 million from the U.S. Emergency Refugee Fund be made available to the voluntary agencies resettling refugees from Eastern Europe and the Soviet Union who entered the United States before October 1, 1978. OMB concurrence is at Tab C.³

Primarily because of the sharp increase in Soviet emigration during 1978, funds appropriated to the Department of State were insufficient to provide the normal level of Federal assistance to voluntary agencies resettling refugees accepted by the United States. Although the agencies continued to process and resettle refugees at their own expense, the debts incurred could curtail the ability of some agencies to continue

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 50, Presidential Determinations: 5/78–7/79. No classification marking. Sent for action. Reginald Bartholomew initialed for Brzezinski.

² Not attached. See Document 31.

³ Attached but not printed is a March 6 memorandum from Edward Sanders of the Office of Management and Budget to Dodson.

to accept refugees. As Cy points out, this situation threatens a vital link in our refugee program.

Because the flow of refugees has remained high, similar funding shortfalls are anticipated in FY 1979. State intends to handle these through a supplemental budget request.

RECOMMENDATION

That you sign the determination at Tab A.⁴

⁴ Not attached. The Presidential Determination was not found.

34. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, April 24, 1979

SUBJECT

Soviet/EE Book Program (S)

Stan Turner won't give an inch on adding money for the book program, so our effort to get him to reverse his decision to cut back on the program for FY 1980 (and not continue the expansion approved two years ago by the SCC) has to be chalked up as a failure. (S)

In the attached memo² he says no funds can be found but says they will keep looking. (S)

My own sources at the Agency indicate that funds are not really this tight (the Iranian debacle and other shifts have caused a good deal of budgetary adjustment and money *could* be found!) but Turner has made this an issue on which he is unwilling to give in to you. I am told that further effort to press him on this now will probably only solidify his position—so the advice is to press during the summer for allocation of FY-year-end funds. [*name not declassified*] who is immediately responsible for this program and a strong supporter of it, promises

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 3, Chron File: 4/79. Secret; Sensitive. Sent for action.

² At Tab A is Turner's April 9 memorandum to Brzezinski. See footnote 4, Document 32.

me he will remain alert for possibilities and will signal us when he thinks pressure from you could have a good effect. I see no alternative but to content ourselves with this for now—since cuts now contemplated do not start until 1 October. (S)

Do you³ AGREE _____ DISAGREE _____ ?

³ Brzezinski did not mark either option.

**35. Memorandum Prepared in the Central Intelligence Agency
for Marshall Brement of the National Security Council Staff¹**

Washington, August 6, 1979

SUBJECT

Summary of Memorandum Entitled "Preconditions for Instability Begin to Accumulate in Eastern Europe" [*classification not declassified*]

A veteran analyst of East European affairs at CIA takes a look at recent developments in the area, speculating on whether the conditions preceding past crises are being recreated. [*classification not declassified*]

On the economic front, the conditions that have allowed the East European regimes to give their publics steadily rising standards of living no longer exist. The regimes will thus soon be deprived on one of the principal arguments in support of their legitimacy. With growth rates falling, investment plans cut back, and prices rising, it probably will not be long before economic expectations are dashed, with all that implies for increased public restiveness. [*classification not declassified*]

All the East European members of the Council for Economic Mutual Assistance are aware that their systems of economic management are inadequate, and all are talking about, experimenting with, or actually implementing changes. Experimentation of this sort inevitably leads to greater tensions between those within these regimes who are con-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 12, Europe: 1979. Secret. Brement forwarded the memorandum to Brzezinski under an August 6 covering memorandum noting it was prepared at his request and that Brzezinski should read it. A stamped notation on the first page of the covering memorandum indicates that Brzezinski saw it.

vinced of the need for change and those who feel threatened by it. [*classification not declassified*]

Some East European leaders have indicated that they do not believe Soviet economic leadership is sufficiently sensitive to their needs. Nor do they believe that their international organizations are facilitating the pursuit of solutions to their economic problems. One consequence, therefore, of their economic problems has been the encouragement of peculiarly national solutions and the strengthening of centrifugal tendencies. [*classification not declassified*]

For a model, the East European CEMA regimes may be looking to Hungary, which has the most advanced program of economic reform. They do not appear to be looking to the independent national Communist states of the Balkans, though they may envy the political ability of these states to seek solutions without subordinating their interests to those of the USSR. Relations between the independent Communist states and the USSR are, at best, not improving. [*classification not declassified*]

Nationalism, which probably remains the strongest motive force in Eastern Europe, received a boost from the visit of John Paul II to Poland.² The visit will have convinced the Soviets that their position in Eastern Europe remains dependent of the willingness to enforce their writ militarily. The visit will also have strengthened the hands of those in Eastern Europe and the USSR who, already concerned about ideological contamination through detente, urge more vigorous vigilance and repression of non-conformists. A heavier air of renewed repression has already arrived in East Germany and Czechoslovakia. The people's political expectations, which had been raised by the Conference on Security and Cooperation in Europe, may soon also be dashed. [*classification not declassified*]

At the same time that conditions in Eastern Europe are becoming more tense, Soviet General Secretary Brezhnev nears the end of his gradual decline. The Soviet succession process has probably begun; given the advanced age of Eastern Europe's leaders, succession processes there could coincide. (U)

In sum, then, the author argues that the classic pre-conditions for a crisis are either in place or can be seen on the horizon. Major demonstrations of popular dissatisfaction could occur in the not too far distant future. But because many of the preconditions have just begun to develop, the situation is probably not yet quite ripe for the next major turn of events. [*classification not declassified*]

² June 2-10, 1979.

36. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, January 31, 1980

SUBJECT

U.S. Relations with Eastern Europe in 1980

The attached paper on U.S. policy toward Eastern Europe in the year ahead was reviewed by the Interagency Group on Europe on January 24. The NSC, Treasury, Commerce, Agriculture, ICA, Defense, CIA, USTR and the Export-Import Bank participated in this review. We have also consulted in a preliminary fashion with our allies at NATO and in Eastern European capitals concerning their future policies toward Eastern Europe.

At the Interagency Group meeting, there was general agreement on the analysis contained in the paper and the central policy recommendation—that we continue an activist policy in Eastern Europe designed to preserve the gains we have made in the last three years and to promote the goals of PD 21—domestic liberalization and/or foreign policy independence. It was generally agreed that we would have to adjust our specific actions and initiatives to take account of the reactions of individual Eastern European countries to the situations in Afghanistan and Iran.

Since the Interagency Group meeting, the Soviets have evidently increased pressures on Eastern European countries to follow Moscow's foreign policy lead. The Czechoslovaks postponed a planned Genscher visit referring to the "complicated international situation."² After hearing several times from the Hungarians that they wanted a visit to the U.S. by Parliamentary President Apro to go ahead despite U.S.-Soviet tensions, the Hungarians notified us on January 30 that the visit would have to be postponed because of "pressing parliamentary business at home."³ In both these cases, the Soviets appear to be acting to reign in

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 22, Europe: 1/79–1/81. Secret.

² In telegram 309 from Prague, January 24, the Embassy reported that the Czechoslovak Government had postponed the Genscher visit. (National Archives, RG 59, Central Foreign Policy File, D800041–1098)

³ In telegram 461 from Budapest, January 30, the Embassy reported that Antal Apro was postponing his visit to the United States for "unforeseen domestic political duties." Noting that the Foreign Ministry and Parliament were given only short notice of the cancellation, the Embassy concluded: "We can only assume with a high degree of certainty that Hungary only reluctantly postponed the visit" and that "the Russian lid on Eastern Europe is being screwed tighter." (National Archives, RG 59, Central Foreign Policy File, D800053–0746)

Eastern European desires to conduct business as usual with the West. This argues for a policy of trying harder to maintain the ground we have gained recently in our relations with Eastern Europe.

The area-wide measures and country-specific measures recommended in the attached paper are designed to implement this goal. The Interagency Group agreed to all of them with the following exceptions which require further consideration or policy guidance.

—*Export Controls*.⁴ There was general agreement in the IG that the ability to differentiate between export licensing treatment for the Soviet Union and the Warsaw Pact countries of Eastern Europe would be a valuable foreign policy tool in encouraging ties with Eastern European countries which display independence in foreign and domestic policy. Any foreign policy controls on U.S. exports to the Soviet Union imposed in response to the Soviet invasion of Afghanistan clearly should not automatically be applied to Eastern European countries—particularly those whose support for the Soviet action has been weak or withheld. However, it was recognized that it would be futile to try to decide on the applicability of security controls to Eastern European countries before the nature of these controls has been decided upon.

One possible way of differentiating between the Soviet Union and the countries of Eastern Europe would be to maintain existing controls for them while tightening up for the Soviet Union. For some countries in Eastern Europe we might go further and institute a liberal policy of COCOM exceptions for Eastern European countries with appropriate end-user controls. In any case, our ability to gain Western European agreement to more stringent security controls on exports to Eastern Europe is bound to be strongly resisted. This issue might best be dealt with in the SCC discussion of export controls on the Soviet Union once a policy on security controls has been decided upon.

—*Yugoslav Military Sales*. Steps are being taken to implement “a more forthcoming” military sales policy responsive to Yugoslav requests. DOD is reexamining the systems the Yugoslavs have expressed an interest in with a view to releasing more, but problems of availability and constraints against transfer of sensitive technology limit what we can do. The NSC, State and DOD will have to keep the military sales program under continuing review to insure that we respond as promptly and fully as possible to Yugoslav interests.

—*PL 480 for Yugoslavia*. We are reviewing with Agriculture and IDCA the possibility of a modest PL 480 program for Yugoslavia which would permit it to acquire U.S. soybeans for cattle feed. Even a small grant or loan would ease Yugoslavia’s balance of payments problem

⁴ See Document 13.

and help to boost private creditor confidence. If it proves impossible to allocate significant PL 480 funds to Yugoslavia within existing allocations, a budget decision might be needed. An alternative might be a small one-time ESF grant of \$5–7 million under the proposed ESF Contingency Fund.

—*Romanian Access to Hampton Roads*. Permitting Romanian vessels to call at Hampton Roads instead of Baltimore for coal would greatly reduce Romanian transport costs and be seen as a significant political gesture at a time when Bucharest fears Soviet economic pressures. There is strong Navy objection to allowing any Warsaw Pact vessel into the Hampton Roads area for security reasons. We are asking Secretary Brown to review Navy's objections to see if they are of overriding importance.

—*Possible Membership in the IMF*. This may also need further thought. Given current Soviet pressures on Eastern Europe, we think it highly unlikely that the Polish leadership would take the step of joining the IMF, although this might help bolster shaky creditor confidence. We will be consulting with Poland's Western creditors to determine whether eventually this or some other steps such as a non-IMF stabilization program is required to correct the deteriorating Polish financial position.

—*Cultural Agreement with the GDR*. Some IG members questioned the appropriateness of concluding a cultural agreement with the GDR at this time while others argue that such an agreement is inherently in our interest and should be pursued. We will continue to review this question in light of the evolution of Berlin's position on Afghanistan and Iran. Should the GDR be particularly shrill in its criticism of the U.S., we would not conclude a cultural agreement.

Peter Tarnoff

Attachment

Paper Prepared in the Department of State⁵

Washington, undated

SUBJECT

U.S. Relations with Eastern Europe in 1980

Deteriorating US-Soviet relations and Soviet efforts to enforce conformity in Eastern Europe threatened the improving trend in US relations with Eastern Europe in 1979. The Soviet invasion of Afghanistan raises the question of whether we should continue a policy of trying to strengthen relations with individual Eastern Europe countries which follow Moscow's foreign policy line.

We do not believe that the invasion of Afghanistan should cause us to revamp our basic policy toward Eastern Europe.⁶

—There is no evidence that Moscow's Warsaw Pact allies were consulted about Afghanistan or have contributed anything except propaganda support and diplomatic support at the UN.⁷

—No amount of pressure on Eastern Europe—short of military threats or a policy of economic denial which could lead to massive unrest—would induce Moscow to alter its policy elsewhere in the world.

—We have substantial interests of our own in Eastern Europe and abandoning the area as a Soviet sphere of influence would be playing into the Kremlin's hands.

—Pursuing an activist policy in Eastern Europe is a way of getting at Soviet sensitivities.

⁵ Secret. A version of this paper was sent to all European posts in telegram 34197, February 7. (National Archives, RG 59, Central Foreign Policy File, D800066–0951)

⁶ In telegram 9408 to USNATO and Bonn, January 12, the Department informed European posts that U.S. policy toward Eastern Europe in the wake of the Soviet invasion of Afghanistan was under review, but that the Department was leaning toward continuing a policy of differentiation among the Eastern European countries. (National Archives, RG 59, Central Foreign Policy File, D800021–0454) In telegram 419 from Prague, February 1, the Embassy recommended that the policy of differentiation should be based on "realistic criteria and a judgment of how much each country can resist Soviet pressure" since "the effects of Soviet pressure will be to force another downturn in relations with EE." (National Archives, RG 59, Central Foreign Policy File, D800057–0015)

⁷ In telegram 29487 to all diplomatic and consular posts, February 2, the Department provided guidance on how to respond to the ongoing Soviet propaganda campaign justifying their invasion of Afghanistan. (National Archives, RG 59, Central Foreign Policy File, D800058–0925)

—Our allies are determined to continue activist policies in Eastern Europe; a hard-line US policy towards these countries would not be supported by our allies and could lead to increased resistance to steps against the Soviet Union.

—A policy of cutting back our ties with Eastern Europe would ease Soviet efforts to enforce conformity in foreign and domestic policy and leave the Romanians and Yugoslavs further isolated.

—At the same time a policy of business as usual with Eastern European countries regardless of their position on issues of importance to us such as Afghanistan or the US hostages in Iran would undermine our credibility with the governments and peoples concerned.

These factors argue for an activist policy of engagement with Eastern Europe, designed to preserve the gains we have made in the last three years and to promote the goals of PD-21—domestic liberalization and/or foreign policy independence. Such a policy would:

—Respond to the interest of the Eastern Europeans—as already expressed to us in recent days on a number of occasions—in finding ways to prevent U.S.-Soviet differences from adversely affecting their relations with us and with the West as a whole;

—Preserve, to the degree possible, the progress (in trade, claims negotiations, family reunification, etc.) we have achieved in our relations with the Eastern European countries;

—Reassure the West Europeans by demonstrating that we remain sensitive to their special stake in good East-West relations and their desire to continue an activist policy in Eastern Europe;

—Remind Moscow that we do not concede Eastern Europe as their sphere of influence and that we have interests and influence in Eastern Europe that we intend to continue to assert actively.

In following such an overall policy approach, it will be necessary to adjust our specific actions and initiatives, depending on the public and private reactions of the individual Eastern European countries to the situations in Afghanistan and Iran. Our actions should be tailored to move us closer to our longer-term objective of strengthening Eastern European independence from the Soviet Union. Our planned actions are reversible, can be implemented or withheld to match the changing situation and, while pegged to 1980, have meaning for the longer term. We intend to make it plain to the governments of the individual Warsaw Pact countries that we want to pursue a differential policy but our ability to do so will inevitably depend to a considerable degree on their behavior regarding the issues of Iran and Afghanistan and their willingness to improve relations with us despite Soviet pressure to cut back. We have already told the Bulgarians, East Germans, Czechoslovaks, Poles and Hungarians that excessive rhetoric on Afghanistan will have a negative effect on the climate of our bilateral relations.

The *area-wide measures* we recommend in pursuit of such a policy are:

—Differentiate between U.S. export licensing treatment for the Soviet Union and the Warsaw Pact countries of Eastern Europe. [N.B. A decision on the implementation of such a policy must await a final decision on a new area-wide export control policy.]⁸

—Inform Eastern European governments that any diversion of grain or technology to the Soviet Union would lead us to immediately cut off such exports to them.⁹

—Consult with the West Europeans, as appropriate, in NATO, the OECD, the European Community, and bilaterally, to pursue our shared objectives throughout Eastern Europe and to focus particularly on policies that would support Yugoslav and Romanian independence.

—Reaffirm US policy of encouraging trade and financial ties with CEMA countries other than the USSR in view of the fact that some members of the US banking community are uncertain about our policy.

The *country-specific measures* we would take in pursuit of this policy would depend to an important degree on the given country's behavior concerning Afghanistan and Iran. Therefore, a brief discussion of each country's reaction to these two issues precedes the catalog of measures which might be taken.

YUGOSLAVIA

Yugoslavia has strongly and publicly condemned the Soviet invasion of Afghanistan and worked with a number of nonaligned countries to obtain a UN General Assembly resolution censuring the Soviets. Tito has publicly opposed the taking of the hostages in Iran, and the Yugoslavs are cooperating quietly in working on the Iranians to secure their release.

We should intensify our efforts to strengthen all aspects of our relations and encourage our NATO allies to do likewise. Over the near term, we should give priority to the following steps:

—*Military Sales.* Improve our responsiveness to Yugoslav requests for purchases of military hardware.¹⁰

⁸ All brackets are in the original.

⁹ On January 4, 1980, President Carter cancelled the sale of 17 million tons of grain to the Soviet Union in response to the Soviet invasion of Afghanistan. Faced with a projected shortage of grain, the Soviet Union sought to obtain replacement grain from the world market. As sales of U.S. grain to Eastern Europe were not affected, the administration stressed to Eastern European Governments that any diversion, transshipment, or replacement of grain to the Soviet Union would be dimly viewed in Washington.

¹⁰ See Document 285.

—*Political Support.* Give visible demonstration of our support for Yugoslavia's independence via high-level visits and a continuation of Sixth Fleet port calls. The Secretary's visit should be rescheduled as soon as possible, bearing in mind the factors arising from Tito's death or prolonged serious incapacitation, and consideration given to an early stop by a ranking Yugoslav official. A possible brief stop by the President in Yugoslavia in conjunction with his participation in the Economic Summit in Venice would be extremely useful. Furthermore, the implications for Yugoslavia of the Afghanistan invasion give even greater weight to our recommendation that the President attend the eventual funeral ceremonies for Tito and that we seek a strong, coordinated allied expression of support for Yugoslavia following Tito's death. We will strengthen our effort to deter and punish anti-GOY terrorism in the U.S. and abroad.

—*Economic Relations.* Continue to make clear to the European Community our support for a prompt Yugoslav-EC economic agreement which strengthens Yugoslavia's ties with the West but which does not require Yugoslavia to grant reverse preferences to the Community.¹¹

—Grant the Yugoslav airline (JAT) landing rights in Chicago and Los Angeles, if a formal request is received.

—Give increased high-level attention to the visit of Foreign Trade Secretary Rotar in mid-March.

—Consider including Yugoslavia in the PL-480 program.

—Continue to seek additional funding for S&T exchanges in accordance with our earlier promise to Yugoslavia.

ROMANIA

Apart from an indirect reference by Ceausescu in his speech to the Romanian Party Congress in November, Romania has issued no public statement condemning the taking of the American hostages. Media coverage has been very sparse and limited to factual reporting. On the other hand, the Foreign Minister has told us that in late November

¹¹ In telegram 12675 from Brussels, July 13, 1979, the Embassy reported the text of the Haferkamp-Cooper exchange related to the EC/Yugoslavia trade agreement. Wilhelm Haferkamp, the Commissioner for External Relations and Vice President of the European Commission, wrote that he noted "with satisfaction that the United States recognizes the great importance of strengthening Yugoslavia's relationships with the West and that you welcome the prospect of an EEC/Yugoslavia economic agreement." (National Archives, RG 59, Central Foreign Policy File, D790322-0304) In telegram 18781 from Brussels, October 23, the Embassy reported: "Yugoslavs showed an unexpectedly urgent desire to conclude new economic cooperation agreement with EC, apparently because of fear of Soviets and less concern with non-aligned image" during discussions with the EC negotiating team visiting Belgrade earlier that month. (National Archives, RG 59, Central Foreign Policy File, D790489-0909). The agreement came into force July 1, 1980.

Ceausescu conveyed a message to Khomeini in an effort to bring about a resolution of the hostage problem.¹²

On Afghanistan, Romania has once again played a maverick role within the Warsaw Pact¹³ by issuing public statements indirectly but strongly condemning the Soviet action in Afghanistan, by not speaking out in defense of the Soviets in the UN Security Council debate and not participating in the UN General Assembly vote, and by continuing to refrain from recognizing the new Afghan regime.

We should increase our efforts to support Romania's independent actions by strengthening our relations on bilateral and international issues, and encourage our NATO allies to do the same. Romania's status within the Warsaw Pact and CEMA creates both problems and opportunities.

—Reschedule the *Secretary's visit*.

—Invite Foreign Minister Andrei for an official return visit to Washington within the following six months.

—Give special attention to the *CSCE bilateral discussions*, including the Special Experts' Group on military security. The U.S. side should be led by a senior Department official since Romanian delegation will be headed by a Deputy Foreign Minister. We should arrange high-level meetings for the Deputy Minister on non-CSCE issues as well.

—Show our interest in and, when possible, give our support to Romanian initiatives in international organizations, especially those that relate to peaceful settlement of disputes and good neighborliness.

—If there is any supplemental allocation of CCC credits, high priority should be given to Romania's outstanding request.

—Encourage visits by a group from DOD's *Army War College* as well as a visit by *White House Fellows* (in conjunction with visits to other countries in the area).

—Reallocate unused FY 80 *fisheries allocation* by drawing on fishing quotas previously reserved for the Soviet Union.

—Reexamine Romania's request for commercial *access to Hampton Roads*. [N.B. While this would be desirable for foreign policy reasons, JCS objects strongly on security grounds. This question should be reviewed by OSD.]

—Grant approval for Romanian government trade offices in Atlanta and Houston.

¹² See Document 219. See also telegram 8127 from Bucharest, December 3. (National Archives, RG 59, Central Foreign Policy File, P840163-2001)

¹³ See Document 221.

—Provided the Romanians properly implement the current cultural agreement, expand ICA exchanges with Romania using funds reprogrammed from the Soviet Union.

POLAND

Poland has been modestly helpful on the hostage issue through private demarches to the Iranians and public statements on the primacy of diplomatic immunity and inviolability. On Afghanistan, its apparent efforts to get by with the minimum acceptable to the Soviet Union were overshadowed by its defense of Soviet action in the General Assembly debate.

Consistent with Poland's exhibition of some restraint on Iran and with our general policy objectives in Eastern Europe, we should, over the near term, give consideration to the following steps with Poland:

—Proceed with the next round of *CSCE discussions* tentatively scheduled for Washington in March.

—Invite higher-level participation in the *U.S.-Polish Roundtable*, also planned for Washington in April, perhaps making explicit our desire for a Frelek visit.

—Propose a visit to Poland and another Eastern European country by DOD's *National Defense University*.

—Propose a visit to Poland and another Eastern European country by the *White House Fellows*, whose trip to the Soviet Union has just been cancelled.

—Should further P.L. 480 funds become available, consider including Poland in the program. [N.B. This will require a country-specific Presidential Decision.]

—Ensure *continuation of U.S.-Polish S&T exchanges* by seeking new Congressionally-authorized funding for FY-1982.

—Expand modestly ICA exchanges with Poland using funds reprogrammed from the Soviet Union.

—Increase Poland's *fishing allocation* by using quotas previously reserved for the Soviet Union.

—Depending upon the reaction of the Western Europeans we are consulting with, encourage Poland to join the *IMF/IBRD*. [N.B. This requires further discussion within the government and consultation with allies.]

—Encourage private U.S.-Polish cooperation in health, particularly the Project Hope involvement in the Lodz Hospital project.

HUNGARY

Hungary has coupled expressions of understanding for Iran's alleged historical grievances against the U.S. with lower-key denunci-

ations of the holding of diplomatic hostages as a violation of international law.

After initially reacting to the Soviet intervention in Afghanistan with some restraint, the Hungarians have joined the chorus of those supporting it.

Depending upon the evolution of the Hungarian position, we should consider the following steps:

- If and when the Hungarians are able to do so, reschedule the visit of the Hungarian Parliamentary delegation headed by Parliament President Apro.

- Utilize reprogrammed funds from exchanges with the USSR to *expand exchanges modestly* with particular emphasis on academic and cultural exchanges.

- Go ahead with the *CSCE Consultations* slated for this spring.

- Propose a visit to Hungary and another Eastern European country of a *National Defense University* group.

- Signal our *continued receptivity to high-level visits* (below Kadar) and consider sending a senior official(s) to Hungary.

- Propose a visit to Hungary and another Eastern European country by the *White House Fellows*, whose trip to the USSR has just been cancelled.

- Send a VIP to open the “American Now” exhibit provided that the Hungarian position on Iran/Afghanistan does not get worse.

- Assure State and Commerce participation at the Assistant Secretary level in the second annual governmental *U.S.-Hungarian Joint Economic Committee* meeting in Washington this spring.

BULGARIA

The Bulgarians were among the least forthcoming of the Eastern Europeans on the question of the hostages in Tehran and the treatment of the issue in the media has been slanted and objectionable. The Bulgarian Government and media jumped on the Soviet Afghan bandwagon early and have faithfully defended the Soviet actions. At the same time, the Bulgarians have continued to stress their interest in improving bilateral relations.

With Bulgaria, we should

- Consider supporting initiatives by Bulgaria to join the GATT.

CZECHOSLOVAKIA

The Czechoslovak UN representative made some positive statements in voting for the initial Security Council resolution on Iran. Otherwise, the media treatment has been slanted and unsympathetic. The statements of the Czechoslovak Government and media treatment

of the Soviet invasion of Afghanistan have been vigorously supportive of the Soviets.

On January 24, the Czechoslovaks postponed the late February visit of FRG Foreign Minister Genscher, citing the international situation created by the NATO TNF decision and by the “unconcealed threats” contained in the President’s State of the Union speech.

—We should *keep under active review the tabling of a new proposal on a claims settlement with Czechoslovakia* which would also result in the return to Czechoslovakia of 18.4 million metric tons of Nazi-looted gold. This would finally compensate the American claimants and also open avenues to increase U.S. access to Czechoslovakia. (There are indications that Czechoslovakia may want to resolve this issue quickly, and the present price of gold could enable us to obtain a significantly higher settlement. Because of recent repressive actions by the Czechoslovak Government in the area of human rights and their position on Afghanistan, however, it is currently not possible for us to proceed on this issue.)

GERMAN DEMOCRATIC REPUBLIC

The GDR position on Iran has been one of non-demonstrative support for the observance of international law while its media has sympathized with anti-US sentiment in Iran and warned of US military retaliation. Concerning Afghanistan, the GDR has praised the Soviet invasion as necessary in light of CIA-backed counterrevolutionary activity based in Pakistan. As a new member of the UN Security Council, the GDR joined the Soviet Union in voting against the resolution condemning the invasion of Afghanistan.

The GDR’s position on Iran and Afghanistan should be balanced against our stake in maintaining the progress made recently in important areas of bilateral relations (e.g., humanitarian cases and US claims). Depending on future GDR steps in these areas, it would seem appropriate to continue our current deliberate pace toward handling GDR issues, with final actions on all individual issues being reviewed in light of the conditions at that time. We should

—Continue to send diplomatic and protocolary signals of displeasure with GDR support for the Soviets.

—Proceed with CSCE consultations at a lower level.

—Fulfill our promise to permit a GDR Embassy branch commercial office in New York City in return for a reciprocal option for a U.S. office.

—Depending upon the outcome of the export licensing policy review, continue US participation in the Leipzig Fair in 1981.

—Proceed with the negotiation of a cultural agreement. [N.B. Some IG members feel that negotiation of a cultural agreement with the GDR

at this time would conflict with our aim of signalling to the GDR our displeasure over its support for the Soviets in Afghanistan. Others however, feel that such an agreement is inherently in our interest and should be pursued.]

We will continue to monitor carefully the public statements and actions of the Eastern European countries concerning Afghanistan and Iran, modulating our implementation of the steps suggested above in accordance with these statements and actions.

37. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, April 17, 1980

SUBJECT

Dissidence in Eastern Europe and the USSR—Are We Doing Enough? (U)

Dissidence in this paper is used to mean not simply actions by regime critics who achieve prominence, but the entire range of activity, some obvious, some extremely unobtrusive, which generates pressures for freedom of thought and expression, human rights and the advantages of a pluralistic society. (U)

On the demonstrative and declarative level the record of the Carter Administration is second to none in the past fifteen years. The President has personally identified himself with prominent Soviet dissidents such as Bukovsky, Shcharansky and Sakharov and during his visit to Poland insisted on contact with both dissident and church figures. Other Administration officials, most notably yourself, have repeatedly met, endorsed and communicated with dissidents in the USSR and Eastern Europe. The “spies for dissidents” exchange you arranged last year²

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 4/80. Secret. Copies were sent to Griffith, Bremont, and Larrabee. Brzezinski wrote at the top of the memorandum: “Good memo. Consult with MB [Marshall Bremont] and LB [Lincoln Bloomfield] on possible implementation? Which steps? Which memos? ZB.”

² On April 27, 1979, Powell read a statement announcing that Carter had commuted the sentences of convicted Soviet spies Valdik Enger and Rudilf Chernyayev, who would be departing the country. Powell also announced that the Soviet Union had released five Soviet dissidents, including Alexander Ginzburg, all of whom were now in the United States to be joined shortly by their immediate families. (*Public Papers: Carter, 1979, Book II, p. 731*)

was one of the most politically astute moves the U.S. Government has ever made on behalf of Soviet dissidents. The Administration's human rights policy has generated worldwide debate on human rights on which dissidents in Communist societies have capitalized. Our participation in the Belgrade CSCE meetings under the vigorous leadership of Arthur Goldberg underscored our commitment to principle and highlighted Soviet efforts to avoid honoring commitments they accepted in 1975. The Administration took early decisions which will soon expand the power of VOA and RFE/RL. (U)

Other programs for communicating with Eastern Europe and the USSR have been modestly expanded. (S)

Allocation of resources—both manpower and money—to programs encouraging dissidence and serving the needs of dissidence has not been proportionate³ to the high level of attention the Administration has given this field in statements and demonstrative actions. There have been other problems in respect to performance and procedure. No new operational instrumentalities have been created for implementing human rights policies, sustaining research effort and channeling and coordinating human rights initiatives on a self-propelled basis. (C)

Human rights have been overly politicized domestically as a result of priority assigned by the State Department to more energetic pursuit of human rights issues with non-Communist Latin American and African countries than with Communist-ruled states. As a result human rights is in danger of becoming a negative concept among conservatives both in the U.S. and abroad. The subject needs to be brought into better balance. (C)

Our most valuable instruments for communication with Eastern Europe and the USSR are the big radios. New investment in transmitters has not been matched by comparable investment in programming. Though budgetary allocations for broadcasting have risen each year, they have not been sufficient to offset inflationary increases in both the U.S. and Europe and the declining value of the dollar. As a result manpower rejuvenation and expansion of programming and research support have continued to be postponed. The effect is evident in decline in Radio Liberty listenership in the USSR. New investment for programming improvement is urgently needed. This has been strikingly demonstrated as we have taken up the question of broadcasting in Muslim languages, where Radio Liberty's current level of performance is only a fraction of its potential. The same is true to a lesser extent for VOA. (C)

Book and publication programs for Eastern Europe and the USSR, like the radios, provide the basic seed and fertilizer on which dissidence

³ Brzezinski highlighted this sentence in the margin.

is nourished. These programs were at a low ebb in 1977, at a far lower level of real-dollar input than they had been ten years earlier. They have received modest increases each of the past four years but are still, at a total expenditure of less than \$5 million per year, funded at levels which do not enable them to exploit the new opportunities for penetrating the Communist world with ideas and information which are constantly developing.⁴ *Samizdat* and *tamizdat* available for republishing and distribution into Eastern Europe and the USSR are becoming available at a much faster rate than they are able to take advantage of because of limitations of funds and manpower. (S)

Realization of the importance of Islam, national self-assertion among the Muslim peoples of the USSR (as well as Christian peoples such as the Balts, Ukrainians and Georgians) and the ferment and feedback generated by events in Iran and the Soviet invasion of Afghanistan, (*inter alia* the resultant suppression of dissidents of which the Sakharov exile is only the most flagrant example) are developments which have highlighted new opportunities. Existing resources are inadequate to meet these opportunities. Existing manpower working on these subjects is insufficient to do all the research and operational planning that is required. (C)

RECOMMENDATIONS:

Programs for exploiting dissidence in Eastern Europe and the USSR (and perhaps Cuba as well?) are, comparatively, in terms of the continuing effect they generate within Communist societies, the most cost-effective activity the U.S. Government undertakes. (U)

- *While maintaining and refining its verbal commitment and demonstrative public actions in behalf of dissidents and human rights in these countries, the Administration should urgently consider immediate increases in resources allocated to these activities. At a minimum they merit classification as essential national security operations subject to real annual increase of 3–5% on a par with defense outlays.*⁵ (U)

- The creation of *one or more semi-autonomous institutions* for sustained implementation of *human rights goals*, with perhaps a combination of governmental and private funding, should be urgently studied. (C)

- *Expansion and refinement of radio programming* by all instrumentalities available—VOA, RFE/RL—should be undertaken at a steady tempo. (U)

⁴ Brzezinski highlighted the two sentences above in the margin.

⁵ Brzezinski wrote “reprogramming of books” in the margin.

- Plans should be made for *future expansion of radio transmitters* to counter continued Soviet increases in transmitter power and efforts to jam our transmissions. The long lead-time required for building transmitters makes this essential. (C)

- *Expansion of publication and distribution operations* should also be undertaken. Even modest increments of funds enable existing publication and distribution projects to perform at a much higher level of efficiency. E.g., publishing 6,000 rather than 3,000 copies of a Ukrainian dissident book costs much less than the initial cost of the original 3,000. (S)

- *A tape-cassette distribution program* should be developed to augment existing book and magazine programs; there is increasing evidence that cassettes are popular and effective in the Communist world. (S)

- Substantively, areas and peoples who are poorly served by current or even planned publication and distribution programs include:

- The Baltic States, especially the Lithuanians.

- The Ukrainians.

- The Caucasus, including the Georgians, Armenians and Muslim peoples. (C)

- *Religion*, not only Islam, should be given higher priority for planning new operations. E.g., the potential of persistent Orthodox tradition in the Ukraine and among Russians as a focal point for anti-Communist nationalism (or nationalism that regards Communism as irrelevant) needs to be examined. (C)

38. Editorial Note

The Polish economic situation grew dire over the course of 1980. On July 1, the Polish regime raised food prices nationwide, sparking a series of strikes that quickly swept the country and forced the Polish Government into crisis mode. The Embassy in Warsaw reported on July 31 that “the labor unrest which has now persisted in Poland for more than four weeks—strikes, stoppages, and slow-downs—may already have cost the Polish Government as much as 50 billion Zlotys (\$1.7 billion) in yearly pay increases in addition to a three to four percent increase in domestic inflation.” Ad hoc committees, the Embassy reported, “have been formed in many individual plants and have bargained with management and governmental representatives,

pressing worker demands," further discrediting government-sanctioned labor unions. The Polish regime's policy toward the emerging groups, the Embassy wrote, "is still being formulated—painfully. The government must, of course, consider that from the Soviet viewpoint, such organizations are not only dangerous but virtually intolerable." (Telegram 7483 from Warsaw, July 31; National Archives, RG 59, Central Foreign Policy File, D800366–0451)

By mid-August, the economic and political situation in Poland had deteriorated further. On August 12 the Embassy reported that, among the effects of the ongoing labor unrest were "a review of what the role of the trade unions should be; a drop in [First Secretary of the Polish United Worker's Party Edward] Gierek's stature; increasing resort by workers to job actions to defend their standard of living thereby causing pressures to mount within the Party for a tougher policy toward the working class; and emerging differences of opinion among the leadership." (Telegram 7960 from Warsaw, August 12; National Archives, RG 59, Central Foreign Policy File, D800388–0471) Strikes in Gdansk and Szczecin began on August 14 and 18, respectively. The workers formed strike committees and issued lists of demands, including, for the first time, the demand that workers be allowed to form trade unions independent of government control. By August 24, Gierek tried to appease protestors by firing several high-ranking members of the government and Party apparatus, including Polish Prime Minister Edward Babiuch and Party ideologue Jerzy Lukazewicz. The Embassy reported on August 24: "These personnel changes are the most significant and sudden since 1970." Although Gierek survived, his prestige suffered, the Embassy reported. Concerning the strike committees in Gdansk and Szczecin, the Embassy concluded: "Their solidarity seems too strong just now to be affected by Party promises of free elections of trade union representatives on the shop floor. We anticipate they will have further tough negotiations with the Jagielski commission but believe that they will find the commission more flexible than before." (Telegram 8427 from Warsaw, August 24; National Archives, RG 59, Central Foreign Policy File, D800404–0720)

Concerns about developments in Poland prompted the White House to send a message to British Prime Minister Margaret Thatcher, French President Valéry Giscard d'Estaing, West German Chancellor Helmut Schmidt, and other close allies on August 27. In his message to Thatcher, sent directly from the White House to the Cabinet Office, Carter wrote: "what is going on in Poland could precipitate far-reaching consequences for East-West relations, and even for the future of the Soviet Bloc itself." "The best outcome," Carter continued, "would involve accommodation between the authorities and the Polish people, without violence. Such an accommodation could well transform the

character of the Polish system.” Noting that Secretary of State Edmund Muskie had met with his French and West German counterparts to discuss Poland, Carter suggested that “it is extremely important for us to keep in touch as the situation in Poland develops.” (Telegram WH0642 to Thatcher, August 27; Carter Library, Brzezinski Donated Material, Subject File, Box 20, Alpha Channel—Miscellaneous—7/80–8/80) In a similar message sent to Pope John Paul II, the President thanked the Vatican for “the wise approach which you and the hierarchy of the church in Poland have been taking toward recent events.” (Telegram 230027 to Rome, August 29; National Archives, RG 59, Central Foreign Policy File, P870047–0341)

Ambassador to Poland William Schaufele wrote on August 29: “Every day this week I have toyed with making an up-to-date assessment of the Polish situation but have delayed as new developments pile up and send me back to the drawing board.” Noting that there had been no violence associated with the strikes, Schaufele wrote: “If the striking workers can maintain this discipline, the source of any violence would have to be a decision by the government physically to force them back to work or to remove them from the factories, shipyards, and other work places. And that would have grave implications for the future. It is still our view that some of the militia would follow instructions to use force but it is highly doubtful that the army would. And the magnitude of the strike movement would stretch militia manpower very thin.” (Telegram 8625 from Warsaw, August 29; National Archives, RG 59, Central Foreign Policy File, D800414–0126)

On August 31, First Deputy Prime Minister of Poland Mieczyslaw Jagielski and Solidarity leader Lech Walesa signed an agreement at Gdansk guaranteeing, among other things, the right of Polish workers to form independent trade unions and to conduct strikes. The Embassy in Warsaw reported the signing on September 1, and concluded that, while “the overall trend in Poland today seems to be back to work,” the next period “requires the same prudence and responsibility. Both the party and the new labor organizations will be jockeying for power, and the inevitable friction that will result will demand of both sides as much forbearance as they have shown to date.” (Telegram 8667 from Warsaw, September 1; National Archives, RG 59, Central Foreign Policy File, D800416–1014) Documentation on Poland is scheduled for publication in *Foreign Relations*, 1977–1980, volume VII, Poland, 1977–1981.

39. Memorandum From William Odom of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 3, 1980

SUBJECT

East-West Relations: A Formula for U.S. Policy in 1981 and Beyond

I want to offer some perspectives on the *current state* of East-West relations and an *integrating formula* for putting both the resources and a clear sense of strategic direction into our policies toward the Soviet Union in the next four years. You will recognize much of the analysis, but I hope the framework is helpful for tying rhetoric to actions and programs in a comprehensive fashion. The inspiration for this memo comes in part from Sam Huntington's recent paper on U.S.-Soviet relations² which he wrote for Hedley Donovan, but it also stems from my own efforts in strategic doctrinal changes, the Persian Gulf Security Framework, and East-West technology transfers. We have accomplished a great deal over the past three years, and I would like to maintain the momentum and include additional areas and programs.

The East-West Balance

In early 1977 you told Sam and me to "tell us how we are doing in the world vis-a-vis the Soviets." PRM-10 Comprehensive Net Assessment³ was the reply. It treated military and non-military categories as well as all major regions of U.S.-Soviet competition.

1. The military *balance* was judged as "essential equivalence" and the *trends* as adverse. That judgment looks sound in retrospect.

2. In the non-military categories of technology, economics, diplomacy, and political institutions, the U.S. was ahead although the critical military-related technology gap was closing in several areas. In retrospect this judgment has been vindicated.

3. In the major regions outside Europe, Soviet prospects were judged best in Africa and the Persian Gulf region. The Caribbean was cited but without alarm. In retrospect, the record is mixed in Africa;

¹ Source: Carter Library, National Security Affairs, Staff Material, Unfiled File, Box 130, [East/West] 9/80. Confidential. Sent for information. Brzezinski forwarded the memorandum to Carter who wrote "Very interesting. J" at the top of the first page.

² Not further identified.

³ Carter signed PRM-10, calling for a "Comprehensive Net Assessment and Military Force Posture Review" on February 18, 1977. (Carter Library, National Security Council, Institutional Files, Box 3, Unclassified/Declassified PRM and PD/NSC Documents)

Iran as a crisis point was predicted; we were too optimistic about the Caribbean; and Southeast Asia has been more volatile than anticipated. In East Asia, our normalization with the PRC faces the USSR for the first time ever with a China-Japan-U.S. tie of good relations.

4. In Europe, PRM-10 emphasized the certainty of political uncertainty in both Eastern and Western Europe. That judgment remains valid. The emergence of a more traditional German *Ostpolitik*, exploited by Moscow in the traditional manner, signals growing difficulties in West-West relations, i.e., within the Alliance. The Soviet invasion of Afghanistan has given unambiguous evidence of the strategic interaction between the Persian Gulf region and European-Soviet relations: Soviet power projection that affects the oil states of the Persian Gulf tends to reinforce the accommodationist politicizing forces in Western Europe and thereby exacerbates U.S.-European relations vis-a-vis Moscow and the Persian Gulf.

The Transition from Era I to Era II in East-West Relations

Critics within the U.S. and abroad have complained that the U.S. has not pursued a steady or consistent course in U.S.-Soviet affairs. The President, in particular, is believed by many to be responsible for this. It is, in their view, all his fault.

To some extent, the apparent inconsistency is real. Soviet power projection has been used more extensively in the last few years than even informed policy and intelligence circles believed it would be. "Changing" U.S. policy, therefore, has been "catching up" U.S. policy. Consistent policy outputs are impossible when the inputs differ substantially from those anticipated.

To a larger extent the inconsistency is only apparent. It looks that way because the foreign policy and press elites themselves are split on fundamental assumptions about U.S. foreign policy. They are awakening to and becoming disturbed by the transition from the first era in East-West relations—1945 to the mid-1970s (U.S. dominance and Pax Americana)—to the second era—the 1980s and 1990s (the nature of which is still being defined, as Soviet military power makes itself felt). But they are reacting to this awakening in quite different ways. At least three fissures divide foreign policy and media elite views, and perhaps even the broader public, as they assess the incipient realities of Era II.

First, there are fundamental differences over the *political utility of military force*. At the strategic nuclear level, some believe "assured destruction" is enough. Others believe force balances and capabilities make a political and diplomatic difference. At the conventional level, some argue that our Vietnam experience shows that conventional military power is greatly overrated. Others say that Vietnam proves the

importance of using conventional military power effectively, of not squandering it where our interests are small.

The second fissure is *East-West versus North-South primacy*, between those who view East-West relations as still the cornerstone of U.S. foreign policy and those who believe that North-South relations rival if not exceed East-West relations for the cornerstone role.

The third fissure concerns *economics—the growing incongruities between economic power on the one hand* (Europe, Japan, and Saudi Arabia) *and military security responsibilities on the other hand* (the U.S. carries them all). It is only vaguely recognized, but it has enormous potential to evoke an “isolationist—internationalist” dichotomy in security policy prescriptions.

These fissures prevent a foreign policy consensus on East-West relations and mean that in the 1970s, and perhaps into the 1980s, no U.S. policy toward the USSR can have broad and constant support. The domestic need to accommodate both sides of each fissure, particularly in Congress for budgets, inevitably creates the impression, if not the reality, of a wavering U.S. policy toward the Soviet Union and our allies. Thus, blaming the President is far from an adequate explanation.

The primary task for U.S. foreign and defense policy in the early 1980s, therefore, is to complete the transition to Era II peacefully and to give that era a definition and direction appropriate to changed realities. Success will depend in part on closing the three fissures, and a compelling formula articulated by the President will help close these. Only their closure will provide the liberal consensus necessary for a sustained realistic policy.

A U.S. Policy for Era II

Era II may or may not be dominated by the U.S. A return to the Cold War is not possible because regaining the military preponderance of that time is not feasible. Were it feasible, a Cold War balance would be the best choice because it was a period relatively secure from general war. A return to detente of the early 1970s is equally infeasible. The Soviets would demand higher terms and be no less aggressive in projecting power into the disputed regions. Even if the Soviet leaders personally desired a relaxation, the centrifugal forces within the USSR, in the Warsaw Pact, and in client states elsewhere would make it too risky. They are trapped in their own expansive dynamic which limits fundamental choices.

Neither the containment policy nor the detente policy alone is adequate to deal effectively with the new level of Soviet power. A more comprehensive approach is essential. The U.S. must neither rely largely on military power nor passively “contain” Soviet power. The U.S. must *engage* the USSR *competitively*.

Huntington defined four elements of a policy toward the USSR on which “competitive engagement” can be built.

- a. Maintenance of military deterrence.
- b. Containment of Soviet expansion where deterrence fails.
- c. Offers of politically conditioned economic benefits.
- d. Reduction of Soviet influence over client states, bloc states, and minority nationalities in the USSR.

A number of things have been accomplished over the past three years to provide the programs and policies for “competitive engagement” over the next four years. When they are specifically related to the four elements of the policy, a clear view of how to proceed in East-West relations begins to emerge. That follows for each element.

- a. *Maintenance of military deterrence through military pre-eminence.*

The doctrinal changes marked by the “strategic” PD–41, 50, 53, 57, 58, and 59⁴ provide the direction our military programs must take to maintain deterrence in the 1980s. The gap between our political objectives and our military capabilities must be reduced. This can be accomplished through simultaneous improvements in our force posture and meaningful arms control agreements.

—*Force Improvements.* We must address our military deficiencies in a three-pronged attack which includes:

—*The Budget.* Not only must the budget be increased, but Defense, FEMA, and the DCI must let the strategic PDs guide their program choices. To date, they have yielded little to the new doctrine.

—*Organization.* All three agencies must be reorganized to improve “factor productivity,” with particular emphasis on the Pentagon. The President tried to reorganize DoD once, but the effort failed. He succeeded with FEMA. He must succeed in the next term with DoD.

—*Manpower.* We must also solve the military manpower problem. That probably means a return to the military draft.

⁴ Presidential Directive (PD) 41, “U.S. Civil Defense Policy” was signed by Carter on September 29, 1978, and directed that Civil Defense capabilities be used to enhance deterrence and stability in conjunction with strategic offensive and strategic defensive forces. PD–50, “Arms Control Decision Process,” was signed on August 14, 1979. It directed that any new proposal or modification in arms control negotiation posture be tested against several criteria including whether it contributed to achieving defense and force posture goals. PD–53, “National Security Telecommunications Policy,” was signed November 15, 1979, and established policies for national telecommunication during and after a national emergency. PD–57, “Mobilization Planning,” was signed March 3, 1980, and directed that mobilization scenarios be coordinated among interested Federal agencies. PD–58, “Continuity of Government,” was signed June 30, 1980. PD–59, “Nuclear Weapons Employment Policy,” was signed July 25, 1980. It established that the most fundamental objective of U.S. strategic policy was nuclear deterrence. U.S. strategic nuclear forces were required to deter nuclear attacks not just on the homeland, but also on forward bases, allies, and friends, and contribute to the deterrence of non-nuclear attacks. (Ibid.)

The objective of these measures may not be “military superiority” but it should be “military pre-eminence” for the US and its allies, in terms of both nuclear and conventional forces.

—*Arms Control.* Arms control, too, plays a part in the military balance. Arms control, however, is headed for indefinite dormancy in the 1980s unless it is tied symbiotically to our defense policy. PD-50 prescribed the process that can achieve that symbiosis. ACDA, State, and even ISA at Defense have failed to see this merit in the directive. Yet it is precisely arms control that is at risk without the PD-50 approach.

SALT I and II were developed to support our assured destruction defense policy of the 1960s. In the 1970s, that policy became inadequate. ACDA and State drifted into the position of seeing arms control as a surrogate for a defense policy. Now we are hesitantly awakening to the defense policy problem in Europe. We cannot move with confidence into TNF and SALT III negotiations because we are in transition with our defense policy. That is not the only defense policy problem for arms control. ASAT negotiations move on although we have not the slightest idea of our force goals for space. No military service has responsibility for them. The same is true for CTB. We have not developed our defense requirements for nuclear weapons development and production of nuclear materials. Yet we are on a CTB track that enjoys no interagency consensus.

Two major PD-50 tasks must be launched to extract us from this disastrous course on which arms control now proceeds toward self-destruction. First, an across-the-board assessment of all negotiations vis-a-vis one another is essential. Second, a somewhat more narrow review of the TNF/SALT III sector is needed to clarify what kind of SALT III can assist our national security in an unambiguous and objective way. To do that, we must also *review the whole of our strategy and force structure for the defense of Europe*. Both efforts should be complete by next spring. To make these serious endeavors, the President will have to reconfirm his commitment to the PD-50 process within the agencies.

b. *Containment of Soviet expansion where deterrence fails.*

We must devote special attention to the three interrelated strategic regions of Europe, East Asia, and the Persian Gulf. The Caribbean region is also overdue for our security attention as is Southeast Asia.

We have major work to accomplish in each area, notwithstanding much that has already been accomplished. NATO, as mentioned in connection with PD-50, needs a reassessment of our strategy for its defense. The Persian Gulf Security Framework effort must be kept on track, a separate unified command being one of the first steps next year. For the Caribbean we must begin a similar security framework

effort. In East Asia, the nature of military ties with China will need further definition.

In addition to these regional activities, some key functional area reviews must be accomplished:

—A successful policy of containment depends on capable conventional force projection. We have a modest beginning in the RDF.

—Security Assistance policy needs significant revision, budgeting, and perhaps changed legislation.

—Our intelligence capabilities in each region must be improved and expanded with all the speed possible.

—Military training assistance and advisory policy needs repair.

The most difficult area in the 1980s may prove to be Europe, West-West relations. Overcoming the lag between our own recovery from the hopes of the early 1970s and Europe's recovery from its present illusion of divisible detente, will not occur without political trauma. How to defend Europe effectively cannot be dodged as it has been for three decades. And until that is decided, arms control within that theater will be difficult to implement in a way that is not politically and militarily injurious to the West. The LTDP was a modest beginning which must be turned into a major revolution in the 1980s.

c. Offers of politically conditioned economic benefits to the East.

The Soviet Union and East Europe will continue to look to the West as a source of reprieve from their economic plight. The West must exploit that need with offers of economic assistance based on rigorous and measurable political conditions.

With the new COCOM policies,⁵ we have begun to control more effectively the strategic technology transfers. The next step is East-West trade coordination. Credits and trade must be coordinated on an alliance basis. Such a step logically follows from our COCOM policy. Otherwise, the "alternative supplier" problem will continue to deny us the political advantages of our greatest edge over the Soviets—economic advantage. In the "process know-how" proposal to COCOM we have already moved slightly toward trade coordination. That is why Europe resists it. The diplomatic efforts now in progress to prevent the FRG (Kloeckner) and France (Creusot-Loire) from taking our ARMCO and ALCOA deals with the Soviet Union can be the seed

⁵ In telegram 50188 to multiple posts, February 24, the Department explained that "the 'no exceptions' policy advocated by the U.S. for exports to the USSR would not apply to Eastern Europe or the PRC." Because the policy differentiated between countries of the Soviet bloc, "there may be a greater temptation to divert exports within the Warsaw Pact. COCOM participating governments, including the U.S., should carefully examine the potential for diversion from Eastern Europe to the USSR." (National Archives, RG 59, Central Foreign Policy File, D800096–1230)

from which East-West trade coordination grows. If the Germans believe that Soviet markets are critical for their machine exports, then we can retaliate by denying them our import market. We have strong laws that allow the President to force Europe to choose between the US as a trading partner and the Soviet Bloc as a market. Once the allies are whipped into line, we can dictate the political terms of East-West trade.

The Soviets deeply fear a Western united economic front. If we do not present them with one in the 1980s, the incongruities between security burdens and economic power in NATO will create a political backlash in the US which will destroy public support for US troops in Europe. The Mansfield Amendment was merely a hint of what can come if the Europeans continue to get without paying for, because we choose not to tax them.

To move from the rhetorical to the operational, *we should use the post-Afghanistan policy with our allies to lay the basis for East-West trade coordination at the Economic Summit in Canada next summer.* Once the Soviets see an emerging united economic front, we will have important opportunities for our economic diplomacy.

d. *Reduction of Soviet influence over 1) client states, 2) bloc states, and 3) national minorities in the USSR.*

It is time to reduce the spheres of Soviet influence, and the opportunities are large. We have the beginnings of a policy for the three non-Russian areas of Soviet influence.

—*Client States.* In Southwest Asia, in the Horn of Africa, in Southern Africa (Angola), in Yemen, in the Caribbean, and in Southeast Asia we can and should bring some reverses to the Soviet projection of power. This will involve more vigorous support for anti-Soviet movements afoot in all areas.

—*Bloc States.* We already have a policy for East Europe of encouraging its autonomy vis-a-vis the USSR. *We must help Poland consolidate recent gains.*

—*Minorities in the USSR.* We can do more on the nationality question within the USSR. The human rights policy is, of course, already a weapon in our arsenal. In an age of nationalism, there is nothing permanent about Soviet “internationalism” and Soviet borders—something we can imply and encourage others to say explicitly.

A competitive approach to spheres and areas of Soviet influence will make further Soviet projection of power more difficult. A passive containment approach will permit Soviet consolidation of recent gains and new efforts to expand further.

The Soviet Union, however militarily strong it is becoming, suffers enormous centrifugal political forces. A shock could bring surprising developments within the USSR, just as we have seen occurring in

Poland. The dissolution of the Soviet Empire is not a wholly fanciful prediction for later in this century. US policy should sight on that strategic goal for the longer run. When it comes, Era II will be at an end, and we can anticipate Era III.

To sum up, through a strategy of “competitive engagement” the President can, I believe, heal some of the fissures in our foreign policy and media elite opinion on the three key assumptions for US military, foreign, and economic policy. In a second term he will be freer to stand above the day-to-day criticisms that have heretofore made a steady course difficult to follow, particularly funding programs and pursuing adequate legislation. He also has the enormous advantage of several inchoate policy developments (as outlined above) that will allow him, rather than the Soviets and our allies, to define the nature of Era II in East-West relations. Basic steps have already been taken in each of the four elements of “competitive engagement.” As policy slogans form each element, the following are possibilities:

a. *Maintenance of military deterrence.*

US “military pre-eminence” is the essential basis for deterrence and security. We shall acquire it and maintain it with our allies.

b. *Containment of Soviet expansion where deterrence fails.*

“Three interrelated security zones” are the basis for containing Soviet power projection.

c. *Offers of politically conditioned economic benefits.*

“Reciprocally advantageous East-West trade” is our goal, but trade is not compatible with threats to our security and foreign policy interests.

d. *Reduction of Soviet influence over client states, Bloc states, and non-Russian minorities in the USSR.*

“Resistance to Soviet internationalism” is encouraged wherever states and nations find it oppressive and unwanted.

40. Memorandum Prepared in the Central Intelligence Agency¹

PA M80-10385C

Washington, September 5, 1980

**LIKELY CONSEQUENCES IN EASTERN EUROPE
OF THE POLISH EVENTS****SUMMARY**

Over the short to medium term (several months to a year) the Polish regime's granting of political concessions to striking workers will have a greater effect on the regimes than on the populaces elsewhere in Eastern Europe. The regimes will seek to head off any developments similar to those that took place in Poland by using persuasion, assuagement, and—if necessary—intimidation. If Moscow does not force wholesale retraction of the concessions the regime in Warsaw has granted, workers elsewhere in Eastern Europe eventually might raise demands similar to those the Poles have. If the Soviets intervene to prevent the implementation of the concessions, other East Europeans are unlikely to take the risk of emulating the Polish workers. (C)

Impact on the Regimes

[1 paragraph (11 lines) not declassified]

Over the short term, the regimes probably will be prepared to make limited concessions—such as increasing the availability of consumer goods, offering limited wage increases to certain workers, and perhaps delaying price increases. At the same time they will increase the workload of party cadre who monitor and seek to direct public opinions and will tighten security. They may also revamp the party-controlled trade unions in an effort to head off criticisms and demands for change. Nervous leaders, however, might over-react to any signs that people are even considering imitating the Polish workers. Harsh political measures or the use of force could precipitate the very thing they wish to avoid—labor unrest and other forms of popular demonstrations. (C)

East European leaders would become even more concerned if the Polish regime proves unwilling or unable within the next several months to retract some of its concessions. Internally the regimes would most likely continue and intensify their efforts to persuade, assuage, and intimidate. The economic costs of assuaging the populace might, however, soon present a burden that the five countries would be unable

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 85T00287R, Production Case Files, Box 1, Folder 198, Likely Consequences in Eastern Europe of the Polish Events. Top Secret; [codeword not declassified]. Prepared in the Office of Political Analysis and Office of Economic Research and coordinated with the National Intelligence Officer for the USSR/Eastern Europe.

and/or unwilling to bear. They would therefore begin—or in the case of the East Germans step up—pressure on the Polish regime to curb the workers. At the same time the East Europeans would probably ask the USSR to provide them with greater economic assistance. The Soviets might comply but would demand a political price—more tightening of internal security and greater allegiance to the Soviet foreign policy line. (C)

Impact on the Workers

We assume that the populaces in Eastern Europe have listened to Western broadcasts and know of the outcome in Poland. We also assume that many East Europeans were vicariously buoyed to learn that a Communist regime was forced to make major concessions to striking workers. It is unlikely, however, that any of the East European populaces will react over the next several months by emulating the Polish workers. In Romania, where there have been a number of minor worker disturbances over this summer, significant numbers of workers might go on strike, but they are likely to press for strictly economic benefits—not for trade unions or other political concessions—and the Ceausescu regime would be able to contain such strikes. (C)

Despite the victory of the Polish strikers, workers elsewhere in Eastern Europe will be reluctant to challenge regimes that they perceive—probably correctly—as more likely than the one in Poland to reply with prompt and harsh repression. Even in the near term, however, the events in Poland may give rise to greater worker assertiveness within the framework of established grievance procedures. In some cases, moreover, circumstances could precipitate localized strikes. Such strikes, however, are not likely to reach anything like Polish proportions or to acquire a comparable political content. There is a less glaring disparity between popular expectations and standards of living in the rest of Eastern Europe than in Poland. The workers in the other countries also lack the leadership, self-discipline, and solidarity that their Polish counterparts developed during years of strike experience. Nor can they look for support from vocal and organized political dissidents and an independent and politically influential church. (C)

Longer Term Implications

While the short term effects will be limited, over the next several years the impact of the events of the past several weeks could result in more substantial changes in Eastern Europe. Most regimes will be forced in any case to make adjustments that will impede or rule out attempts to boost economic efficiency. Efforts to provide more consumer goods and hesitancy in implementing economically necessary austerity policies would further exacerbate economic and financial problems and delay for years the implementation of economic reform

measures that would inevitably be painful. A prolonged period of economic stagnation—of level or slowly declining living standards—seems in prospect, as all the economies of Eastern Europe face austerity imposed by energy problems, demographic developments, and the requirement of improving external hard currency financial positions. (C)

Politically, the deteriorating economic situation could lead to disputes within the leadership and the populaces could gain the impression that the regimes are not united and are indecisive. This perception might tempt workers and political dissidents to become more assertive and perhaps to cooperate with one another. Under such conditions, the victory of the Polish workers could become an example other East European work forces might seek to emulate. They would still be taking a great risk, however, for they would have less reason to believe that their regimes would necessarily follow the Gierek regime's example or that Moscow would tolerate another "Polish Summer."² (C)

² See Document 38.

41. Telegram From the Department of State to the Embassies in All NATO Capitals¹

Washington, September 20, 1980, 0753Z

250846. Subject: Poland and Eastern Europe: Analysis and Policy Implications. Ref: State 238732.²

1. (C-entire text)

2. In an effort to analyze the likely effect on the USSR and Eastern Europe of the developments in Poland and to evaluate their implications for U.S. policy, we circulated our initial assessment (reftel) to our posts in Moscow and Eastern Europe for their initial thoughts and

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800453–1198. Confidential; Priority. Drafted by Gilmore; cleared by Bridges, Parris, and Barry; approved by Ridgway. Sent for information Priority to Belgrade, East Berlin, Bucharest, Budapest, Moscow, Prague, Sofia, Warsaw, Helsinki, Madrid, Stockholm, and Vienna.

² In telegram 238732 to multiple posts, September 8, the Department provided a draft of the paper and requested comments on the analytical section as well as policy recommendations for each individual Eastern European country. (National Archives, RG 59, Central Foreign Policy File, D800428–0391)

comments. This message represents a refinement of our assessment in light of the responses from the field. We have cast paras 3–6 of this message in the form of talking points which the action addressees may share with host governments on a confidential basis. Action addressees may also draw on the substance of paras 7–9³ which discuss U.S. policy in light of the recent events in Poland.

3. The present situation in Poland:

—Events in Poland have not yet run their course and the question of whether the workers are ultimately successful in achieving a major liberalization of Polish society will have a significant bearing on the impact of these events on other Eastern European countries.

—Although Polish workers have already won some signal victories, e.g., securing agreement in principle to an independent trade union structure, acknowledgement of the right to strike, access by the church to the media, and apparently some relaxation in censorship, the new Polish leadership seems certain to try over time to pare back some of these concessions. Nevertheless, in the short run, the situation in Poland seems likely to stabilize and the gains of the workers seem likely to be preserved.

4. Impact of Polish developments on Eastern Europe:

—The unique characteristics of the internal situation in Poland reduce the chances of any immediate, direct spillover of Polish developments into other parts of Eastern Europe—let alone the USSR.

—At least some of the other Eastern European Governments are likely to heighten the degree of vigilance toward dissidents and be more alert to the possibility of discontent among workers. At the same time, they are likely to pay more attention to agricultural performance and supplies of foodstuffs and consumer goods.

—Several Eastern European Governments are likely to pay increased attention to the possibility of structural economic reforms—perhaps along Hungarian lines—as a way of dealing with worsening economic problems.

—Over the longer term, developments in Poland are likely to have a significant impact. The workers' gains, especially if they are to some degree consolidated and institutionalized, will serve as an example of the kinds of evolutionary change which may some day be possible elsewhere in the area.

5. Reaction from Moscow:

³ In telegram 253501, September 22, the Department corrected this sentence to read "draw from substance of para 7." (National Archives, RG 59, Central Foreign Policy File, D800453–1198)

—Poland's reforms, if implemented, could threaten the party's monopoly on political power, and Moscow is concerned that elements in other Eastern European countries might emulate Poland. Therefore, the Soviets are likely to press the Poles to roll back—to the degree possible—the concessions made to workers on the right to form independent trade unions and the right to strike.

—While the Soviets seem certain to heighten their efforts on ideological vigilance, they are unlikely, at least for the present, to pressure the Poles or the other Eastern European countries to curtail their economic ties with the West.

—The Soviets are able and ready to provide Poland with some economic assistance, as the recently announced agreements indicate. Soviet hard currency balances are up, and so long as Polish developments remain within bounds acceptable to Moscow, the Soviets are likely to provide carefully measured assistance. It is unclear at this point how far Soviet leaders will find it possible or desirable to go.

—The Soviets also seem prepared to tolerate a degree of economic experimentation, perhaps along the lines of Hungary's new economic mechanism, although they will caution against reforms which affect the political structure of the state.

—Polish events point up particularly clearly the increasing difficulties of the Soviet Union in resolving the problems in its economic and political relationships with Eastern European countries.

—Domestically, the Soviets have taken steps such as the jamming of VOA, BBC and Deutsche Welle to insulate their population from information on developments in Poland.⁴ Although there are certain parallels between Soviet and Polish economic problems, we see little prospect of Soviet workers raising demands for fundamental reform of the Soviet system.

6. Impact of Polish events on Europe as a whole:

—Detente and CSCE. In view of the low key posture of Western European Governments with regard to the Polish crisis and Soviet hopes of preserving the structure of detente in Europe, it seems unlikely that the Polish developments will lead to a more pugnacious Soviet stance at Madrid.

—It would be shortsighted, however, to attribute the "successful" outcome in Poland as evidence of Soviet restraint in Europe or as a triumph of detente.

⁴ See Document 79.

—The Soviets will be at great pains to avoid weakening the position they gained in post-1945 Europe, and they will not exclude the use of armed force as a means of preserving their “alliance” in extremis.

7. U.S. policy:

It is clear, based on our assessment of the Eastern European reaction to events in Poland, that the principal implication for the United States in the future is to continue our policy of differentiation. With each Eastern European Government our policy actions must take into account that government’s policies toward us; at the same time we must tailor our policy initiatives to the peculiar situation found in each of these countries. We should be alert to the needs of the Eastern Europeans and prepared to respond to them rapidly and concretely, and with appropriate subtlety, in view of the sensitivity of the USSR.

Christopher

42. Editorial Note

The crisis in Poland reached a tipping point in December 1980. On December 2, the Central Intelligence Agency (CIA) issued an Alert Memorandum noting that the Soviets were increasing preparations for an invasion of Poland: “Recent military activities in and around Poland are highly unusual for this time of year. We are aware of preparations for an imminent unscheduled joint service exercise involving Soviet, East German, Polish, and possibly Czechoslovak forces” which “could also serve as cover for an intervention.” While cautioning that Soviet preparations did not denote an imminent invasion, the Agency concluded that intervention was increasingly likely. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 65, Poland: 11/80–1/81) The memorandum is scheduled for publication in *Foreign Relations, 1977–1980*, volume VII, Poland, 1977–1981. The following day, President Jimmy Carter sent Soviet General Secretary Leonid Brezhnev a Hot Line message assuring the Soviet leader that the United States was not intent on taking advantage of the Polish crisis to change the balance of power in Europe. The White House also issued a public statement warning of “unprecedented building of Soviet forces along the Polish border” and Soviet statements of “alleged ‘anti-Socialist’ forces within Poland.” The White House warned: “We know from postwar history that such allegations have sometimes preceded military intervention.” They continued: “Foreign military intervention

in Poland would have most negative consequences for East-West relations in general and U.S.-Soviet relations in particular." (*Public Papers: Carter, 1980–1981*, Book III, pages 2771–2772)

On December 4, the CIA received an urgent message from a highly valuable and well placed source in the Polish General Staff, Colonel Ryszard Kuklinski. Kuklinski informed the CIA that the Soviets had decided to invade Poland with 15 divisions, 2 Czechoslovak divisions, and 1 East German division on December 8. (Benjamin Weiser, *A Secret Life*, pages 219–221) Despite Kuklinski's information, the final decision on Soviet intervention had been delayed until after a special meeting of the Political Consultative Committee (PCC) of the Warsaw Pact scheduled to take place in Moscow on December 5. At the meeting, Polish First Secretary Stanislaw Kania, informed the other Eastern European leaders that the Polish leadership had instituted a group working on imposing martial law in Poland, arresting the leadership of Solidarity, and creating an armed militia of party functionaries. While the Warsaw Pact leaders cautioned Kania of the danger of having the situation further deteriorate, it was agreed that the Polish leadership should still attempt to resolve the situation on its own. (*From Solidarity to Martial Law*, pages 141–161)

On December 7, the National Security Council met to discuss the situation in Poland and U.S. reactions. President Carter approved the text of cables to be sent to the United Kingdom, France, the Federal Republic of Germany, and other U.S. allies, as well as the United Nations Secretary General and NATO Secretary General. Following the meeting, the White House issued a statement: "Preparations for possible Soviet intervention in Poland appear to have been completed. It is our hope that no such intervention will take place. The United States Government reiterates its statement of December 3, regarding the very adverse consequences for U.S.-Soviet relations of Soviet military intervention in Poland." (*Public Papers: Carter, 1980–1981*, Book III, page 2785)

On December 8, Bureau of Intelligence and Research Director Ronald I. Spiers briefed Western Ambassadors in Washington on the U.S. assessment of the Polish situation. In telegram 326216 to multiple posts December 9, the Department of State informed all NATO capitals that Spiers told the Ambassadors that the Soviets had completed preparations and military intervention could happen without further notice. Spiers reported: "Military signs are sufficiently ominous that whatever steps can be taken to affect Soviet decision making should be taken now." (National Archives, RG 59, Central Foreign Policy File, D800587–1069)

By December 11, the Soviet leadership had decided to wait for a Polish solution to the crisis. In a meeting of the Soviet Politburo, chief

Soviet ideologue and chairman of the special Soviet Politburo commission on the Polish events Mikhail Suslov reported on the December 5 PCC meeting: "Most importantly, the Polish comrades understand the great danger that hangs over Poland, and they recognize the great harm of the actions of the anti-socialist elements who represent a great threat to the socialist gains of the Polish people." Kania, concluded Suslov, "noted that the Polish United Workers' Party, the Polish people, its healthy forces, its armed forces, the organs of State Security and police, which support the PUWP, will be able to deal with and normalize the situation by their own means." Brezhnev's speech at the meeting, Suslov told the Politburo, "contained all the necessary instructions for the PUWP and the Polish comrades." (*From Solidarity to Martial Law*, pages 167–168)

In his December 19 NSC Weekly Report to the President, Assistant to the President for National Security Affairs Zbigniew Brzezinski reported: "The same Soviet clandestine source who provided the report detailing Soviet invasion plans now reports that the invasion has been postponed for the 'indefinite future.' The principal reason for the postponement, according to the sources, was the effectiveness of the Western counter propaganda campaign which convinced the Kremlin the West would retaliate 'massively' with political and economic sanctions." (Carter Library, Plains File, Subject File, Box 30, NSC Weekly Reports, 6–12/80)

43. Telegram From the Embassy in Poland to the Department of State¹

Warsaw, December 9, 1980, 1558Z

12334. Subject: Poland: Post-Intervention U.S. Policy.

1. (C-entire text.)

2. Summary: In considering the U.S. response to Russian/Warsaw Pact intervention in Poland, the guiding principle should be to distinguish between the Russians and the EE's. The former, not the latter,

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800586–1050. Confidential; Immediate; Exdis. Sent for information to Belgrade, East Berlin, Bonn, Bucharest, Budapest, London, Moscow, Paris, Prague, Sofia, Vienna, USMission West Berlin, Munich, and USNATO.

should be made to bear the brunt of the negative consequences of intervention, in continuation of our goal of dividing the East, not driving it together. The basic reality, arguing for differentiation, is that the entire EE area is in a permanent, low-grade crisis in which Russian interests and the interests of the client states tend to diverge. As regards the Polish regime, our approach should be that it was forced against its inclination and better judgement by the Russians to do their bidding. The alternative to differentiation, a general anathema on Russians, EE's and Polish Party people of every stripe is the easier option, but experience shows it will not carry very far before counter-pressures develop. The West [as] a whole, and the U.S. in particular, will be faced with tough decisions in the economic aid field in a post-intervention situation. I would not rule out carefully conditioned offers of assistance, or short-term food relief measures, as a way of looking—and being—constructive, re-entering the Polish scene and retaining flexibility from which to acquire marginal area of influence. End summary.

3. I know the Department has under consideration the question of our response to Soviet intervention in Poland.² This is a many faceted issue. I submit some thoughts on how we might deal with the Polish authorities and the other EE's, in distinction to the Russians.

4. Much will depend on the circumstances, and several scenarios can be envisaged. The Russians will, as in Czechoslovakia in 1968, claim that they and other Warsaw Pact forces have responded to a Polish invitation. They may actually be able to provide some substantiation of the claim or, as in 1968, they may simply declare an invitation as a fact and proceed from there.

5. The main consideration is that, whatever the Russian stage management turns out to be, it is they who are responsible. The others go along, more or less willingly. We should be guided accordingly. The Russians should be made to bear the negative consequences of intervention, so far as the U.S. reaction goes. We should distinguish between them and their Warsaw Pact allies to the extent possible. The objective should continue to be, as in our post-Afghanistan policy, to seek to divide, not to unite the Eastern group.

6. There are difficulties in this suggested approach. It would not be easy, for example, to operate on the premise that the East German and Czechoslovak regimes have been dragged into intervention in Poland, in light of their anti-Polish actions and statements in the past several weeks. Hungary and Romania have been fairly restrained by comparison, and I judge Bulgaria too. In the event of intervention they

² See Document 44.

will all be subject to heavy Russian pressure to support the action, if not actually participate in it. There may be shading of tone, but I suspect they will be fine ones in the general chorus.

7. Nevertheless, it is important in our long term interests to proceed on the assumption of distinction between the Russians and the others. The reason, in my view, is that it is demonstrable that the whole Eastern Europe empire is in a permanent, low grade crisis in which Russian interests and those of its clients tend to diverge on many points. It is a crisis the central feature of which is economic mismanagement. It is not a crisis which is bound to drive people to the barricades, though it will, I suspect, keep them in a constant state of disaffection. The Polish trouble, even if it is liquidated, will on this view reappear at some future point in other places in other forms—just as 1956 and 1968 were unable to exorcize the demon.

8. Our approach to the Polish authorities in a post-intervention situation will be particularly important. Again, much will depend on the actual circumstances. Perhaps there will be an invitation from some Polish quarters for Warsaw Pact “fraternal assistance.” Perhaps Polish security or military forces will act to put down worker resistance by force. I suggest our basic approach should be that the Poles, specifically the Polish Party, were forced into such actions against their better judgement through massive Russian pressure and intimidation. Such a line has a basis in fact. The Party, up to this point, has shown notable readiness to try to find compromises with the new union movement. Admittedly, it has had few options, but the fact remains that it has not had recourse in the past months to massive repressive methods. We would certainly not wish to endorse in any way Polish figures sharply identified with intervention or repression, but rather put the stress on “healthy forces” in the party which have tried to devise Polish solutions for Polish problems.

9. I would not pretend that this suggested course is easy or likely to produce quick results. The easier way in fact is to lump everyone together, Russians, EE’s, Polish Party people of every stripe, in one general anathema, draw the ideological battle lines sharply and settle down to a long, cold winter in the trenches. The difficulty with this course is that experience tells us it does not last long. Usually sooner than later, counter-pressures develop. Allies will begin to get itchy about selling large diameter steel pipe. Joint projects for Siberian development will start dancing like sugar plum fairies. The Ostpolitiker will start sighing for the German nation. Our farmers will want to sell their grain again. And, on other levels, we will all gradually wend our way

back to the reality that we need the Russians pretty badly, chiefly in arms control.

10. If that is where we are headed in the post-Polish intervention period, be it in one, two or however many years, we should be sure we do not make it tougher for the EE's than we do for the Russians. I and, I suspect, others who have been involved in US-Czechoslovak affairs feel that we transferred some [of] our policy rage at the Russians over 1968 to the injured party, Czechoslovakia. We should try to avoid that policy pothole in a Polish 1980, or 1981.

11. I realize that history cannot be telescoped. We could not have adopted the attitude to Kadar in 1956 that we did in 1966, or even more in 1976. Polich [*Poland*] has to take its natural course, and it is often inevitably slow. I would not go so far as to suggest that we should be on the alert for Kadar equivalents in any Polish variation on the Russian intervention theme, but we should be careful not to paint ourselves too firmly into too many corners too quickly. Before anyone yells "quisling," it would be well to reflect on the irony that Kadar, of all people, would be the last best hope left in EE of a mildly progressive internal regime if the present Polish strivings collapse.

12. I have pointed to economic mismanagement as the root cause of low-grade crisis through EE, and it is in the economic area that we and others would face particularly sensitive decisions in a post-intervention scene. That is, assuming that the Russians/EE's do not retreat into the bunker of strict autarky but continue to be interested, as I tend to think they must be, in developing economic relations and limited cooperation with the West.

13. It would not be easy for a USG, or other Western countries, to extend economic assistance to a post-intervention Polish regime, yet Poland in the aftermath of intervention would need economic assistance even more desperately than it does now. We could adopt the position that that is a Russian affair, and let it go at that, but I hardly think that simply washing our hands of it will satisfy public opinion, particularly American Polonia. I would not exclude our making carefully conditioned offers of assistance as a way of re-entering the Polish situation and making our presence felt. This leaves it up to the other side, Polish or Russian, to turn us down, and the onus would be on them while we would look—and actually be—constructive.

14. Immediate food aid, as distinct from broader economic assistance, would become particularly acute in a post-intervention situation. I believe we would find ourselves under public pressure, on broad humanitarian grounds, to try to help the Polish people in what would doubtless be a time of distress. Although I have reservations about

short-term CCC aid under current conditions (Warsaw 11704)³, I doubt that we would have any alternative but to grant some kind of food assistance post-intervention, either bilaterally or through multilateral programs and channels.

15. The guiding thought in all the above is simply, to repeat, we should work to divide the East, not drive it together. It is not always easy to translate that principle into practical action courses. But in general it reduces itself, even—one might say especially—in highly charged situations such as post-intervention Poland would be, to retaining flexibility and continuing to seek marginal areas of influence.

Meehan

³ In telegram 11704 from Warsaw, November 19, Meehan discussed the evolving situation and Poland and addressed the Polish request for CCC credits: “Granting additional CCC assistance might be justifiable on humanitarian grounds, but I find it difficult to produce a convincing foreign policy rationale—and the humanitarian case does not demand immediate decision.” Meehan concluded that any short-term CCC credits “would be marginal to the great mass of the problem” and suggested that a decision on offering the credits be held in reserve. (National Archives, RG 59, Central Foreign Policy File, D800554–0379)

44. Telegram From the Department of State to the Embassies in Bulgaria, Czechoslovakia, Yugoslavia, Poland, Hungary, and the Soviet Union¹

Washington, December 16, 1980, 2247Z

332554. For the Ambassador from Barry. Subject: US Policy Toward Eastern Europe Following a Soviet Intervention in Poland.

1. (S-entire text.)

2. The following is a draft of a paper now being prepared to deal with the question of our policy response in Eastern Europe to a Soviet intervention in Poland. We need to get this upstairs by COB December 17 and would appreciate any substantive comments you have to make in the meantime. Please restrict distribution to yourself and the DCM

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800599–0343. Secret; Immediate; Stadis. Drafted and approved by Barry. No final version of the paper quoted in this telegram was found.

and slug any replies Stadis—EUR only. Please do not refer to it in other communications.

Begin text:

—It was easy to rationalize our decision last January not to impose sanctions against the Warsaw Pact countries of Eastern Europe for the Soviet invasion of Afghanistan.² Furthermore, the policy of differentiation which we enunciated at the time worked—the countries of Eastern Europe clung eagerly to their relations with the US and Western Europe despite public and private Soviet complaints that we were trying to divide them from their allies. The policy which we have pursued over several administrations has encouraged diversity and evolutionary change in Eastern Europe. In fact, it has contributed to the independence in foreign policy which has created such problems for Moscow in Romania respectively, and to the domestic pluralism in Poland and the economic reform in Hungary which have already brought those countries some way back toward Western models.

—We should not lose sight of the fact that the economic and political forces which brought about the situation in Poland are also at work in the rest of Eastern Europe. The very fact that the East Germans, for example, are so afraid of Western influence and presence should point us in the direction of getting more involved in Moscow's back yard—discreetly, but in concrete ways—rather than reducing our ties and influence. Our objective should be to divide the East, not drive it together by intentionally apportioning more blame to the raped than the rapist, as we have been accused of doing with Czechoslovakia after the 1968 invasion.

—Yet we should be under no illusion that it would be possible to continue our policy without change in the wake of a Soviet-sponsored Warsaw Pact intervention in Poland. In the first place, some of the Warsaw Pact countries would no doubt participate in an intervention in Poland, thus distinguishing this from the case of Afghanistan. Secondly, both Soviet pressures and the grave deterioration in East-West relations in the wake of a Polish intervention would create new divisions in Europe and limit Eastern European freedom of action. Thirdly, public opinion here and in Western Europe would demand some actions against a Polish Government which suppressed the independent trade unions by force or East European Governments which participated in an intervention in Poland. US unions, for example, would no doubt take matters in their own hands and refuse to handle Polish ships and aircraft.

² See footnote 5, Document 39.

—While we must consider an appropriate policy response concerning Eastern Europe in advance and discuss it with our allies, we need to be careful not to lock ourselves into a policy response which might turn out to be incorrect in the event. We must recognize that intervention in Poland is the doing of the Soviet Union clients. They will respond with varying degrees of enthusiasm, with the GDR certainly and Czechoslovakia probably egging Moscow on, Bulgaria reticent, Hungary obviously reluctant and Romania perhaps dissociating itself. While some Eastern European military units may go into Poland, they will probably only have a symbolic role to play as was the case in Czechoslovakia in 1968. There is also the question of the general scenario under which any intervention might take place and the strong possibility that it will be under the guise of “Warsaw Pact maneuvers” or some kind of invitation—perhaps genuine—from the Polish Government. Our policy response in Eastern Europe will have to take all of these factors into account.

—There is an important tactical point as well. Our allies are prepared to agree that a strong policy response is required vis-a-vis the Soviet Union. They are probably prepared even to sacrifice some important economic interests to make such a policy response. However, they will not be prepared to agree that the same or similar measures should be automatically applied to Eastern Europe—for all the reasons above plus others. The most serious objections would come from the FRG, as Schmidt would certainly not be ready to sacrifice the future of inner-German relations as part of a response to Soviet intervention in Poland. The question of specific steps to be taken in Eastern Europe could sidetrack the discussion of measures to be applied to the Soviet Union, and over the longer term, a US effort to bring the Europeans along on sanctions against Eastern Europe would run into considerable resistance and play into the hands of Soviet efforts to divide the US from its allies. We must, in this regard, keep well in mind the fact that the Western Europeans have gone considerably farther than we in building economic and political relations with Eastern Europe.

—A similar general consideration to be borne in mind is that of reversibility. If the cause of sanctions against Eastern Europe is Soviet/Warsaw Pact intervention in Poland, what would be the logical cause of removing these sanctions? Withdrawal of Soviet troops from Poland? A Polish Government “acceptable to the Polish people”? In other words, whatever measures we impose will be with us for a long time unless we want to run the risk of being perceived as inconsistent in our policy.

—These considerations argue for moving ahead slowly and cautiously in planning our policy response in Eastern Europe. While we should look at the range of political and economic steps open to us and calculate their costs and benefits, we should not be “drawing up

lists" and seeking allied agreement to them. In our consultations with others, we ought to confine ourselves to general observations along the above lines rather than trying to get specific as we are on the Soviet case. Our public posture in the event of a Warsaw Pact intervention ought to be to place the blame squarely on the Soviets while acknowledging that our attitude toward Eastern European participants cannot help but be affected by the nature and enthusiasm of the support they provide to Moscow in any actions taken against Poland.

General Considerations

—As a general rule of thumb, we believe that our policy response toward Eastern European participants ought to concentrate on refusing to do things in the political and economic area rather than imposing sanctions or embargos which will be difficult to lift in the future.

—Obviously our political relations with Warsaw Pact participants will worsen after an intervention and we will want to take steps—in the UN, at Madrid, and in US and allied public statements—taking them to task for their violation of Polish sovereignty while making it clear that we hold the USSR—not the peoples or Governments of Eastern Europe—to blame.

—It will be very much in our interest to measure our response in terms of the amount of intervention; thus, a token participation by an EE country would logically call for a lesser response than what we did vis-a-vis Moscow.

—While not imposing a ban on high-level contacts with Eastern Europe—which make Moscow uncomfortable—we will want to hold back for several months.

—Yet we would want to continue and even expand where possible less visible cultural exchanges and mutually beneficial scientific and technical exchanges.

—We would not want to extend to Eastern Europe our policy of terminating or suspending US-Soviet bilateral agreements. This would mean keeping MFN in place for Poland, Hungary and Romania as well as bilateral civil aviation and maritime agreements.

—However we would no longer be able to differentiate between the USSR and the rest of the Warsaw Pact (except Romania) in the area of technology transfer. Assuming Romanian opposition to intervention in Poland, we would want to develop a really meaningful differentiation in the US Government and in COCOM.

—We would not propose an embargo on grain sales to Eastern Europe, as neither the Allies nor the American farmer would support such a move. At the same time we would shift to a "cash-and-carry" policy where appropriate to place maximum burden on the Soviet economy to feed Eastern Europe. We would also continue to warn that

any diversion of US grain to the USSR or substitution of US grain for domestic products shipped to the USSR would lead to extension of the embargo.

—We would not suspend Export-Import Bank financing for Eastern Europe. (In any event US and European private banks which make up 70pct of the debt exposure would drastically cut back on new loans and we would encourage them to limit their activities to roll-over of outstanding debt. Similarly, US business interest in large projects in Eastern Europe would decline.)

—Against the background of the overall policy approach, there follows a country-by-country discussion of policies toward each Eastern European Government.

Poland

—Here we face the most serious dilemma. The Polish Government is likely to become heavily involved in any intervention scenario, and Kania or his successor will be pursuing a repressive policy. Yet neither the US Government nor the US people—Polonia in particular—will want to punish the Polish people for being invaded. Poland's already disastrous economy will decline still more precipitously in the face of passive resistance by an angry populace. We want the Soviets to pick up the bill, and we don't want US grain to feed a Soviet army of occupation. Yet the Poles will need food, and a number of Americans will want to provide it.

—American labor will probably take matters into its own hands if the past is any guide. Dock workers boycotted ships bound for Poland during the August strikes, and they will do no less if Solidarity is crushed and its leaders imprisoned. The US Government would hardly want to argue against such action, or against similar boycotts of Polish airliners. Yet we would recommend against an embargo on grain sales which would be unpopular, superfluous and difficult to lift in the future.

—CCC is another matter. Our very sizeable exposure in Poland has been a political gesture, tied to our support for conciliatory Polish policies toward the workers. On financial and economic grounds, we would want to cut back our exposure. This would also force the Soviets to supply hard currency for new grain purchases. This points to a policy of no new CCC credits, but continued grain sales (assuming no diversion to the USSR) and eventual lifting of a longshoreman's boycott, on a cash-and-carry basis.

—On other economic measures, we suggest a formal turn-down of the Polish request for further concessional economic assistance. We presume our allies would react similarly, and that this combined with the shrinkage of private credit would force Poland to default and to

request rescheduling. We would insist on a multilateral approach and tough financial and economic conditions designed to get the Soviets to bear as much of the burden as possible.

—While supporting an end to any kind of economic assistance to the Polish Government, many Americans will support private assistance to the Polish people provided it can be monitored to insure against diversion to the USSR. We should support Catholic Relief, CARE, Project Hope and other private organizations ready to act as transmission belts for assistance. UN agencies probably would not get involved because of the Soviet angle.

—In other areas we would suggest:

—Letting EXIM financing seek its natural level—which will be very low given Poland's financial problems.

—Ending any especially favorable treatment on fish allocations.

—Dropping any effort to fund cooperation in science and technology, which would mean that the cooperative program would grind to a halt for the present.³

Romania

—Romania is another special case. Ceausescu appears to have made a genuine effort to head off Soviet intervention and he may not even lend rhetorical support to any action. If he does not, our aim should be to find new ways of supporting Romania—consonant with their wishes—and providing incentives for continued foreign policy independence in the face of growing Soviet pressure. Some suggestions:

—Scheduling a high-level visit to Romania if the Romanians want one.

—Supporting Romania's bid to host the next CSCE review conference, if we can work out a way not to offend our Belgian allies who have put forward Brussels as a site.

—Acting quickly on Romania's request for a COCOM-controlled aileron drive assembly for the fighter they are producing with Yugoslavia.

—Establishing a meaningful differential in US export control regulations and COCOM to permit prompt gray-area exceptions for Romania.

—Approving some \$100 million of Romania's \$450 million request for CCC loan guarantees.

³ In telegram 12654 from Warsaw, December 18, the Embassy endorsed the arguments in the paper and expressed strong support for continuing a policy of differentiation among Eastern European states. (National Archives, RG 59, Central Foreign Policy File, D800601-0996)

—Supporting Romania in the IMF/IBRD, particularly the power station loan coming up this month.⁴

GDR

—The East Germans have clearly been urging intervention on Moscow. While they may not be given much of a military role because of the incendiary effect this would have in Poland, they will certainly join in Soviet action in some fashion.

—The East Germans are the prime candidates for retaliatory measures. Yet we have very little going with them in the first place. And the West Germans, who do, will not want to do anything for fear of giving Moscow an excuse to squeeze Berlin and the inner-German relationship.

—Aside from the general extension of a COCOM no-exceptions policy to cover Eastern Europe, we believe that the most appropriate response in dealing with the GDR would be:

—A marked cooling of political relations across-the-board.

—Refusal to discuss MFN or conclusion of a cultural agreement for the foreseeable future.

—Encouragement of restriction of private credits to the GDR and an active policy of discouraging US business from involvement in major projects involving the GDR.⁵

Czechoslovakia

—Czechoslovakia will presumably be required to support actively a Soviet intervention and may even play a military role larger than the GDR. The Western Europeans will be less sensitive about steps taken against Czechoslovakia than about those taken against the GDR. Our own relations with Czechoslovakia are not good and there are few areas where we could take meaningful action aside from our general technology transfer policy.

—One area of importance is the claims/gold negotiation. We have asked for a \$105 million settlement and the Czechoslovaks have offered less than half of that. In the wake of Soviet intervention the prospects for a negotiated settlement would be very poor. Our response could be to insist on a settlement at or near the US proposal and, if this is not forthcoming, report to the Congress that no negotiated settlement is in sight. This would lead to passage of legislation vesting the gold

⁴ Bucharest was not among the addressees, and no response from the Embassy in Romania was found.

⁵ No response from the Embassy in East Berlin was found.

and investing it in interest-bearing securities which could be used to pay off the US claimants.

—Other possible steps include:

—Refusal to discuss MFN.

—Refusal to discuss signature of the US-Czechoslovak Cultural Agreement.

—Pressures on US firms not to engage in large projects with Czechoslovakia.⁶

Bulgaria

—Bulgaria is likely to be a lukewarm supporter of Soviet action in Poland. They would certainly lend their rhetorical support and possibly even a small military unit but they would take refuge in the thought that Poland is far away and Bulgarian interests not at stake.

—There are two specific steps we could take with Bulgaria to express our displeasure.

—Refusal to pursue further the Bulgarian initiative to discuss MFN.

—Indefinite postponing of the signing of the US-Bulgarian Maritime Agreement.⁷

Hungary

—Hungary is likely to be the least enthusiastic supporter of Soviet action in Poland next to Romania. They have evidently been pressured by the Soviets, East Germans and Czechoslovaks to take a more outspoken stand on Poland and would certainly go along formally with any kind of Warsaw Pact action. Yet their heart would certainly not be in it and they would fear greatly for Hungary's increasingly beneficial image as a country adhering only formalistically, where possible, to the alliance with Moscow. We have made more progress in our relations with Hungary over the last years than with any other EE country and it would be contrary to our interests to penalize an obviously reluctant partner in a Warsaw Pact undertaking by taking steps we will not be able to reverse.

⁶ In telegram 4597 from Prague, December 17, the Embassy reported its agreement with the general thrust of the paper, but stressed that the United States should make a best effort to finalize negotiations on the Gold/Claims agreement. (National Archives, RG 59, Central Foreign Policy File, D800600-0376)

⁷ In telegram 3315 from Sofia, December 17, Ambassador Perry cautioned that the paper did not address U.S. policy in case of an internal crackdown by the Polish regime. Perry recommended that the Department not "'set' policy responses so that possible nuances of the situation can be ignored." (National Archives, RG 59, Central Foreign Policy File, D800599-0886)

—Aside from a political cooling, the only concrete step we suggest taking toward Hungary is to cancel a proposed visit by a DOE delegation set for early next year.⁸

Yugoslavia

—We should move immediately to reassure the Yugoslav leadership (and to warn Moscow) that our policy of support for Yugoslavia remains firm and steady. Political, and perhaps military, consultations will help to determine Yugoslav desires and to demonstrate our resolve to friend and foe alike.

—Yugoslavia has already expressed its opposition to Soviet intervention in Poland and would be expected to follow through after a Soviet move by attempting to mobilize nonaligned and Third World sentiment against the intervention. While at present there is no evidence pointing toward a direct Soviet/Pact military threat against Yugoslavia, the Yugoslav leadership would be apprehensive about Soviet intentions and would welcome and perhaps seek out expressions of U.S. political and military support. At the same time the leadership would be extremely sensitive to any signals which might provoke Moscow. While we need not subordinate our interests to those of the Yugoslavs, we should attempt to consult with the GOY prior to announcing those steps we have decided to take with regard to Yugoslavia.

Those steps would include:

—Publicly reiterating U.S. policy of support for Yugoslavia's independence, territorial integrity and unity.

—Suggesting immediate political, and if the situation warrants, military consultations to discuss further steps.

—Consulting with key allies to encourage similar actions.

—Taking steps to hasten delivery of pipeline military items, accelerating projected military training programs, and reviewing previously denied high technology weapons requests.

—Considering reprogramming to meet possible GOY requests for FMS credits.

—Intensifying measures against U.S. based anti-GOY terrorism.

—Being prepared to offer currency swap arrangement to bolster Yugoslav reserves if commercial bank lending dries up in the aftermath of Soviet invasion;

⁸ In telegram 6534 from Budapest, December 17, Ambassador Bergold agreed with the premises of the paper and stressed that the policy of differentiation had served well U.S. policy in the past in Hungary and had "encouraged Hungary's diversity and evolutionary change within the bloc." (National Archives, RG 59, Central Foreign Policy File, D800599–1057)

—Making a number of small but symbolic gestures in areas such as civil aviation, trade preferences (GSP), and eligibility for aid procurement.

—Renewing invitations for postponed visits by high-level Yugoslav nuclear power delegation and Foreign Trade Secretary Rotar.⁹

Muskie

⁹ In telegram 10083 from Belgrade, December 17, the Embassy noted that the Department had taken into account its previous recommendations (see Document 300) and that it had nothing new to add to its previous cable. (National Archives, RG 59, Central Foreign Policy File, D800599–1100)

Radio Free Europe, Radio Liberty, and Voice of America

45. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, January 31, 1977

SUBJECT

Report to Congress on the United States International Broadcasting Program

The Fiscal Year 1977 Foreign Relations Authorization Act requires the submission to Congress *not later than January 31, 1977*, of a Presidential report on the United States international broadcasting program.

In response to this Congressional requirement, the Ford Administration issued NSSM 245² to investigate those measures that might be taken to improve the effectiveness of US-funded international broadcasting and to analyze the impact that such measures would have on current and future US-funded information exchange programs. NSSM 245 was completed but the Ford Administration never submitted the report based on this study to Congress because of an interagency dispute on the recommended number of new transmitters.³

Because of the pending Congressional deadline, I recommend that you submit a letter to the Congress noting that a report was prepared by the previous Administration but that you intend to submit your own views and recommendations on this subject (by the end of February). This will permit the new Cabinet officers and the Directors of OMB

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-12/1977. Confidential. Sent for action. Hyland sent a draft to Brzezinski under an undated covering memorandum. See footnote 3 below.

² NSSM 245, signed August 3, 1976, directed the Departments of State and Defense, as well as OMB, USIA, and BIB to undertake a study on the requirements for modernization of the broadcasting capabilities of the U.S. Government. See *Foreign Relations*, 1969-1976, vol. E-15, Part 1, Documents on Eastern Europe, 1973-1976, Document 18.

³ In an undated memorandum to Brzezinski, Hyland reported that State, Defense, the JCS, USIA, BIB, and the CIA recommended during the Ford administration the acquisition of 16 new 250KW transmitters for the modernization of U.S. Government broadcasting in Europe but that OMB insisted that only 12 new transmitters were necessary. The disagreement was never resolved and the final report to Congress was never issued. Hyland recommended that the conclusions of the report be forwarded to Congress despite OMB opposition. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-12/1977)

and USIA to reconsider the report and submit any disagreements for your resolution. OMB concurs.

RECOMMENDATION:

That you sign the letters at Tab A to the Speaker of the House and the President of the Senate.

That you authorize me to request a new review of the report of the previous Administration.⁴

⁴ The President approved the recommendation and signed the letters to the Speaker of the House and the President of the Senate on January 31. (Ibid.) The final report, sent to Congress on March 22, recommended the purchase of 16 new additional transmitters for RFE/RL and VOA broadcasting in Europe as well as 12 additional VOA transmitters for broadcasting to Asia and Africa. (*Public Papers: Carter, 1977*, Book I, p. 478)

46. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to the Director of the Office of Management and Budget (Lance)¹

Washington, February 5, 1977

SUBJECT

Broadcasting to the Soviet Union and Eastern Europe

I tried to reach you by phone today, but you took the President at his word regarding family life!

I hope we can talk urgently about the following item: I feel very strongly that one of the cheapest ways that we can preserve the peace and enhance our political objectives is to try to produce internal evolution in the Soviet Union and Eastern Europe. It is much cheaper than piling up armaments. Precisely because of that, I feel very strongly that there should be no reductions in the plans for the RFE-RL transmitters. If anything, their activity should be stepped up and in the longer run we might save billions.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 65, Brzezinski, Chron: 2/5-10/77. No classification marking; Urgent. Printed from an uninitialed copy.

I will call you about this on Monday,² but I would like you to have this.

² February 7.

47. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 10, 1977

SUBJECT

International Broadcasting Issues—Comments, Questions and Answers

The following may be useful to you in discussing these matters with the President:

1. *The BIB*, by law, is charged *only* with sponsorship of Radio Free Europe and Radio Liberty. The ambitions of certain BIB board and staff members notwithstanding, it could not extend its responsibilities—to take over VOA, e.g.—without new legislation.

2. The *first priority* with the BIB is to get a new chairman for it and to appoint new members replacing those whose terms are running out. David Abshire has already resigned as Chairman and two members' terms, those of Foy Kohler and John P. Roche, run out on 30 April.

3. An important criterion for selecting a new chairman for BIB is to get a man who will work flexibly and openly with the Carter Administration and who will be dedicated to strengthening the effectiveness of RFE/RL. John Gronouski appears to us to have these qualities. Frank Stanton, whose appointment is being advocated by Senators Percy and McGovern and certain BIB staff members (e.g. Walter Roberts) is the principal advocate of a scheme for putting RFE/RL and VOA under BIB control and for expanding the BIB as a semi-autonomous entity for controlling all U.S. international radio broadcasting.

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-026, Subject File F-R, Radio Free Europe/Radio Liberty, 14 March 1977. Confidential. There is no indication when Brzezinski discussed this issue with the President. Attached but not printed is a summary prepared by the BIB on its relationship with the RFE/RL and its proposals for consolidation and cost cutting.

These are very controversial proposals which no department or agency endorses.

4. *The BIB* has been successfully established over the past three years and is a good formula for sponsorship of RFE/RL [*less than 1 line not declassified*] but it has developed a tendency to become an extra layer of management with its own continually increasing staff. The radios feel that *it interferes too much in day-to-day operations* and tends to pre-empt decisions that are more properly left to the RFE/RL board of directors (chaired by John Hayes, of the Washington Post-Newsweek radio/TV empire).

5. *The BIB has an important but limited role to play.* It should *not* become involved in management of the radios. It should *not* get into jurisdictional disputes with other U.S. Government elements, trying to take over VOA, e.g. Its staff should be kept lean and confine its efforts to *true oversight/review functions*, as required by law, *and to representing RFE/RL with the Congress.*

6. In the form in which it has existed up until now, the BIB has been dominated by David Abshire, a Nixon appointee, who also heads a research center at Georgetown University. Foy Kohler has played a positive role in the BIB, but he has pressed to have too many positions in the radios filled by retired FSO's and USIS people. We need younger, more vigorous people for these demanding jobs. John P. Roche has been disappointing as a BIB member. The two other BIB members, John T. Murphy, President of AVCO Broadcasting in Cincinnati, and Thomas H. Quinn, a young Washington lawyer with no visible qualifications for the job, were originally appointed for two years and (unfortunately) reappointed for three more last year. The prime reason for appointment of Murphy was that he was proposed by Senator Taft, while Quinn was a protege of Senator Pastore. (Congress simply played favorites here, but there was apparently no effort by the Executive Branch to propose more effective people.) We could certainly find better people than these two to serve on this Board, but for the time being emphasis must be on filling the two vacancies that occur as of 30 April when Kohler's and Roche's terms run out.

7. *Griffith*, whom we are proposing to replace Kohler, is an ideal choice from the viewpoint of both knowledge of the radios, in depth, and knowledge of Eastern Europe and the USSR.

8. Since one of the most important functions of the Board is to serve as the radios' interface with Congress, we feel *a former Congressman would be useful on the Board*—preferably one with an interest in international affairs. Also, since only three BIB members can belong to one political party, the Congressman *should be Republican*. We now have clearance from Frank Moore's office to offer the other BIB vacancy to Peter H.B. Frelinghuysen, former Congressman from the 5th District

of New Jersey, who decided not to run at the end of the 94th Congress and has retired to private life. (If he turns out not to be interested we have two other possibilities, both former House members: Clark MacGregor of Minnesota and Edward Biester of Pennsylvania.)

9. There is considerable *Congressional interest in BIB*. In the House, Dante Fascell, who controls their appropriations, tends to take the deepest interest. In the Senate, Senators Humphrey, Percy and McGovern, among others, have been strong supporters. Though Senators Percy and McGovern have written the President advocating appointment of Frank Stanton as BIB Chairman, there is not much reason to believe that any Congressional group would want to challenge (or could effectively challenge) strong Presidential leadership in matters relating to the BIB or international broadcasting in general.

10. There is also not much reason to expect any serious challenge in Congress to Executive *proposals for increased funds for new transmitters for all the radios (including VOA) and for more modest sums to permit RFE/RL to hire younger editors from among recent emigres and to expand broadcasting in Soviet minority languages*—aims which are very much in accord with basic Administration foreign policy objectives and our championing of human rights.

11. Over the years, the costs of these radios have increased at a far slower rate than costs of weaponry or costs of intelligence-collecting. It can be argued that they are, nevertheless, of major significance for achieving our national security objectives even though they cost—all together—only a minute fraction of what we spend on a single weapons system. As we try to bring our national security expenditures into better balance, we should consider investing more in international broadcasting. *If the Administration makes a strong case, Congress is likely to support it.*

12. You are quite right in feeling that *matters relating to the BIB and to RFE/RL should not be permitted to get mixed up with broader questions relating to VOA*. It may be useful, nevertheless, to review some background on the VOA “problem” and to brief the President on this subject when you have the opportunity.

13. Over the past year or so a good deal of agitation, both within and outside of VOA, has developed for “independence” or “autonomy”. Some people advocate setting up the VOA on the same basis as the BBC. Others want to put it under the BIB. Some apparently envision melding RFE/RL and VOA into a single international broadcasting service. *Much of the thinking behind these proposals is fuzzy and the implications have not been well thought through.*

14. It is *alleged* that VOA’s broadcasts have suffered from *governmental interference* which has both (a) kept it from broadcasting completely on certain delicate topics and (b) forced it to take particular lines on

subjects the State Department or the White House felt strongly about at particular times. The arguments tend to be over very fine points and tend to cancel each other out. Considering the challenges VOA has had to face over recent years—coping with the Vietnam withdrawal, Watergate, problems of domestic dissidence—a strong case can be made that it has carried out its mission extremely well. (During the past 7½ years it has been headed by Ken Giddens, an Alabama Republican broadcasting executive who has set an all-time record for tenure in his job and seems to have performed very well.)

15. In any event, there are strong arguments against reaching conclusions on the basis of the unusual circumstances which have existed during the past few years. A case could be made also that the strongest proponents of “autonomy” for the VOA and of placing VOA under BIB along with RFE/RL, tend to make “best case” assumptions about the way the world is going to develop during the next decade or two and “worst case” assumptions about the way the U.S. Government is going to operate. According to their contentions, the VOA is always in danger of being misused by the White House, the State Department or some other element of the U.S. Government for short-term, tendentious, partisan or other narrow purposes. Only an “independent” VOA can allegedly broadcast objectively (whatever that is supposed to mean). *This is very specious argumentation. If VOA could broadcast with objectivity during the difficult Watergate period (I listened to it continually during this time; its performance was outstanding), the greatest period of strain the U.S. Government has experienced since the Civil War, why shouldn't we expect it to operate effectively in the future when we have no reason to expect such strains again soon?*

16. The 35-year history of the VOA provides *very little evidence of tendentious broadcasting or misuse by particular Administrations*. It may have been overly polemic in the 1950's (more so than RFE at times) and slow to report news of major interest to its listeners; more often it was accused of being dull. But critics of radio stations usually run the full gamut of possible accusations and extreme criticisms are seldom a very good standard for judging impact. During the past 10–15 years, VOA has settled into a pattern of very competent broadcasting of news, entertainment and features about American life that clearly appeal to listeners and keep them well informed. (I have listened to VOA steadily during my time abroad over the past eight years and consider that it is doing an excellent job of what can reasonably be expected of it.)

17. *Why shouldn't the VOA be under direct U.S. Government management and present itself as the Voice of the U.S. Government and, ipso facto, the American people?* Whom, really, would an “independent” or “autonomous” VOA represent? Why shouldn't the VOA reflect American policies and explain American government positions? Obviously, it

should not be narrowly propagandistic, but why assume that a properly led U.S. Government is going to want it to be? Why should the U.S. Government abdicate responsibility for managing a major information instrument in a world that wishes to have American positions and American values explained to it and wishes to be informed on what is happening in the United States?

18. An Administration which divested itself of control over VOA might well find that it had created more problems for itself than it had eliminated. There is the danger that VOA could drift into an adversary position against the government; this is probably less serious danger than decline in effectiveness and relevance.

19. None of this is to say that VOA could not *benefit from some improvements*. Tight budgets and strict adherence to civil service requirements have resulted in broadcast staffs that tend toward the elderly and unimaginative. There is a case to be made for broadcasting in more languages, for there is now hardly any corner of the world where cheap radio receivers are not within reach of practically everyone. There is, also a case for reviewing VOA's position in our governmental structure and for taking a fresh look at the way in which it is given policy and administrative guidance. But this should be done objectively and by persons free of the partisan views that have grown up around some of these questions in the past few years.

20. All of the U.S. Government's international broadcasting instruments have been essentially *marking time* during recent years. *Technically, they are all behind their competitors*. A program for strengthening them needs to be put into effect immediately. They have all been kept under such tight budgetary restrictions that they have not been able to experiment with more creative programming approaches or more appealing ways of delivering news and information. They need to be given the means of doing so. Both technically and substantively, they need to be infused with new dynamism. Technical developments which are now on the horizon—direct satellite broadcasting, e.g.—may provide the means of greatly increasing the impact of our international broadcasting instruments a few years from now. We should rejuvenate them so that they can take full advantage of what technological breakthroughs may offer.

48. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, undated

SUBJECT

Appointment of New Chairman of Board for International Broadcasting

Appointment of a new Chairman of the Board of International Broadcasting (BIB—the RFE/RL sponsoring organization) should take place as soon as possible to forestall possible controversy over this organization. The outgoing Chairman, David Abshire, and certain other Board and Staff members are maneuvering to control new appointments and are drawing Senators Percy and McGovern into arguments with the Administration over who should serve on the Board and how it should operate.² This has resulted over the weekend in distorted stories (Tab A)³ in both the *New York Times* and *Washington Post* attacking Professor William Griffith of MIT, whom I have suggested be appointed a Board Member.⁴ The newspaper stories do not mention our choice⁵ as Chairman, John Gronouski, but advocate appointment of Frank Stanton as Chairman.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-12/77. Confidential; Outside System. Sent for action. Carter wrote at the top of the document: "To Ham[Hamilton Jordan]—O.K. with me. Check w/ State first. JC."

² In a May 4 memorandum to Brzezinski, Henze reported that Percy had introduced an amendment to have VOA set up autonomously, as well as other changes to the USIA/CU reorganization which, Henze suggested, amounted to implementation of the Stanton report. Henze recommended that the White House make clear to key Senate and House members its opposition to the Stanton report. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1977)

³ Attached but not printed

⁴ Brzezinski forwarded a memorandum to Jordan on June 17 that recommended the nominations of Rita Hauser and William Griffith to membership in the BIB Board. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 64, Board of International Broadcasting: 1977) Although Griffith was not nominated, Hauser's nomination was announced on November 14. Frank Markoe, Jr., was nominated to replace Foy Kohler who had resigned earlier. (*Public Papers: Carter, 1977, Book II, p. 2024*)

⁵ An unidentified hand, possibly Jordan, circled the words "our choice" and wrote in the margin "whose?" Carter submitted Gronouski's nomination to the Senate on June 8. (*Public Papers: Carter, 1977, Book I, p. 1073*)

Stanton is the author of an extremely controversial set of proposals for changes in U.S. Government information programs.⁶ Making him Chairman of the BIB would be, in effect, to endorse his program. The ultimate effect of this program would be to take international broadcasting out of the control of the Administration.

*To nip this controversy in the bud, I recommend that you announce as soon as possible the appointment of Gronouski.*⁷ It will be difficult for anyone to make a case against him. He is a natural choice as a prominent Democrat and a man with previous experience (Ambassador to Poland, e.g.) which fits him for the BIB job. I am confident that he will work with the Administration to get the BIB restructured in an intelligent way. Once he has been appointed we can proceed to the two other vacancies for which I recommend Professor Griffith and former Congressman Peter Frelinghuysen of New Jersey.

⁶ In a March 18 memorandum to Carter, Brzezinski described the report as advocating the fragmentation of U.S. information policy by, among other things, abolishing USIA and setting up the Information and Cultural Affairs Agency under the Department of State, and establishing a separate Board to govern VOA activities. The Board would eventually be merged with the BIB, leading to the merger of VOA and RFE/RL. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2–12/77)

⁷ In a March 14 memorandum to Carter, Jordan reported his discussion with Vance regarding Gronouski's nomination as BIB Chairman. Jordan indicated that, while Vance preferred Stanton, he had no objection to Gronouski. Jordan also stated that Senators McGovern and Percy continued to support Stanton, but would be hard pressed to oppose Gronouski's nomination. Carter wrote at the top of the memo: "CC: Ham[ilton Jordan], Zbig. What are the key elements of the Stanton Report? J." (Ibid.)

49. Editorial Note

On March 15, 1977, the Department of State sent a circular telegram to all Eastern European posts and Moscow and Bonn informing them of the ongoing debate about relocating Radio Free Europe (RFE) and Radio Liberty (RL) from their headquarters in Munich to the United States. The telegram asked for the post's analysis of the relocation, in terms of reaction by both the government and the audience in their respective countries. The Embassy in Bonn, specifically, was also asked to assess West German perceptions of the U.S. commitment to Europe in case of a relocation, as well as the effect on West German commitment to maintain transmitters and any RFE/RL crew on German soil. (Telegram 57405 to multiple posts, March 15; National Archives, RG 59,

Central Foreign Policy File, D770089–0757) For Bonn’s response, see Document 50.

The Embassy in Budapest responded on March 21 in telegram 885 that it expected little change in the attitude of either the Hungarian Government or the Hungarian population to a relocation of RFE to the United States. The Embassy concluded that the lack of significant hostility toward RFE on the part of the Hungarian Government meant that its attitude toward the radio would change minimally. (National Archives, RG 59, Central Foreign Policy File, D770095–1232) Hungary, however, was a special case.

The Embassy in Bucharest noted on March 22 in telegram 2100 that the move would “seriously damage both ‘rapport’ with its audience, and quality of its broadcast and research product.” The Embassy concluded that such a move might also “make RFE even more of a contentious bilateral issue by highlighting U.S. responsibility for RFE broadcasting.” Ambassador Barnes concluded there was “no political merit to any such move.” (National Archives, RG 59, Central Foreign Policy File, D770098–0042)

Like the Embassy in Bucharest, the Embassy in Warsaw was also adamantly opposed to the idea of moving RFE to the United States. They wrote: “The opposition of the Polish regime to RFE/RL is based above all on the RFE’s demonstrated ability to respond quickly to events in Poland and to broadcast back into the country a true and usually balanced account of what is happening here.” The transfer to the United States would impair, the Embassy believed, the ability of the Radios to respond quickly to developments in the country. Just as importantly, “Poland’s intellectuals and other listeners would see a shift of the radios to the United States as signifying a reduction of US interest in Poland and a retreat under Soviet pressure.” (Telegram 2066 from Warsaw, March 24; National Archives, RG 59, Central Foreign Policy File, D770101–1072)

Like the others, the Embassy in Sofia also concluded that a move to the United States would damage the timeliness and flavor of RFE reporting. It also stressed that the Government of Bulgaria would interpret the move as a victory for its “unremitting public and private hostility to RFE,” a conclusion, the Embassy suggested, that might also be shared by many in the Bulgarian public. The Embassy also suggested that a move would be interpreted by the Bulgarian Government as evidence that West Germany “has seen the light” in no longer permitting RFE/RL to operate from their soil, as well as, at least partial acknowledgement that RFE/RL were “not fully consistent with Helsinki [Accords].” (Telegram 625 from Sofia, March 23; National Archives, RG 59, Central Foreign Policy File, D770099–0837)

The Embassy in Prague, however, believed that a move, if properly explained in advance, could provide tangible benefits. (Telegram 811

from Prague, March 29; National Archives, RG 59, Central Foreign Policy File, D770108–0439)

In telegram 4013 from Moscow, March 25, the Embassy wrote that “there is, of course, nothing the Radios could do that would reconcile the Soviet authorities to their existence.” The Embassy further suggested that the Soviets would see the move as a sign of weakness, and would not relent in their propaganda against the Radios. They reported: “Moscow would portray the move to the States as resulting from the effectiveness of Moscow’s ‘principled stand’” and would “be encouraged to step up their efforts to attain this goal” of shutting down the Radios. While the Embassy did not believe that target audiences in the Soviet Union considered the physical location of the Radios, it did suggest that the use by Radio Liberty of recent émigrés, “including people with a reputation in the Soviet Union” was very effective. A move of the Radios, the telegram concluded, would make the use of émigrés much more difficult. (National Archives, RG 59, Central Foreign Policy File, D770104–0140)

50. Telegram From the Embassy in the Federal Republic of Germany to the Department of State¹

Bonn, March 29, 1977, 1737Z

5571. Subject: Possible Move of RFE/RL to U.S. Ref: State 57405.²

Begin Summary: The Embassy views a possible relocation of a major portion of RFE/RL’s activities to the U.S. as fraught with substantial political danger and no discernible benefit. End summary.

1. The Embassy’s replies to the Department’s questions in the reftel follow:

2. A. Q: How would a major relocation of the Radios affect FRG perceptions of the U.S. presence and commitment in Europe?

A: The FRG is very sensitive to any indication of change in the U.S. commitment to Europe. The FRG welcomes a large U.S. presence in Europe—and in the FRG—because it sees such a presence as a visible sign of the U.S. commitment. Relocation to the US of any major U.S.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770107–0817. Confidential; Limdis. Sent for information to Moscow, Warsaw, Prague, Budapest, Bucharest, Sofia, London, Paris, Munich, and USNATO.

² See Document 49.

facility or activity would give rise to some fears, both privately and publicly expressed, that the U.S. is withdrawing to "Fortress America." While the reaction to a move by the Radios to the U.S. would be less than, for example, a decision to reduce dramatically the U.S. troop presence in the FRG, there would nevertheless be a negative reaction in the FRG to the move and questioning of the U.S. commitment to Europe.

B. Q: Would a move at this time be perceived as a backing down from our Helsinki commitments in the face of increased Soviet and East European attacks against the Radios?

A: Yes. The attacks on the Radios made by Communist states have risen dramatically since the signing of the Helsinki Accords. If we were to relocate to the U.S., or make any other substantial change, such as reduction in broadcasting hours or alteration of broadcast content, we should expect speculation that the change was caused by pressure from the East. We should also expect the Communist states to further this impression through their propaganda activities. If a decision to relocate were announced during the Belgrade Conference, the speculation that the move was made as a result of Eastern attacks would be much higher than if the announcement were made at another time.

C. Q: How would such a move affect FRG internal politics, and might the relocation become a domestic political issue? To what effect?

A: The FRG has just undergone a long, if not major, debate over the effect that an administrative consolidation of the two German radios which broadcast to the East will have over the content of broadcasts to the Soviet Union. The conservative opposition accused the government of trying to throttle criticism of the USSR through the consolidation move. It is probable that a similar debate would erupt over relocation. The CDU/CSU would undoubtedly accuse any SPD Government of being behind a relocation of the Radios from the FRG. If we said that this was not the case, the CDU/CSU would question our judgment in moving the Radios from Munich. Thus, relocation could be an embarrassment to the government. Having said that, we do not believe that it would become a major domestic issue in the FRG.

D. Q: Would a move reduce the FRG resolve and commitment to international broadcasting?

A: Yes. Those people in the FRG who support the Radios regard them as the "front line" of Western broadcasting efforts. They realize that if RFE/RL were to disappear tomorrow, Eastern attacks on Deutsche Welle and Deutschland Funk would increase in intensity. There would be a natural reaction "to give up the fight, especially since the Americans do not care any more." Furthermore, given the extremely overcrowded situation in the European airwaves, we could not expect the same support from the FRG which we currently receive in defense of the Radios' frequencies.

E. Q: Would a move make it difficult to maintain the necessary RFE/RL skeleton equipment and personnel, including transmitters, in the FRG?

A: Yes (with emphasis). The FRG receives some benefits (payroll, etc.) from the employment of Radio personnel in the FRG, principally Munich. The transfer of these employees to the U.S. removes some of the immediate benefits that the presence of the Radios in the FRG brings to the FRG. At the same time, if we leave transmitters and a skeleton staff in the FRG, the Germans remain politically liable for the Radios. We have recently upgraded the transmitting we do from the FRG through the importation of ten new 100 KW transmitters for Biblis and Lambertheim. We may further upgrade our transmitting facilities at Holzkirchen. We have received full cooperation and support from the FRG, including customs exemptions for the transmitters in this endeavor. If we wish to continue these operations from German territory, we must recognize that we will have more than a skeleton operation in the FRG, even with the transfer of the bulk of Radio personnel from Munich.

3. Comment: There are people in the FRG who support the Radios and there are people who do not. Generally speaking, the spectrum of opinion is about the same as in the U.S., with the important exception that a much larger percentage of the German population is aware of and has strong opinions about the operation of the Radios. There are undoubtedly pressures on the German Government to reduce its support for the Radios. Some of these pressures are from the Communist nations. Others are from factions within the FRG, most notably the left wing of the SPD. There are high ranking officials in the FRG Government who would be much more comfortable if the Radios were located somewhere else. However, it is noteworthy that, during the past few years when the FRG has dramatically improved its relations with the USSR and Eastern Europe, official German support for the Radios has never slackened. Since we should expect the Communist nations to continue to attack the radios and their presence in the FRG, no matter how small that presence is, we should resign ourselves to the expectation that Eastern European attacks on the Radios in the FRG will not lessen if major portions of their activities are moved to the U.S. German resolution to defend the Radios may.

4. Quite aside from questions deriving from their presence in the FRG, the Embassy would like to express its agreement with observa-

tions of our Embassies in Eastern Europe.³ It is difficult to see how relocation to the U.S. would not adversely affect the quality of broadcasting. Furthermore, while we are not expert, we question the estimated savings to the Radios. For example, Radio management in Munich claims that the projected savings disappear as the \$/dm exchange rate rises to 2.70. We recommend that the Department look long and hard at the estimated savings.

Stoessel

³ See Document 49.

51. Telegram From the Embassy in the Federal Republic of Germany to the Department of State¹

Bonn, June 17, 1977, 1128Z

10177. For the Secretary. Subject: Schmidt's Visit to Washington; His Concern About RFE/RL.

1. At a luncheon he gave for new Ambassadors July 15, I talked with Chancellor Schmidt privately about his trip to Washington in July.²

2. He said he looked forward to another general review with the President of most of the subjects they had touched on in London.³ The nuclear question, of course, would be one of the items. He hoped the seven-nation study would go well, but was concerned about difficulties the French might cause. Schmidt also noted briefly that the human rights issue, which he thought had been "cleared up" in London, seems to have arisen again. However, he hoped things would calm down and that Belgrade would go reasonably well. (He was not specific in his remarks, but he may have been referring to recent high-level US statements on human rights. A James Reston column carried in the

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840084-1444. Secret; Priority; Nodis.

² Documentation on discussions between Carter and Schmidt is scheduled for publication in *Foreign Relations*, 1977-1980, vol. XXVII, Western Europe.

³ Scheduled for publication in *Foreign Relations*, 1977-1980, vol. XXVII, Western Europe.

Paris Herald Tribune June 16 cites German concerns in this regard and was written after Reston had seen the Chancellor.)

3. The main thing on Schmidt's mind, however, was RFE/RL and the US intention to install new, more powerful transmitters at the site near Munich. He said this was a matter he planned to take up with the President. He regretted that he had not been consulted about the decision on the transmitters and said he had ordered that issuance of the required FRG license for installation of the transmitters be held up pending his personal review. It was possible, he said, that he would not approve the license.

4. Schmidt said he was placed in an uncomfortable position by RFE/RL; the stations were on FRG territory, but he had no control over the content of their broadcasts. While he had not been pressed recently by the Soviets on the subject, it was likely that Brezhnev would raise it when he came to Bonn in the fall. Schmidt said he had told the previous US administration that he expected the stations to be phased out within two or three years, but things seemed to be going in the opposite direction.

5. I told Schmidt that we attached great importance to RFE/RL. The location of the transmitters in Germany was the most effective in terms of reaching the target audiences and I thought it would have most unfortunate implications if the operations of the Radios were limited. I stressed the President's personal interest in RFE/RL and said I was sure he would wish to consider Schmidt's views carefully. Schmidt said he understood the mission of the Radios but wondered if it might not be feasible for the broadcasts to be carried out somewhere else than in the FRG.

6. Comment: There have been earlier intimations of Schmidt's reservations about RFE/RL, but his comments to me are more specific than anything we have had before.⁴ I seriously doubt if he would go so far as to deny the license for the new transmitters or push for removal of the stations from the FRG, since such actions would expose him to a storm of criticism from the opposition. However, it is clear he is irritated by the lack of consultation concerning the

⁴ In telegram 10621 from Bonn, June 27, Stoessel reported that Chancellery aide Jürgen Ruhfus recounted Schmidt's displeasure at not being consulted on the decision to modernize and expand the transmitters in West Germany. Ruhfus, however, "was not sure what the Chancellor's official position on this subject would be during his conversations with the President because there was considerable disagreement within the coalition about what should be done regarding the Radios. He said it was uncertain that Schmidt would want to risk the domestic political turmoil that could follow if the Radios were to be removed or their activity reduced at his request." (National Archives, RG 59, Central Foreign Policy File, P840084-1442)

transmitters and that it is his present intention to raise the question directly with the President.

7. In addition to readying our positions on the Radios in anticipation of a possible discussion when Schmidt is in Washington, it occurs to me that it might be useful in defusing the situation if the President could communicate directly and informally with Schmidt about it before their meeting. If the President has occasion to telephone the Chancellor on other matters, a brief reference to the radio/transmitter problem and an expression of readiness to discuss the Chancellor's concerns frankly could be helpful.

Stoessel

52. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, undated

SUBJECT

Chancellor Schmidt's Complaint About RFE/RL Expansion²

In the attached cable, Ambassador Stoessel reports that Chancellor Schmidt indicated he would raise the issue of Radio Free Europe/Radio Liberty with you.³ Schmidt expressed irritation at not being consulted about the expansion of transmitter facilities near Munich (which you approved and sent to Congress in March) and more general unhappiness about having the radios broadcast from German soil but with no German control of content.

The issue is an old one:

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1977. Secret. Printed from an uninitialed copy. A notation at the top of the first page indicates that this memorandum was retyped for Brzezinski on July 1. In a June 21 memorandum, Brzezinski asked Hyland to prepare a memorandum for Carter on Schmidt's position on RFE/RL modernization as reported in telegram 10177 from Bonn, June 17. (Ibid.)

² The Department of State prepared a memorandum on the subject, which it forwarded to the White House on June 29. (Memorandum from Tarnoff to Brzezinski, June 29; Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-12/77)

³ See Document 51.

—The transmitter expansion program was cleared with and necessary licenses requested from the FRG ministry of post and telecommunications, though there is no evidence that Schmidt or Genscher were specifically consulted by U.S. officials.

—Schmidt's concern over his lack of control of RFE/RL content may be exacerbated by his qualms about aspects of East-West relations, including human rights problems.

Schmidt seems to have put the radios on the agenda for his visit to Washington. I believe we should try to respond to his concerns while stressing the importance we attach to the radios and to their location in the Federal Republic.⁴

You could also admit that RFE/RL sometimes operated in the past as though they were autonomous even of the U.S. Government, and your reconstitution of the Board for International Broadcasting (the RFE/RL parent) is designed to correct that. You should also add the strong U.S. interest in the continued effectiveness of these radios.⁵

Finally, it is noteworthy that Schmidt would be strongly opposed by the CDU if he tried to take action, and the FDP (his coalition partner) might not support him.⁶

⁴ On July 8, Vance forwarded a briefing memorandum to Carter in preparation for the meeting with Schmidt. Vance suggested that, in the event Schmidt raised the issue of RFE/RL, Carter should respond that the administration regards RFE/RL as essential to informing the people of Eastern Europe and the Soviet Union, and that a reduction or withdrawal of the transmitters and radios would be perceived by Moscow and the United States public as a retreat in the face of Soviet pressure. (Carter Library, National Security Council, Institutional Files, Box 63, PRC 023, Schmidt Visit)

⁵ In telegram 12578 from Bonn, August 2, Ambassador Stroessel reported: "Chancellor raised subject of RFE/RL operations in FRG in general and new transmitters in particular with President in private conversation at the White House evening of July 13" and, according to accounts by the West German Ambassador to the United States and MFA State Secretary Schueler, "the President listened to Schmidt's presentation with interest and said he would give further consideration to the subject." (National Archives, RG 59, Central Foreign Policy File, D770276–0284) A memorandum of conversation of the Carter-Schmidt discussion on RFE/RL was not found.

⁶ This sentence was added by Brzezinski in an earlier draft. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1977)

53. Telegram From the Department of State to the Embassy in the Federal Republic of Germany¹

Washington, August 23, 1977, 0048Z

200014. Subject: RFE/RL Holzkirchen Modernization. Ref: Bonn 12578.² For the Ambassador.

1. The Department and White House have reviewed this question on the basis of your report (reftel) concerning discussions during Chancellor Schmidt's July 13–14 visit.³

2. You are instructed to seek an appointment with State Secretary Schueler as soon as possible to make a presentation based on the following aide-memoire. You are authorized to draw on its text in making your points orally. You should leave the aide-memoire with Schueler and report his reaction.⁴

3. Begin text.

Aide Memoire

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770303–0775. Secret; Exdis. Drafted by Seymour and Klingaman; cleared by Andrews, Woessner, Luers, Vine, Roberts, Dodson, and Goldsmith; approved by Vest.

² Telegram 12578 from Bonn, August 2, precipitated a series of exchanges between the White House and the Department of State on how to handle the issue of RFE/RL modernization. (National Archives, RG 59, Central Foreign Policy File, D770276–0284) In an August 2 memorandum to Brzezinski, Trevorton and Hunter cited the telegram as evidence of the growing perception in Bonn that Carter was willing to reduce the visibility of the Radios. Trevorton, Hunter, and Henze argued that Carter should clarify his position with the West German Government. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2–12/77)

³ In an August 6 memorandum to Brzezinski, Tarnoff wrote that, while Schmidt would like closer consultations and, ultimately, the removal of the transmitters from FRG territory, “it is unlikely that he would go so far as to deny the license or push for the stations’ removal from the FRG.” Tarnoff asked the White House to authorize the Department to instruct Stroessel to take up the RFE/RL issue with West German State Secretary Schueler and inform him that “the President had reviewed the Holzkirchen transmitter question and determined that the replacement of the four underpowered transmitters with four new 250 KW transmitters is necessary to our overall broadcasting effort to Eastern Europe and the Soviet Union.” (Ibid.) On August 9, the White House tasked the Department of State with drafting and submitting to the White House for clearance a note verbale. (Memorandum from Dodson to Tarnoff, August 9; Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2–12/77)

⁴ In telegram 13721 from Bonn, August 23, Meehan reported that Schueler was on vacation until August 29. (National Archives, RG 59, Central Foreign Policy File, D770303–1317) In accordance with subsequent instructions, Meehan delivered the aide memoire to Schueler on August 29. (Telegram 14136 from Bonn, August 29; National Archives, RG 59, Central Foreign Policy File, D770312–0131)

President Carter has given thorough consideration to the question of replacing the four 10 KW transmitters at Holzkirchen with four new 250 KW transmitters, as he had promised Chancellor Schmidt he would do during their talks in Washington July 13–14, 1977. The President has concluded that replacement of the transmitters is necessary to our overall broadcasting effort to Eastern Europe and the Soviet Union. This conclusion is based on the results of a recent detailed study of the U.S. international broadcasting effort, which revealed that the current overall capacity of 400KW would be eleven percent below⁵ the minimum level required for effective broadcasting into Eastern Europe and the USSR, even if all governments in the area were to cease jamming, which some have shown little indication of doing.⁶

We have further concluded that Radio Free Europe and Radio Liberty play a very important role in the exchange of information and the support of Western and democratic values. The audiences for these stations in the Soviet Union and Eastern Europe have come to depend in varying degrees on their broadcasts for a balanced and comprehensive view of international developments.

Our request to upgrade the Holzkirchen facility is a continuation of a process to modernize Radio Free Europe/Radio Liberty facilities in Europe. As far as Germany is concerned it goes back to the late nineteen-sixties when authorization was granted by the Federal Republic to replace four older and lower-powered transmitters at Lampertheim with four 250 KW transmitters. Budgetary restrictions prevented our replacing the transmitters at that time. A formal request to upgrade the Holzkirchen plant was made on February 24, 1976 and on June 9, 1976 FRG authorization was given to build six 100 KW transmitters in Holzkirchen. This authorization was subsequently reduced to the replacement of four existing 10 KW transmitters by four 100 KW transmitters. However, on the basis of a Presidential study⁷ of Voice of America and Radio Free Europe/Radio Liberty technical deficiencies requested by Congress in the summer of 1976, completed in December

⁵ In telegram 203257 to Bonn, August 25, the Department revised the text of the aide mémoire, changing "current overall capacity of 400 KW would be eleven percent below" to "the current overall capacity of Voice of America, Radio Free Europe, and Radio Liberty would be eleven percent below." (National Archives, RG 59, Central Foreign Policy File, D770308–0934)

⁶ In accordance with instructions in telegram 203257 to Bonn (see footnote 5 above), the text here was changed from "which some have shown little indication of doing" to "which some have shown no indication of doing."

⁷ In accordance with instructions in telegram 203257 to Bonn (see footnote 5 above), the text here was changed from "however, on the basis of a Presidential study" to "on the basis of the aforementioned study."

1976, and sent to Congress in March 1977, we asked that the license for the four 100 KW transmitters be upgraded to four 250 KW.

The United States wishes to emphasize that there will not be any increase in the number of frequencies or transmitters. It was with this consideration in mind that, following discussions with the Ministry of Post, the United States agreed to revise its original request made in February 1976 for six 100 KW transmitters to the current pending application for four 250 KW transmitters.

The United States requests that the Federal Republic agree to license the four 250 KW transmitters as soon as possible. End text.

Christopher

54. Memorandum of Conversation¹

Bonn, September 27, 1977, 7:05–9:15 p.m.

SUBJECT

Dr. Brzezinski's Meeting with Chancellor Helmut Schmidt

PARTICIPANTS

Helmut Schmidt, Chancellor of the Federal Republic of Germany
Juergen Ruhfus, Assistant Secretary for Political Affairs
Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs
Walter Stoessel, US Ambassador to the FRG
Gregory F. Treverton, NSC Staff Member

[Omitted here is discussion unrelated to RFE/RL.]

Radio Free Europe/Radio Liberty

The Chancellor raised one final issue, saying it did not need to be discussed then. He said emphatically that he was not satisfied with the operations of RFE and RL, nor with his dealings with the radios. "If you want to broadcast propaganda, fine, but do it from your own soil." Dr. Brzezinski said he was compelled to respond. The radios are

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter/Rentschler Trips/Visits File, Box 22, 9/25–28/77 Brzezinski Trip to Europe: 2–10/77. Secret; Sensitive. The meeting took place in the Chancellor's office. For the West German version, see *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland (AAPD)*, 1977, Band II, 1. Juli bis 31. Dezember, Document 261. pp. 1267–1270. A note on the memorandum indicates that for the first seventy minutes, Brzezinski and Schmidt met alone.

part of a larger US presence in the FRG. Their purpose is not propaganda, but the promotion of better East-West relations. One of the reasons that Gierek is able to steer the course he has is that the population behind him receives Western ideas.

The Chancellor repeated that his did not like the radios operating from his soil. German law is not applied to them, and he said he did not know what they did. They are covered by no US-German treaty; instead they are a relic of occupation. He said he was greatly suspicious of them and felt they often had dealings with the German secret service. He said that within two to three years, either the radios' operation should be governed by some formal agreement or should cease. He mentioned that he had talked to the President about the radios; the US response since then showed that "you don't understand my situation." The radios cooperate with the opposition parties. There are so many negative aspects: foreign policy, internal security, domestic politics.

[3 lines not declassified] They are supported by Congressional appropriations and supervised by a Board for International Broadcasting. The Chancellor asked if technically the broadcasts do not originate from Spain and Portugal. Dr. Brzezinski said that was true, that they came from there as well as other locales including Germany. He noted the radios' strong support in Congress. New arrangements might be possible over several years, but if the FRG took a rash action that would touch off a major debate.

The Chancellor said he had told Henry Kissinger two years before that the radio operations from Germany had to cease. At that point there was less Congressional interest. He reiterated that the radios are outside the law, their operations unknown to him. Dr. Brzezinski asked if the US armed forces network posed a similar problem. The Chancellor responded that it too was not controlled by German law but was less of a problem since it broadcast in English. It might be regarded as covered, in a general way, by the Status of Forces Agreement. But he could not accept forever a situation in which RFE/RL work closely with his political opponents. When Dr. Brzezinski asked how, the Chancellor responded that the radios shared analyses—more or less good—with his political opponents. Dr. Brzezinski said that should not happen; the radios should not be linked to domestic politics.

Dr. Brzezinski said that if history could be replayed, perhaps the radios should be elsewhere. But they are useful as a joint effort, to compensate for the absence of more normal means of communicating with the peoples of the East. The Chancellor replied that the radios had played a subversive role in the 1968 Czechoslovakia crisis, but Dr. Brzezinski said he was not sure; only in 1956 was he certain their role had been as the Chancellor described. The Chancellor asked Dr.

Brzezinski to look at the records of his meeting with Kissinger and the agreement to phase out the radios in three years. That would indicate how seriously he takes the issue.

The Chancellor said he had even thought of taking his intelligence service out of Munich—at a cost of billions of dollars—to break the contact with the radios. Dr. Brzezinski said there should not be such contact; the radios are supposed to be very controlled. The Chancellor responded that it is hard to control such contacts because they are covert. He said the US would never accept, say, a French station broadcasting from the US into Quebec. Not, Dr. Brzezinski agreed, unless the US also wanted to liberate Quebec. He felt the radios' content was no longer as hard line as it had been. However, the Chancellor said he had read some ugly reports. More generally, many of the refugees who came a quarter of a century ago are not good. They are very much Cold Warriors and sometimes attack, or even murder, newer immigrants. Dr. Brzezinski noted that we have comparable problems with Yugoslav immigrants, now perhaps with Cubans.

[Omitted here is discussion unrelated to RFE/RL.]

55. Telegram From the Embassy in the Federal Republic of Germany to the Department of State¹

Bonn, December 2, 1977, 1736Z

20064. USBER for Ambassador Stoessel. Subject: RFE/RL: Visit of BIB Chairman Gronouski.

Summary: Foreign Office officials confirmed to visiting BIB Chairman Gronouski their support for approval of Holzkirchen modernization and RFE/RL amalgamation applications. The Foreign Office would present this position in discussions with the Chancellery. While a veto by Chancellor Schmidt could not be excluded, these officials were

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770447-1140. Confidential; Priority; Exdis. Sent for information to Munich and West Berlin.

cautiously optimistic about prospects for approval.² The Chancellery would soon be instructing the Foreign Office to begin consultations with the Embassy on these and other issues involving the Radios. FRG officials expressed some concern over cosmetics of prospective move of RFE/RL presidency from Washington to Munich and Gronouski agreed to look at matter from that perspective. Wide-ranging discussions also dealt with accreditation to Olympic Games, jamming, program content and possible change in nomenclature of Radios. End summary.

1. Board for International Broadcasting (BIB) Chairman Gronouski and BIB Executive Director Roberts visited Bonn November 28 and 29 to discuss RFE/RL affairs with FRG officials. Gronouski briefed Chancellery (Political Director Ruhfus) and Foreign Office (State Minister Von Dohnanyi; Deputy Assistant Secretary Meyer-Landrut; and Deputy Director of Office charged with Radio Affairs Bauch) officials on his perception of Radio's functions and matters of current interest. Principal comments of Gronouski and German officials are summarized below:

2. Holzkirchen modernization: Gronouski outlined work of Eisenhower Commission, noting recommendation to upgrade outmoded transmitter equipment at Holzkirchen and other stations. This recommendation predated present administration and was a technical imperative if Radios were to transmit effectively. President Carter had agreed with this recommendation and result had been his March 22 request to upgrade transmitters.

Foreign Office officials (Meyer-Landrut and Bauch) confirmed that Ministry supported request to modernize Holzkirchen. The Foreign Office would discuss with the Chancellery the political questions involved and would urge approval. While the Chancellor had reservations about an increasing presence of the Radios in Germany, they were cautiously optimistic that approval would be forthcoming. They cautioned, however, that approval could take some time and they

² In telegram 20853 from Bonn, December 16, Stoessel advised Vest that approval for the transmitter modernization would not be given before the end of the Belgrade Conference and even then the full request might not be granted. "The present German analysis," Stoessel reported, "was that the increased power we were seeking would enable transmissions from Holzkirchen to extend beyond its present target area into Central Asia, where nationality problems are of particular concern to the Soviet Government." Stoessel advised Vest to stress in his upcoming meeting with West German Foreign Ministry Political Director Klaus Blech "the importance the USG attaches to early and favorable action on our application for upgrading the transmitters at Holzkirchen." (National Archives, RG 59, Central Foreign Policy File, P840086-0527, P800023-0911) Vest raised the issue on December 20 with Blech who reported that the Foreign Ministry had recommended approval of the U.S. application. (Telegram 304575 to Bonn, December 22; National Archives, RG 59, Central Foreign Policy File, P840086-0683)

counseled patience. At one point, Meyer-Landrut said, “we will get it, just be patient.”

Ruhfus said the Foreign Office would be instructed to consult with the Embassy on Holzkirchen and other outstanding issues involving the Radios. The Chancellor had a strong personal interest in the Radios and reference was made to his discussions in 1974 with Secretary Kissinger and in 1977 with President Carter. Ruhfus realized that a prompt response was required and he hoped a solution could be found “more in line with our situation here and our sovereignty.” He did not indicate what the Chancellery decision might be though he generally maintained a positive approach toward the Radios, noting that their value as a source of info in Eastern Europe had again been brought home to him during his visit to Poland with the Chancellor.

Begin comment: Meyer-Landrut later told us the suggestion of Foreign Office-Embassy consultations had been his idea and Ruhfus had readily agreed. As noted above, Meyer-Landrut supports approval of the Holzkirchen application. End comment.

State Minister Von Dohnanyi was in general more reserved on Holzkirchen. While it might be desirable from a technical standpoint, politically it represented an increase in radio presence which ran counter to the Chancellor’s desires. The matter must therefore be handled delicately. Though there were basically no differences in our foreign policy, including our approach to detente, there were shadings of emphasis which affected broadcast policy toward the East. The Radios were now operating in a new era of German sovereignty and this, too, had to be taken into account. This made the FRG very cautious and it would be necessary to review the matter carefully.

Begin comment: Von Dohnanyi’s unhelpful approach is not indicative of Foreign Office policy. As a Parliamentary State Minister, Von Dohnanyi has no line responsibility within the Ministry and is not in the decision-making chain on this issue. Nonetheless, he is an important figure in the SPD and his opinion may be more reflective of Party sentiment. If his views are widespread within the Party—and we have no evidence that they are—it will have an impact on the Holzkirchen decision. End comment.

3. RFE/RL amalgamation and Vorbehalt (reservation clause): Bauch believed the Postal Ministry would issue a new license for the merged corporation within a few weeks. There were no problems here. He hoped working-level action on the reservation clause (Vorbehalt) could be concluded this week or next. (The final draft would basically resemble the 1955 RFE and RL letters to German Foreign Office). There would then be a meeting with the Postal Ministry. If the Chancellery did not express an interest in clearing the wording—and Bauch did not expect that they would—the text would be approved and communicated to the Embassy.

4. Movement of Presidency to Munich: Gronouski explained that the prospective shift of the Presidency from Washington to Munich by upgrading the position of Executive Vice President would permit tighter policy and administrative control over radio output. This would help insure its conformity with established policy guidelines. We realized, however, that political sensitivities in the FRG might be better accommodated by a de facto shift in which the Munich position would assume broader functions while retaining the same title. The reaction of FRG officials varied. Ruhfus agreed on the need for tighter control of radio broadcasting. He believed the shift could be an effective means of accomplishing this if it were a de facto arrangement that did not give the impression of an increase in radio presence. This could be the subject of further consultation with the Embassy.

Von Dohnanyi reacted somewhat negatively to the proposed shift. He agreed it had advantages from a management perspective but, more importantly, felt it ran counter to Schmidt's desire to reduce the Radio's presence in the FRG. The matter would have to be closely examined and his preliminary reaction was not favorable. At Von Dohnanyi's request, Gronouski agreed to postpone BIB action on the matter until the FRG had had an opportunity to review it.

Comment: As noted above, Von Dohnanyi does not have line responsibility for Radio affairs. End comment.

5. RFE/RL accreditation to Olympic Games: Meyer-Landrut asked about the status of Radio accreditation to the Moscow Games. He noted that this was a matter of public discussion here and suggested that a pooling arrangement between VOA and RFE/RL might be successful in meeting Soviet objections. Gronouski replied that this was one of many ways in which the issue might be handled. It was, in any case, important that the Radios have the right to be present in Moscow. The Olympics were an international, non-political event and RFE/RL as a serious, professional broadcasting organization must be permitted to take part in their coverage. Gronouski noted that Deutsche Welle might also have problems and that a joint position prior to the IOC meeting in Athens might be helpful to both stations. Meyer-Landrut indicated this might be worth pursuing though he made no commitment.

6. Name change: Meyer-Landrut, during an office meeting with Gronouski and again more forcefully at a social occasion, suggested that a change in the name of the Radios might be beneficial. More neutral nomenclature would sit well with Western critics and would also be helpful to the Poles who apparently jammed broadcasts only under Soviet pressure. It might also be useful to non-jamming countries such as Hungary and Romania in dealing with Moscow on this issue. Gronouski responded that some thought had been given to a name change and the matter might well be further explored. We would,

however, want some informal indication from the East that a change would produce a favorable reaction.

7. Jamming: In response to a question from Roberts, Meyer-Landrut said he did not anticipate concrete results on jamming to emerge from the CSCE follow-on. It was, however, important to build up pressure from within against Eastern European countries which engaged in jamming. Roberts agreed and suggested the possibility of coordinated action in Belgrade to exert more pressure. Meyer-Landrut was non-committal.

8. Program content: Throughout discussions Gronouski stressed interest in being informed by FRG of any broadcasts of political concern to them. In this connection, Meyer-Landrut observed that the FRG's own review of RFE/RL's broadcasts had unearthed nothing objectionable. Gronouski noted that BIB monitors programs and reviews frequent monitoring reports from Embassies in broadcast areas. Tapes of all broadcasts were available and could be reviewed upon request. FRG officials expressed appreciation for offer and for Gronouski's oft-repeated concern that broadcast content not be problem for FRG.

9. Suggestion of VOA-RFE/RL merger: Ruhfus, in a reference to Schmidt's sensitivities regarding Radios, offered "personal view" that merger of VOA and RFE/RL could alleviate some of FRG's concerns. VOA was official US organ and in view of close US-FRG relationship its presence in Germany, along with that of RFE/RL, could be more easily justified vis-a-vis Eastern European critics.

10. On two occasions, FRG officials raised the question of the long-wave frequency being handled in one package. Gronouski noted that the longwave frequency fell outside BIB's responsibilities.

11. This message approved by Chairman Gronouski.

Stoessel

56. Telegram From the Embassy in the Federal Republic of Germany to the Department of State¹

Bonn, May 26, 1978, 1737Z

9678. Subject: RFE/RL: Holzkirchen Modernization. Ref: (A) Bonn 7988, (Bonn 7217).²

1. Chancellor Schmidt has approved the Holzkirchen modernization application.

2. The Foreign Office (Joetze) informally and privately advised us on May 26 that Schmidt had approved the full Holzkirchen modernization request as well as the new license reflecting the amalgamation of RFE/RL. Joetze noted that he was giving us informal working level notification and that formal notice would likely come next week. Continuing, he said the decision had not been easy for the Chancellor. In view of what he described as the Chancellor's sensitivities on this matter and the fact that we had not yet been formally advised of approval, Joetze strongly suggested that the President not refer to this decision during his meeting with Schmidt.³ While he did not rule out the possibility that Schmidt himself would advise the President of his decision, he thought it highly desirable that initial reference to the approval not come from the US side.⁴

Stoessel

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780223–0450. Confidential; Immediate; Exdis. Sent for information to Munich.

² In telegram 7988 from Bonn, April 28, the Embassy reported that the working level at the Chancellery was preparing a positive recommendation to the Chancellor for approval of the U.S. Government application. (National Archives, RG 59, Central Foreign Policy File, D780184–0465) In telegram 7217 from Bonn, April 18, the Embassy reported that the Foreign Office had recommended approval of the full U.S. Government Holzkirchen modernization application to the Chancellery. (National Archives, RG 59, Central Foreign Policy File, D780166–0296)

³ Schmidt visited Washington for the meeting of the North Atlantic Council May 30–31.

⁴ On June 9, State Secretary Van Well formally notified the Embassy in Bonn that the West German Government gave final approval to the U.S. Government application. (Telegram 10663 from Bonn, June 9; National Archives, RG 59, Central Foreign Policy File, D780242–0241)

57. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, July 28, 1978

SUBJECT

RFE/RL and Budget Cuts

I gave you a brief report (in an evening report) last week on OMB pressures which seem to be building up against RFE/RL.² I now have some documentation and the results of extensive discussion of this problem with John Gronouski and Glenn Ferguson at lunch on 26 July. As you would expect, they are very concerned. They regard OMB as prejudiced against the radios and inclined to take only its own counsel on policy considerations. The report of Glenn Ferguson's meeting with OMB officials on 21 July 1978, provided by the BIB (TAB A)³ lends substance to these contentions; note the paragraphs marked in red on page 2, where OMB advocates cutting out of minority languages and the comments about bargaining off the radios to promote better relations with the USSR.

The same day that Ferguson was meeting with OMB, Ralph Walter was writing to me from Munich on the budget problem. His letter is attached at TAB B⁴ with the most important passages marked in red. He sees a budget-cutting exercise as completely out of harmony with the positive thrust we have built up in the radios during the past 18 months and estimates that it will do serious, fundamental harm. He maintains that cutting the radios' budget is absurd, in light of the small amount of money involved, at a time when we are trying to make fundamental, long-term improvements in the radios and when the

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 1/78-4/79. Confidential. Sent for action. Bartholomew and Inderfurth both initialed the memorandum indicating they saw it. Brzezinski checked his approval of all 5 suggestions, subject to marginalia comments noted below.

² In a July 21 Evening Report to Brzezinski, Henze wrote that Ferguson was told "OMB was recommending to President that broadcasts in non-minority languages be severely curtailed, that RL as a whole be considered as potential trade-off to Soviets for better behavior and that OMB expects tighter budgets for RFE/RL for future years!" Henze commented: "Something is badly out of phase here—as I said to Ferguson; these views go directly contrary to your views and to the net weight of almost all SCC and Presidential decisions regarding Soviets in recent weeks." (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 6, Evening Reports File: 6-8/78)

³ Tab A is not attached.

⁴ Tab B is not attached.

need for them is obvious in view of heightening tensions within the Soviet Bloc and heightening tensions in our own relations with the Soviets.

*Chto delat'?*⁵—Gronouski and Ferguson understand the need to work rapidly to build up more active and solid support for the radios in Congress. So does Jan Nowak, who is working wisely and well on this objective. Within the executive branch we need to call OMB to heel. The idea of cutting out nationality broadcasts at the very point when we are working to develop a long-range program for increased U.S. Government attention to this field is incongruous. I suggest we take a number of steps, systematically, to persuade/press OMB to be less arbitrary in its approach to radio budgeting. The best defense is to go on the offensive; I suggest:

- As part of our current Soviet nationalities exercise in the SCC we should get strong endorsement⁶ for the concept of expanding broadcasting to non-Russians, expanding research to back it up, and expanding personnel so that all these tasks can be performed effectively and sustained over time.

- That we arrange for the BIB to prepare strong documentation on the policy significance of the radios, drawing on State and our own staff as sources of policy guidance, and authorize them to present this as justification for increased budgetary requests for FY 1980 and further increases in subsequent years.

- That you speak to McIntyre on the importance of the radios, getting backing from the President if you consider it desirable.⁷

- That I have a formal session with key senior staffers of OMB sometime in September, before the 1980 budgetary process goes into the home stretch, to brief them on our approach to the radios and the policy importance we attach to them.

- That we supplement what is being done in respect to Congress by BIB, by the radios and by Jan Nowak and others, by discreet efforts of our own.

⁵ "What to do?"

⁶ Brzezinski underlined "strong endorsement" and wrote in the margin "from whom?" An unidentified staff member (possibly Bartholomew or Inderfurth) answered by writing "SCC."

⁷ Brzezinski wrote "give me a brief" in the margin below this recommendation.

**58. Intelligence Information Special Report Prepared in the
Central Intelligence Agency¹**

Washington, September 21, 1978

COUNTRY

Romania

DATE OF INFO

April 1978 to July 1978

SUBJECT

Efforts by Romanian President Ceausescu to Damage or Undermine Radio Free Europe

SOURCE

[1 paragraph (4 lines) not declassified]

1. Romanian President Ceausescu, on returning from his trip to the United States on 18 April 1978, during which Radio Free Europe (RFE) infuriated him by coverage that included live broadcasts of the playing of an outdated Romanian anthem and a press conference during which Ceausescu was required to deal with facts that had been kept hidden from the Romanian people, ordered that the Directorate General of Foreign Intelligence (DGIE) draw up a study of the occasions on which RFE had presented the Romanian Government and especially Ceausescu in an unfavorable light. The study was to deal also with methods used by RFE for collecting information (as RFE data were often very timely and accurate) and with the role played in the process by the American and West German Embassies [in Romania].² The study would serve as a basis for lodging a protest to the United States at some time in the future. Ceausescu asked at the same time for talking points that might be used with West German Chancellor Helmut Schmidt, President Walter Scheel and Chairman of Social Democratic Party Willy Brandt in asking that RFE be compelled to quit the territory of West Germany. Some of these points, he added might be useful in Paris, where, he added, there was special need to put an end to the

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-026, Subject Files F-R, Romania. Secret; [*handling restriction not declassified*]. Henze forwarded the report to Brzezinski under a September 22 covering memorandum. In his memorandum, Henze noted that in August, Noel Bernard, Romanian Bureau director at Radio Free Europe, was invited to visit Romania, and that the RFE leadership sought approval for the visit. In light of the report, Henze recommended that Bernard's visit be indefinitely postponed. Brzezinski approved the recommendation.

² These and following brackets are in the original.

broadcasts by RFE commentators Monica Lovinescu and Virgiliu Ierunca. Perhaps he would go on to ask the Spanish Premier and Portuguese President that the relay stations in those countries be dismantled. An entire diplomatic campaign was not to be excluded, he said. (Source Comment: The importance that Ceausescu and the Romanian Government attach to RFE is reflected in the fact that a daily bulletin on RFE content is prepared by AGERPRES; Ceausescu receives one of the dozen copies made of the bulletin.)

2. Ceausescu after reflection levied additional requirements for the campaign against RFE. Suggestions were needed, he declared to Source, for luring one or more RFE employees to Romania with the idea that on their return home they would denounce RFE as a tool of the United States and the CIA. But while working to discredit RFE Ceausescu wanted to make simultaneous efforts to influence RFE to take a softer line toward Romania. Ceausescu suggested that it might be feasible to organize a roundtable discussion between RFE staffers and true-blue (meaning DGIE-directed) Romanian intellectuals in the hope that RFE would begin to look with more sympathy on Romanian activities.

3. According to General Alexandru Danescu, Deputy Minister of Interior, an opening for practicing suasion occurred in early July 1978 when a sportswriter (name unknown) for Romanian TV on his return from a trip to Germany came to Danescu to say that in Germany he had met Noel Bernard, RFE Romanian Desk Chief, whose wife he had known in the past. Bernard had mentioned to the journalist his interest in making a trip to Romania, in whatever guise—official or not, with public announcement or not, even using another name. Foreign Minister Stefan Andrei was advised, and the matter was discussed by Danescu and Andrei with Ceausescu, who said that the journalist should be sent back to Germany to tell Bernard that he had learned that the Foreign Ministry concurred in Bernard's visit and that if Bernard would tell him when he intended to come and in what manner the journalist would arrange the rest of the trip with the Foreign Ministry. The journalist was to return to Germany in August and it was hoped that the Bernard trip would take place at an early date. Events since then are not known.

4. RFE coverage has also stirred Ceausescu to violence in the past. According to First Deputy Minister of the Interior Nicolae Doicaru, at least two actions were ordered in Paris. One concerned a man named [Serban] Stefanescu, who had been given permission to emigrate from Romania after having walked in front of the Intercontinental Hotel in Bucharest carrying placards denouncing Ceausescu; the President on being informed said that a man that foolish could only be stopped by killing him, so it was easier to kick him out of the country. On reaching France, however, Stefanescu began demonstrating in front of the

Romanian Embassy for his mother to be allowed to depart Romania. When RFE began to carry items concerning the case, Ceausescu became indignant and ordered Doicaru to have Stefanescu put out of action, repeating his standard admonition that the man should not be killed and that the perpetrators should not appear to be Romanians. Two men were dispatched to Paris. Stefanescu's habits were observed, with the decision being made to grab the man and throw him down a subway stairwell that he passed daily. This was in fact done and Stefanescu was not heard from again.

5. The other Paris case Source heard about from Doicaru involved Monica Lovinescu, the commentator (mentioned in Paragraph One above) whom Ceausescu was still trying to silence as of spring 1978. Lovinescu's sin was to concentrate her criticism on Ceausescu, a tactic that always evoked a strong reaction from him. He earlier ordered Doicaru to harm her physically. Doicaru on this occasion used two Arabs. [In November 1977] they entered her apartment, a struggle ensued and Lovinescu fell to the floor in a way that made the assailants think she was dead. They fled. Ceausescu berated Doicaru for the laxness of the operation when Lovinescu came back on the air.

6. On an earlier occasion, Doicaru said that Ceausescu had given indications of how to deal with one of his most acid critics at RFE in Munich, Emil Georgescu. Ceausescu said the man's teeth should be knocked out so that he could not speak on the radio and that this could perhaps best be done with a traffic accident. Doicaru used the two men who had proved their mettle with Stefanescu. They went to Munich, studied Georgescu's movements, left for Austria to rent two cars with alias documents, and then returned to Munich to await Georgescu at a curve previously selected. One of the cars was used to ram Georgescu, and the other to flee the scene. Georgescu did not speak on RFE for four months after that. Although RFE had mentioned the accidents that had befallen Stefanescu and Lovinescu, nothing was said about Georgescu's accident. Ceausescu declared his pleasure to Doicaru. The incident had a sequel. Georgescu's wife not long thereafter called her mother in Romania and said that Georgescu had been hurt in an accident caused by Romania but that this was the wrong tactic; he might stop his broadcasts in return for something like granting his mother-in-law permission to leave the country but he would not be deterred by threats to himself. The call was intercepted and Ceausescu was advised. Let her go, he ordered, and the mother-in-law was told she was being put through by phone to Munich to announce her imminent arrival. Georgescu subsequently turned to practicing law.

59. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to the Director of the Office of Management and Budget (McIntyre)¹

Washington, September 22, 1978

SUBJECT

RFE/RL FY 1980 Budget

The Radio Free Europe/Radio Liberty (RFE/RL) broadcasting operation, which is funded through the Board for International Broadcasting (BIB), is a key instrument for implementing our policies toward the Soviet Union and Eastern Europe, an important element in the President's human rights program and a symbol of the permanent American commitment to free flow of information and ideas.

RFE/RL suffered in the early 1970's from mismanagement and declining technical effectiveness. When the President approved 11 new 250-KW transmitters for this operation in March 1977, the basis was provided for a process of technical modernization and rejuvenation which has gained steady momentum. Germany recently gave approval for construction of four of the new transmitters and plans for construction of seven in Portugal have already been developed. We were lucky this year in being able to fill senior management positions in Munich with outstanding men (Ferguson and Walter) who are working harmoniously with John Gronouski, BIB Chairman, who gives an enormous amount of his time and energy to this job.

By the time the new transmitters are ready to go on the air in 1981, these men expect to have created:

- A vigorous broadcasting staff with a preponderance of new, young people
- Expanded research in support of broadcasts
- More efficient and rational administration, and
- Modernized studio and programming techniques.

The new transmitters will double the power of RFE/RL; other improvements should double the effectiveness.

One special aspect of this effort derives from the fact that the SCC recently approved a broad program for increasing U.S. Government

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 1/78–4/79. Confidential. Drafted by Henze and forwarded to Brzezinski for signature under a September 19 covering memorandum together with a detailed brief on the RFE/RL FY 1980 budget. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1978)

knowledge of the non-Russian peoples of the Soviet Union whose rapid rate of population increase will soon make them the majority. RFE/RL has a unique capacity to contribute in this area and one of our objectives is to improve both research and broadcasting by recruiting more young people of non-Russian nationalities and training them well.

I know that Gronouski and Ferguson have been explaining their approach to your senior staff and making a strong case for the modest budget increases they feel they need in FY 1980 if we are to get full value out of the increased transmitter power of RFE/RL. This operation has been in existence for a long time, but it should not be looked upon as a routine feature of our foreign information program. I am satisfied that the BIB, under Gronouski, is doing a more careful job than ever before of examining broadcasting requirements. What the BIB is asking for RFE/RL is modest, but a 7–8% increase in FY 1980 is necessary to enable them to do the job we have set for them.

Zbigniew Brzezinski

60. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to the Director of the Office of Management and Budget (McIntyre)¹

Washington, December 1, 1978

SUBJECT

BIB (RFE/RL) FY 1980 Budget Request

In reference to your Overview summary of the Foreign Information and Exchange portion of the FY 1980 Budget (as well as BIB Chairman John Gronouski's letter to you of November 16, 1978 commenting on your office's proposals for reduction in the BIB's budget request), I am disturbed by the concluding statement on page 3 of the Overview which states:

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 1/78–4/79. No classification marking. The closing is handwritten. Henze forwarded a draft to Brzezinski under a November 30 covering memorandum and commented: "OMB did its detailed homework sloppily, cutting positions that had already been eliminated and misreading amounts requested for travel, recruitment and training of new personnel and certain other items." He concluded: "OMB has recommended cutting the very items most needed to enable the reorganization of RFE/RL to be effective." (Ibid.)

“The above ranking reflects the Division’s belief that activities of ICA, which are designed to build long-term mutual relationships worldwide, are more important and represent a better investment than BIB activities which are unilateral and geographically limited.”

This is not a valid reflection of the Administration’s policy toward ICA and BIB operations. They are not competitive but complementary. BIB requests should not be subjected to sharper reductions than those of ICA. Major elements in the BIB are sums for non-recurring staff rejuvenation, funds for program improvement, for acquisition of AP news service and for money which the President approved in March 1977 and which is now well underway.

I hope you and your colleagues will take the foregoing into consideration as you review the budgets of the above.

Regards,

Zbigniew Brzezinski

61. Memorandum From Paul Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski)¹

Washington, February 6, 1979

SUBJECT

The President’s Comments on Persian-language Broadcasting and Related Issues (U)

The President’s impatience as expressed in his comments on Vance’s report that Persian-language broadcasting (Tab B)² will be

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1–9/79. Confidential. Sent for action. Copies were sent to Quandt, Sick, Thornton, Funk, Odom, and Ermarth. Bartholomew and Inderfurth initialed the memorandum, indicating they saw it.

² Attached but not printed. Newsom met with ICA and VOA to discuss the need to strengthen broadcasting to Iran in response to both the Shah’s recent departure and an increase in Soviet propaganda broadcasting to the region. Inderfurth informed Sick and Henze on February 5 that, in a February 2 Evening Report to Carter, Vance informed the President of the discussions and of ICA’s plan to begin Persian broadcasting “in about six weeks.” The President, Inderfurth noted, responded: “We should have prepared for this 3–4 months ago—make this SOP in the future.” The memorandum asked Sick and Henze to follow up on the Presidential comment. (Carter Library, National Security Affairs, Brzezinski Material, Agency File, Box 9, ICA, 1–5/79)

started by VOA “in about six weeks” is understandable, but the President is unrealistic in his expectation that we would be much better off if we had started preparations for these broadcasts “3–4 months ago.” Effective foreign-language broadcasting requires two essentials: a good, trained staff and an audience. The creation of these essentials requires a great deal more time than 3–4 months. Three or four years is more likely to be the optimum time for such an accomplishment. (C)

It is better to be late with Persian-language broadcasts than to go on having none at all, but we must not expect rapid impact. With all the disparate tendencies and confusion evident among Iranians today, it will not be easy for VOA to organize a good staff. VOA’s basic guidelines will not permit very exciting broadcasting or much attention to internal Iranian developments. The Iranian audience already has a rich selection of Soviet regular and clandestine broadcasts in Persian, Azerbaijani and Kurdish and BBC has long had a reputation for reliability and relevance among Iranians who want more objective news. VOA broadcasts in Persian will be entering a crowded spectrum with far less power than the Russians use. (I did a good deal of short-wave listening during my recent visit to Turkey—getting VOA or BBC in any language, even in English on which both services put major emphasis, is difficult; the new Moscow English-language service, in impeccable BBC accents, booms in over the whole area.) (C)

Ken Giddens, Director of the VOA 1969–77, tells me that he undertook a campaign to inaugurate Persian-language broadcasts in the early 1970’s but was overruled by State policy people and OMB budget-cutters. We have short-changed our international broadcasting operations for years. The President’s approval early in this Administration of a transmitter expansion program for VOA and RFE/RL was a good initiative but we must not deceive ourselves about it: it only enables us to make up part of the lag that resulted from several years of neglect. *We are still lagging* and, unless we launch a new transmitter-building program soon, we will be in a worse predicament vis-a-vis the Soviets by the late 1980’s than we are in the late 1970’s. Meanwhile our efforts to rejuvenate staffs and make broadcasts more effective have been slowed by budgetary parsimony as well as reorganizations and managerial problems. (U)

I suggest we capitalize on the President’s concern to task ICA and State with a review of language-priorities and potential troublespots where we might in coming years find ourselves in the same predicament as we do in Iran now. I suggest we also seize this opportunity to start what Congress may in any case task the Administration with doing this year: surveying transmitter needs for the mid-1980’s and beyond and developing plans to meet them. I attach a memorandum from you to Reinhardt and Vance. (C)

RECOMMENDATIONS:

A. That you sign the memorandum at Tab A to Reinhardt³ and Vance. (C)

B. That you brief the President on the realities of the challenge we face in international broadcasting.⁴ (C)

³ The memorandum was retyped to address only ICA Director Reinhardt. In a February 9 memorandum, Brzezinski asked Reinhardt to undertake a review of programming and resource allocation and report his finding by March 7; he also asked that transmitter needs for the next decade be reviewed and a proposal submitted by May 1. (Ibid.)

⁴ Inderfurth circled “the challenge we face in international broadcasting” and wrote “ZB, If you sign the memo at Tab A—which is a good *initiative*—I will write an appropriate DR item for the President. Rick.”

62. Memorandum From Paul Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski)¹

Washington, May 4, 1979

SUBJECT

Tensions between RFE/RL and BIB (C)

The calm and good sense which have characterized the relationship between BIB and RFE/RL was too good to last. It has been disrupted by a new bout of scheming by the BIB Staff in which Gronouski, unfortunately, has let himself become entangled. (C)

You will recall that Glenn Ferguson some time ago named Bill Buell Vice President in charge of the radios’ Washington Office with the aim of having him concentrate on congressional relations. Though this action was taken in consultation with, and with the blessing of, Gronouski, it was resented by Walter Roberts and his staff. Buell arrived here from Munich a couple of weeks ago and took up his

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1–9/79. Confidential. Sent for information. Brzezinski wrote at the top of the memorandum: “I never seen an outfit in which there is more stupid infighting. I’m getting tired of it. ZB.”

duties. When the *BIB* met last week the Staff introduced a new draft regulation which requires that any radio contact with Congressmen or Congressional staffs must be cleared in advance with the *BIB* Staff Director—i.e. Walter Roberts. Gronouski supported the draft but proposed it be studied with implementation to be deferred until the *BIB* meets again in the summer. Ferguson, Walter and Buell are angered by the regulation and by the way it was introduced. They feel Gronouski has been hoodwinked by Walter Roberts, Tony Shub, etc. (C)

Testifying before the SFRC last week on the radios' FY 1980 budget, Ferguson and his team found themselves confronted by an extraordinary set of detailed operational questions, some of them of a why-haven't-you-stopped-beating-your-wife nature which they feel had to have been planted with the Committee Staff by the *BIB*. (C)

Ferguson called me from New York this afternoon to tell me how upset he is about all this and these same problems (including a good deal more detail) were the main topic of Bill Buell's personal visit to me this afternoon. (C)

I am surprised that Gronouski would let himself be manipulated by Walter Roberts into causing strained relations with Glenn Ferguson and his team—who are by far the best management group the radios have ever had in their entire existence. And as you and I know well (you emphasized this point in your meeting with Ferguson last June), one of the most important things the radios can do to strengthen themselves is to expand relations with key Congressmen and Senators and gain understanding there. That they are setting out to do this with a clear sense of purpose and a good chance of success is what disturbs the petty bureaucratic mind of Walter Roberts. (C)

I plan to call Gronouski and express concern that the problem has arisen. I hope I can gently talk him out of going ahead with this draft "regulation". If not, I plan to talk more frankly to him about the un wisdom of letting Walter Roberts harass the competent management we have succeeded in getting into the radios (and it has been your and my doing, as much as anybody's!) and the need to find other employment for Roberts if he cannot desist from his petty intriguing. One of the most serious aspects of these strains is that so much suspicion and bad blood is developing between Roberts and the Ferguson-Walter-Buell team that it may never be possible to overcome it. (C)

In any case, we simply cannot permit the radios—which have been restored to a remarkable condition of good health—to be reduced by the *BIB* Staff into a Byzantine mess again. . . In the longer perspective, what all this proves is that the *BIB* and its Staff are themselves a largely unnecessary layer of management and oversight. When we have built

up solid congressional backing, we should move to have them eliminated, relying to the radios' long-established corporate and management structure as sufficient. (C)

63. Letter From Paul Henze of the National Security Council Staff to the Director of the International Communication Agency (Reinhardt)¹

Washington, June 13, 1979

Dear John,

Since the pressure of SALT and summits has prevented him from doing so, Zbig has asked me to give you our reactions to the two excellent studies you prepared in response to his request of February 9, 1979.² We have reviewed them carefully and considered the choices they present. Let me sum up our conclusions. (U)

We find your recommendations for technical expansion of VOA during the 1980's reasonable and justified in terms of basic foreign policy priorities.³ We endorse them fully. We would like to see you incorporate these plans in your budget projections for FY 1981 and beyond. The political issues involved in setting up new transmitters for broadcasting to south and central Asia should be systematically assessed as soon as possible so that negotiations can get under way and serious technical preparations can begin. Please assess these ques-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Agency File, Box 9, International Communication Agency: 6–8/79. Confidential. Copies were sent to Vance and McIntyre. In a June 1 memorandum to Brzezinski, Henze outlined the VOA position on language allocation and transmitter needs and recommended that the ICA proposals be approved. (Ibid.) On June 5, Robert Gates returned the June 1 memorandum to Henze and suggested that, given Brzezinski's prior approval of guidelines on VOA, he deal directly on those issues with Reinhardt. (Ibid.)

² See footnote 3, Document 61. In a March 7 memorandum to Brzezinski, Reinhardt outlined VOA language priorities. Tarnoff wrote to Brzezinski on March 24 that the Department of State agreed with the position adopted by ICA on expanding VOA language broadcasting with the exception of expanding Mongolian programming since "Russian broadcasts to the Soviet Far East remain an effective means of reaching the Mongolian population." (Carter Library, National Security Affairs, Brzezinski Material, Agency File, Box 9, International Communication Agency: 6–8/79) In his May 1 memorandum to Brzezinski, Reinhardt forwarded the requested VOA transmitter study, including recommendations for building additional transmitters. (Ibid.)

³ An updated version of these proposals were discussed at an SCC (I) meeting on December 11. See Document 70.

tions with the help of the Department of State and give us a status report by September 1, 1979. (C)

We find your conclusions in respect to expansion of broadcasting time and broadcasting staff realistic and recommend you also provide in current budget planning for the modest expenditures this expansion will entail over the next two or three years. (U)

On language priorities, we welcome your plans for further expansion of the Persian service which you have recently inaugurated. Attention should be given to the need to adjust broadcasting hours to improve prospects of attracting an optimum audience in Afghanistan and Soviet Central Asia as well as in Iran itself. (C)

In respect to new languages, we concur in the priority of Azeri, but as next priorities we propose Amharic, Pushtu and Tamil rather than Mongolian and Lingala. The potential audience for Mongolian seems too small. Broadcasts in Lingala would undoubtedly be useful but the need for better communication with Ethiopia, where Soviet influence is continually becoming more predominant, is greater. (C)

We have noted from your current broadcast schedule that VOA is still beaming 35 hours per week to the three countries of Indo-China, with 64 million people, while only 21 hours per week go to the whole Indian subcontinent, with a population between 800-900 million. I should think there would be a case for reducing broadcast time in Vietnamese, if necessary, to permit more broadcasting in the native languages of the Indian subcontinent. Exactly what mix of Indian languages would be best should separately be evaluated but we clearly ought to do more than we are now doing. (C)

I will be happy to meet with you and your staff to discuss any of these plans further.⁴ (U)

Very sincerely,

Paul B. Henze

⁴ Reinhardt responded on June 21, suggesting that the ICA would proceed with the NSC suggestions. (Carter Library, National Security Affairs, Brzezinski Material, Agency File, Box 9, International Communication Agency: 6-8/79)

64. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 15, 1979

SUBJECT

VOA Expansion (U)

You will recall that we directed VOA to re-examine its language priorities and readjust its output to support basic U.S. foreign policy objectives a few months ago. Tom Tuch, deputy director of VOA, have me a brief rundown today of where things stand. Persian-language broadcasts were resumed in April and now go out ½ hour² of original programming per day. There is not much evidence of impact yet in either Iran or Afghanistan. An additional hour of Persian will be added this winter. In addition, additional resources are being allocated to Chinese-language broadcasting and an hour of English to the Caribbean is being added during FY 1980. (C)

Next priority is Azeri, but it is being put off until 1981 because of budgetary stringency. Cost of adding Azeri (with impact in both Iran and USSR) is \$250,000 per year and 8 slots. ICA says it cannot reprogram during FY 1980 to do this. (C)

In light of what we know the Soviets are doing in the area immediately to the south of their borders, we seem to be going at expanding our own impact in a very leisurely way. If all we need is \$250,000 to start Azeri, it seems to me it would be very much in our national interest to do it. We also need to push VOA into doing something about building new and more powerful transmitters in the South Asian area (approved in March 1977), for whatever they are programming, their signal is weak and they are not competing with the vastly more powerful broadcasts out of the USSR. (C)

At some point, it seems to me, we need to make the effort to get a little more zip and pep into this whole effort. But the present time may not be opportune. (U)

I stand ready to propose ways of raising these issues whenever you want them raised. What is your advice?—

LET IT RIDE _____

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1–9/79. Confidential. Sent for action.

² David Aaron circled “½ hour” and wrote “ridiculous!” at the top of the memorandum.

Generate a Proposal for finding MONEY for Azeri sooner _____³

PUSH the transmitter problem _____⁴

TELL VOA/ICA to be more adventuresome in seeking extra funds _____(C)⁵

³ David Aaron approved the recommendation.

⁴ David Aaron approved the recommendation.

⁵ David Aaron approved the recommendation. He added a handwritten comment at the bottom of the page: "Also push and above all Persian facilities. DA."

65. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, September 7, 1979

SUBJECT

Soviet Propaganda Broadcasting (U)

CIA has recently put more effort into studying Soviet propaganda radio. Here are some of the results. There has been an enormous increase in recent years in both quantity and quality of broadcasts and transmitter power. Soviet stations, e.g., broadcast 62 hours per week to the Arab world. An improved English-language service, which deliberately imitates the BBC, blankets the whole eastern hemisphere with transmitter strength much greater than VOA or BBC. By relaying broadcasts through Cuba, the Soviets have added 55 hours a week to their previous schedules in Spanish, Portuguese, Arabic and English. Most interesting, perhaps, are the changes they have made in clandestine broadcasts. They have dropped broadcasts in Spanish, Italian and German to concentrate on Turkey and Iran. Two stations broadcasting to Turkey have increased

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1-9/79. Confidential. Sent for information. Carter initialed the memorandum, indicating he saw it. In an August 15 memorandum to Brzezinski, Henze reported that, at his request, the CIA had undertaken a study of Soviet clandestine broadcasting. Henze recommended that Brzezinski inform the President of the conclusions of the memorandum to underscore the importance of strengthening RFE/RL and VOA broadcasting. Brzezinski asked Henze to draft a memorandum for the President. Henze forwarded the draft to Brzezinski for signature on September 5. (Ibid.)

their transmission time twice during the past year and a half: in February 1978 and again in June 1979. Both put out a highly agitational, anti-American line. The main Soviet clandestine station directed at Iran continues the same mendacious, inflammatory commentary that exacerbated the situation there last winter, broadcasting in both Persian and Azerbaijani. It probably uses the same transmitters as Radio Baku, which also broadcasts in Kurdish. Another Soviet-backed station transmitting from Libya to Iran echoes similar agitational themes. The Soviets also seem to have a hand in several clandestine stations in Arabic that broadcast from places such as Aden. (C)

In view of the continuing expansion and intensification of Soviet broadcasting efforts, we need to consider further expansion of our own. Given the modest costs, it is money well spent. Both VOA and RFE/RL are preparing proposals for more broadcasts directed at the Middle East and the Muslim areas of the Soviet Union. (C)

66. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to the Director of the International Communication Agency (Reinhardt)¹

Washington, October 1, 1979

SUBJECT

Broadcasts to USSR and Eastern Europe (U)

In my view, one of the most important themes that we should be conveying to VOA audiences in the USSR and Eastern Europe, particularly at this time when there is considerable focus on Soviet/Cuban activities throughout the world, is the fact that the resources spent by the Soviets in Cuba, Vietnam and elsewhere are coming right out of the pockets of consumers in the Soviet Union and Eastern Europe.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79. Confidential. In a September 25 Evening Report to Brzezinski, Bremont reported that Ambassador Dick Davis, who was running a task force looking at overseas reporting, told him that the U.S. Government was “not doing nearly enough to get across to our VOA audiences in the USSR and Eastern Europe that the dollars spent by the Soviets in Cuba, Vietnam, and elsewhere are coming out of the pockets of Soviet and Eastern European consumers.” Brzezinski marked the paragraph and wrote in the margin “Give me a clear tasking memo to ICA.” (Ibid.) Bremont forwarded a draft to Brzezinski on September 29. (Ibid.)

For example, Moscow provides petroleum to Havana at a substantial discount and pays the Cubans five times the world price for sugar. The net effect is a direct lowering of the standard of living of Soviet citizens.² (C)

I believe that for foreign policy reasons it is very important to get this message across to your many VOA listeners, and would therefore appreciate receiving, by c.o.b. October 5, assurances from ICA that this theme is being given the attention it deserves in your broadcasts. (U)

Zbigniew Brzezinski

² On October 12, Brement notified Brzezinski that Reinhardt had not yet responded to his October 1 memorandum and suggested a follow-up reminder. In an October 15 memorandum to Reinhardt, Aaron added that the NSC had received "a reliable intelligence report stating that many Soviet citizens in high positions within the Party were 'gripping about Soviet foreign aid and foreign involvement'" and "resent it for what they see as its negative impact on the quality of life in the USSR." (Ibid.)

67. Editorial Note

On November 14, 1979, the Department of State sent telegrams to Bonn, Moscow, and all Eastern European posts regarding recent discussion on Radio Free Europe and Radio Liberty asset relocation from Europe to the United States. The Board for International Broadcasting authorization bill for fiscal year 1980 had been amended in the Senate to require the Board to study possible relocation of staff from Munich to the United States under 50, 25, and 10 percent scenarios. The Department informed the posts of the conclusions of the Board's study. The 50 percent scenario, the Board concluded, would be "severely damaging to the unique character of RFE/RL" and would be particularly true for the Eastern European language services. The Board found even a 25 percent scenario, in which the Eastern European services would be moved to the United States, prohibitively damaging to the quality of programming, as "these services are most dependant on close interaction with their audiences." A 25 percent scenario in which Radio Liberty would be moved to the United States was found to undo programmatic gains achieved by the ongoing consolidation of the two Radios. Finally, a 10 percent scenario in which part of Radio Liberty—either the

Russian or the other nationalities sections of Radio Liberty—would be moved to the United States was found by the Board to be “totally unacceptable” in separating “from one another the broadcasters in various languages to a single country (the U.S.S.R.).” The Board for International Broadcasting study concluded: “While recommending against relocation models based on arbitrary percentages, it is the Board’s judgment that financial savings could be realized, and RFE/RL programming enriched, by a program-oriented reallocation of resources.” Carried out on a voluntary basis, this reallocation would restore balance in programming and “improve the quality and diversity of RFE/RL programming.” (Telegram 296198 to multiple posts, November 14; National Archives, RG 59, Central Foreign Policy File, D790525–0156)

Responding to the Department’s telegram on November 16, the Embassy in Bucharest stressed that Radio Free Europe was Romania’s “major source of meaningful information and commentary, not only on external, but also on internal developments.” (Telegram 7717 from Bucharest, November 16; National Archives, RG 59, Central Foreign Policy File, D790527–0825)

The Embassy in Warsaw echoed the same concerns on November 19, stressing that “we consider it essential to keep the Polish broadcast service in Munich.” The Embassy continued: “Only thus can the ‘European presence,’ and the capability of quick (telephonic) communication between listeners in Poland and the station be maintained. Eliminating these operating conditions would, we are convinced, result in a drastic loss of listener interest and confidence in RFE.” (Telegram 11506 from Warsaw, November 19; National Archives, RG 59, Central Foreign Policy File, D790532–0502)

The Embassy in Hungary offered a stark reminder of the effectiveness of the Radios, writing on November 19: “We have recently been reminded of the efficacy and value of the Radios in their alert reporting of a protest by 250 Hungarian intellectuals over the Prague trials.” The Embassy concluded: “As one of the protesters has told us, within days ‘everyone in Hungary’ knew of the existence of the protest from RFE. We should consider carefully before we tamper with our most effective challenge to the monopoly of Communist governments over information.” (Telegram 5869 from Budapest, November 19; National Archives, RG 59, Central Foreign Policy File, D790532–0968)

The Embassies in Moscow and Sofia also emphatically opposed any relocation. (Telegram 26076 from Moscow, November 20; National Archives, RG 59, Central Foreign Policy File, D790534–0943, and telegram 2961 from Sofia, November 21; National Archives, RG 59, Central Foreign Policy File, D790535–0915)

From Prague, the Embassy summed up frustration felt by posts with the discussion of relocation of the Radios: "The question is, since the USG has developed an efficient and influential voice in Eastern Europe and the Soviet Union at a modest cost, why should we continually study ways to save relatively small amounts of money when the proposed solutions will all adversely affect the utility of that rather valuable resource?" (Telegram 4057 from Prague, November 20; National Archives, RG 59, Central Foreign Policy File, D790534-0053)

Strongly recommending against moving the Radios, the Embassy in Bonn stressed that "implementation of any kind of relocation plan beyond transfer of a few low-level positions would stir political controversy in the FRG, with ensuing tensions in FRG-US relations." Any move—be it complete or partial—would have the same effect, the Embassy reported in telegram 20671 from Bonn, November 19. Relocation would open Schmidt to attack from the right for abandoning the Radios, as well as from the left by Social Democratic Party elements seeking to completely remove the Radios from German soil. Without discussing the financial aspects of the move, the Embassy concluded "that the negative political implications are so substantial as to throw considerable weight into the balance." (National Archives, RG 59, Central Foreign Policy File, D790533-0171)

In a November 27 letter to Board for International Broadcasting Executive Director Walter Roberts, Assistant Secretary of State for European Affairs George Vest detailed the Department's position in the Radio relocation debate: "Our Embassies have concluded that the relocation to the U.S. of 50, 25, and 10 [percent] of RFE/RL personnel would have an adverse political and psychological impact on US interests in the Federal Republic of Germany, the USSR, and the five Eastern European countries." Vest also stressed the assessment of the Embassy in Bonn that relocation would become "a contentious domestic political issue" in West Germany, and that both Moscow and Bonn believe any relocation would lead to "intensified Soviet pressure for the complete removal of the Radios from the Federal Republic." The Department of State informed the Embassies in Bonn, Moscow, and the Eastern European capitals of the text of the letter in telegram 310750 to multiple posts, December 2. (National Archives, RG 59, Central Foreign Policy File, D790556-0447)

The Soviet invasion of Afghanistan in December 1979, the ongoing hostage crisis in Iran, the boycott of the Moscow Olympics, and the increasing popular unrest in Poland all gave added weight to the usefulness of the Radios. However, facing financial crisis, Washington continued the pressure to find budget cuts. On June 25, 1980, Board for International Broadcasting Chairman Gronouski informed Secretary of State Edmund Muskie of the Board's decision to transfer

45–60 people from Munich to the United States and about 20 more to other places in Western Europe. Gronouski requested Department guidance with respect to two questions: “A. Would moving the three Baltic language units to the United States be inconsistent with the foreign policy interests of the United States? B. Would relocation of the three Baltic language units to the United States (involving no more than eighteen of the more than 1000 Munich-based RFE/RL employees) have adverse political implications in the countries affected by the move?” The Department asked Bonn, Moscow, and Eastern European posts for their assessments of the plan. (Telegram 174184 to multiple posts, July 2, 1980; National Archives, RG 59, Central Foreign Policy File, D800317–1197)

The Embassy in Moscow responded on July 11, stressing that “the potential for wedge-driving between the US and the FRG—if the Soviets should conclude that a partial relocation was being made in response to German nervousness—is even greater under present circumstances than was true last year.” (Telegram 10948 from Moscow, July 11, 1980; National Archives, RG 59, Central Foreign Policy File, D800333–0170)

The Embassy in Bonn concluded that a move of the Baltic services to the United States would “(1) be inconsistent with our foreign policy interests in Germany, and (2) would have adverse political implications here.” (Telegram 13057 from Bonn, July 11, 1980; National Archives, RG 59, Central Foreign Policy File, D800332–0403)

The Embassy in Warsaw recommended that the Department weigh “what appear to be the limited economies available through a move of the Baltic units against the risk of arousing new apprehensions about the stations’ ‘withdrawal from Europe’ among a much wider sector of the RFE/RL audience than that directly affected.” (Telegram 6729 from Warsaw, July 8, 1980; National Archives, RG 59, Central Foreign Policy File, D800327–1150)

68. Memorandum From the Director of the International Communication Agency (Reinhardt) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, November 26, 1979

SUBJECT

VOA Broadcasting

With reference to your memorandum of November 16,² we have undertaken on a priority basis the identification and use of appropriate additional materials on the treatment of Muslims in the Soviet Union. The initial focus of our effort, beyond our ongoing news reporting, will be a special VOA series examining the status of Islam beyond the Islamic heartland.

This series, to be produced for broadcast in December³ will focus on the quality of life within minority Islamic communities around the world. It will be organized around topics such as:

- the size and growth of Islamic communities;
- the degree of Islamic integration into the surrounding cultural, political and economic environment;
- their sense of freedom and security;

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79. Confidential. Brzezinski forwarded the memorandum to Carter under a handwritten note that reads: “I have been pressing VOA for this since early fall.” Carter initialed the memorandum, indicating he saw it.

² On November 8, less than a week after the U.S. diplomats were taken hostage in Tehran, Brzezinski asked the ICA to include in the VOA broadcasts to the Middle East information about the treatment of Muslims in the Soviet Union including “references to the Soviet policy actively discouraging religious belief and practice.” Brzezinski also requested a report to Carter on what VOA was doing along those lines and what augmentations to VOA programming were being implemented. (Ibid.) In a November 15 memorandum to Brzezinski, Reinhardt reported that ICA was “studying various approaches to augment present programming and broadcasting.” (Ibid.) On November 16, Brzezinski signed a memorandum to ICA requesting a concrete report for the President, which should be submitted by November 26. (National Security Council, Carter Administration Intelligence Files, Box I–023, SCC Meeting Folders, 79–80, SCC (i) Meeting on Broadcasting and Related Issues, 11 December 1979) On November 28, Brzezinski wrote Reinhardt that the November 26 ICA proposals appeared to have potential and reemphasized the need to urgently implement VOA programming to Muslims. In a handwritten note, Brzezinski added that he “needs *periodic* updates for the President.” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79)

³ Brzezinski underlined “in December” and wrote an exclamation point in the margin.

- their right to practice their religion and official and unofficial restrictions thereon;
- participation in the worldwide Islamic resurgence;
- how they are influenced by urbanism and modernization in technologically advanced environments;
- the perceptions of these minority Islamic communities held by their non-Islamic neighbors and similar issues.

Such an approach will be most effective, in our judgment, because: (a) it will be credible; (b) it will be more than a solitary program; (c) it will permit us to compare and contrast the treatment of Muslims in the Soviet Union with their more favorable conditions elsewhere; and (d) it will provide a format for discussing some aspect of Soviet treatment of the Muslims in *each* of the programs.

The series will initially consist of eight or more ten-minute programs. It will be broadcast primarily in languages that reach the Islamic heartland—e.g., Arabic, Indonesian, Turkish, Persian, Urdu as well as French and English—but in Uzbek, Serbo-Croatian, Georgian, Chinese, Swahili, Hausa, Hindi and Tamil as well. We are consulting with a wide range of authorities to develop material for the instant series; that research will lead to other VOA program possibilities as well. Among those to be consulted:

Sheikh Ahmad Zaki, Imam of the Islamic Center of Chicago; Dr. Muhammed Abdul-Rauf, Director of the Islamic Center Mosque in Washington, D.C.; Fazl Al-Rahmam, Professor of Islamic Thought, University of Chicago; Professor John Esposito, Professor of Religion, College of the Holy Cross, Worcester, Mass.; Professor Jaroslav Stetkevych, University of Chicago; Dr. Muzammil Siddiqui, Muslim World League; Imam Khalil Al-Min, World Community of Islam; Imam Muhammed Hirri, Shiite Imam, Detroit, Michigan; Mr. Leo Orleans, The Library of Congress; Ms. Kirkland of the University of Chicago; Professor Alexandre Bennigsen, University of Chicago and Paris, France; Dr. Murray Feshbach, Foreign Demographic Division, Department of Commerce; Professor Gail Lapidus, Political Science, University of California, Berkeley; Professor Teresa Rakowska-Harmstone, Carlton University, Canada; Professor Edward Allworth, Columbia University; Professor Michael Rywkin, City University of New York (CUNY); Professor Steven Burg, Oberlin College; Professor Mobin Shorish, University of Illinois; Ms. Ann Sheehy, Radio Liberty analyst.

VOA correspondents abroad will also develop material in the major regions to be covered.

The material developed for the VOA series will also be utilized as appropriate in other USICA media:

- The VOA programs will inform coverage on the Agency's Wireless File for use by our posts abroad.

—We will identify certain programs/interviews which might be recast as video programs. Such video tapes would be made available to selected posts for local use with specific audiences.

—On a longer range basis, the material will also be adapted for use in the Agency's publication *Al Majal*, a monthly Arabic-language magazine published for Near East and North Africa countries.

—*Problems of Communism*, in addition to an early 1980 article by University of Chicago Professor Alexandre Benningsen on how Soviet Muslims see the Muslim world outside the Soviet Union, will incorporate continued coverage of the Islamic peoples of the Soviet Union and China.

As we develop these concepts, we will continue to look for additional ways to communicate effectively to our audiences the state of the Muslim minority in the Soviet Union.

69. Editorial Note

On December 5, 1979, Representative Elizabeth Holtzman (D-New York), Chairman of the Subcommittee on Immigration, Refugees, and International Law, called for National Security Council Staff member Paul Henze to resign in a letter to President Jimmy Carter. The letter was released to newspapers and drew attention to comments made by Henze during the August 15 meeting of the Board of International Broadcasting (BIB) in Washington. At the meeting, while discussing the future of Radio Free Europe and Radio Liberty (RFE/RL), Henze referenced the May 1 interview broadcast on the Romanian service of Radio Free Europe with Valerian Trifa, a Bishop of the Romanian Orthodox Church in the United States and Canada. Trifa had been accused of being a member of the Romanian Fascist Party Iron Guard during World War II and responsible for instigating the Jewish pogrom in Bucharest in 1941 and was under investigation by the Justice Department. Holtzman asserted that Henze had characterized concern about the Trifa interview as "silly" and that it "certainly isn't serious from the point of view of the White House." Holtzman also directed the Subcommittee staff to investigate the matter. (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 12/79)

In his August 17 report to Assistant to the President for National Security Affairs Zbigniew Brzezinski on the meeting, Henze made no mention of the incident regarding Trifa. He detailed his impressions of the contrast between the Board for International Broadcasting and the Radio Free Europe/Radio Liberty Corporate Board, his impression that the Radio Free Europe/Radio Liberty relocation "has been blown

out of all proportion to its real importance by the BIB Staff in conjunction with a few congressional staffers,” and the challenges faced by the Radios in obtaining additional funds for their budget in a Zero Base Budget environment and pressure for budgetary cuts across the board. Henze also sketched out his idea of combining the Board for International Broadcasting and the Radio Free Europe/Radio Liberty Corporate Board into “a public corporation with half Presidential appointees, half public members representing a wide spectrum of interests and talents,” an idea which would allow for the removal of “bothersome BIB Staff.” Henze wrote: “*This has not been discussed with [Board for International Broadcasting Chairman] Gronouski yet, but there is increasing evidence that he would be ready to go along.*” Henze concluded: “Do not say anything until you and I have had a chance to review all this further.” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 1–9/79)

In an October 1 memorandum to Brzezinski, Henze discussed the ongoing conflict, referencing a memorandum on BIB–RFE/RL cooperation circulated by BIB staff to Congress and government agencies. The memorandum accused Radio management, and especially Glenn Ferguson of “free wheeling by the radios on the Hill.” Ferguson was also the target of an article by Jack Anderson in *The Washington Post* in which his compensation was made public. (Jack Anderson, “One Happy Ending for ‘Boat People,’” *The Washington Post*, September 7, 1979, page C13) Henze wrote: “The present crisis is not going to go away. We can solve it only by moving to solve the basic contradictions in the present management and supervisory structure of the radios.” Henze suggested that the administration combine the Board for International Broadcasting and the Radio Free Europe/Radio Liberty Corporate Board into one entity. Gronouski, Henze suggested, should be offered a different position within the administration—either at the Department of Labor or the Department of Education. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79) On October 2, Henze followed up with another suggestion for Gronouski’s next appointment: head of the Voice of America after Peter Strauss resigned, an idea which Brzezinski promised to pursue. (Ibid.)

Representative Holtzman’s investigation brought Henze’s comments at the Board for International Broadcasting meeting in August front and center. Henze wrote Brzezinski on December 7 defending himself against the charges. He stated that the attack was carried out by “elements in the BIB Staff and their collaborators among congressional staffers” who were “frustrated because their scheme for crippling the

radios by moving them from Europe to the U.S. (allegedly in the name of economy) has fared badly." The "selective citation" of his remarks, Henze added, *"neither reflects the context nor the spirit of what I said."* Henze argued that the Board for International Broadcasting staff had been carrying out an ongoing vilification campaign against the management of the radio, against himself, and, most importantly, against Brzezinski. The ongoing "dywersja" (Polish: diversion), Henze wrote, undermines the basic purpose of the stations. He continued: "The stations are an asset to U.S. foreign policy and an important service to the peoples who live under Communist domination." What is at stake, Henze concluded, is the maintenance of "professional independence and integrity of Radio Free Europe and Radio Liberty." (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 12/79)

70. Summary of Conclusions of a Special Coordination Committee (Intelligence) Meeting¹

Washington, December 11, 1979, 4-5:30 p.m.

SUBJECT

Broadcasting and Related Issues (U)

PARTICIPANTS

State

David Newsom, Under Sec. for
Political Affairs

**David Mark, Dep. Dir. INR

*Morris Draper, Dep. Asst. Sec.
Bureau of NE & So.
Asian Affairs

OSD

W. Graham Claytor, Jr.,
Dep. Sec.

Ronald H. Stivers, Asst. Dep.
Under Sec. for Policy
Review

DCI

Frank Carlucci, Deputy Director
[4 names not declassified]

ICA

*John Reinhardt, Director

VOA

*Hans Tuch, Acting Assoc. Dir.

OMB

John White, Deputy Director

BIB

*John A. Gronouski, Chairman
*James Critchlow, Planning and
Research Officer

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-020, SCC Meetings, 1978-1980 Minutes and PRC Minutes, Minutes SCC 1979. Confidential. Drafted by Henze. The meeting took place in the White House Situation Room.

JCS
Lt. General John Pustay,
Asst. to the Chairman

White House
Zbigniew Brzezinski,
Chairman

Justice
John Shenefield, Acting Asst.
Kenneth Bass, Office of
Legal Counsel

NSC
Paul B. Henze, Notetaker

*Present only for first portion of meeting.

**Present only for second portion of meeting.

The meeting was called to review proposals for improving broadcasting to Muslim audiences. The Chairman opened the meeting by stressing the urgency of the problem and the President's concern about it. He said that events of the past year had highlighted serious deficiencies in this area but efforts to correct them had been proceeding too slowly. He cited delay in implementing an earlier decision to inaugurate Azeri broadcasting over VOA as an unfortunate example. The Deputy Secretary of Defense noted that the United States would be allocating billions of dollars to set up quick reaction forces and was even now spending sums far greater than the cost of broadcasts to keep naval task forces steaming around the Persian Gulf. The Chairman suggested that our defense outlays would not have to be so high if we had not neglected effective communication with key groups such as Muslims. There was general agreement among all present that urgent steps were needed. (U)

Before reviewing specific proposals of VOA and BIB for Radio Liberty, the group reviewed *the present status of Persian-language broadcasts over the VOA*. VOA was praised for having already expanded Persian but there was unanimous consensus that what was now being done—1½ hours per day in total broadcast time—was inadequate for a crisis situation which was likely to continue for months if not years. After discussion of personnel recruiting, transmitter allocation, possible reduction of lower-priority languages and the significance of VOA English-language broadcasts for Iranian and other Muslim audiences, it was decided that the specifics of how to expand Persian broadcasts as soon as possible would be taken up by the SCC Radio Working Group which will report back to the SCC as soon as possible. The aim will be at least to *double* VOA's capacity to communicate in Persian, both in terms of program content and transmitter power. (C)

VOA's paper offering five option "packages" for expanding broadcasting to Muslim audiences was then discussed.²

² Dated December 4. (National Security Council, Carter Administration Intelligence Files, Box I-023, SCC Meeting Folders, 1979–1980 and Attorney General Actions, SCC(i) Meeting on Broadcasting and Related Issues, 11 December 1979)

- *Package I, priority expansion of broadcasting in Persian, Azeri, Urdu, Bengali, Uzbek and Turkish*, was unanimously endorsed. (U)

- *Package II—construction of four new 250 KW shortwave transmitters for broadcasts to South and Central Asia*, had been approved, it was noted, by the President in March 1977. VOA explained that ambassadorial reservations about the willingness of the Sri Lanka government to permit construction had delayed action. The Chairman said that a delay of more than 2½ years in implementing a Presidential decision was unfortunate and asked that a detailed report of actions taken or attempted be prepared by State and ICA. He directed that urgent diplomatic steps be taken to secure approval for beginning construction as soon as possible and said the status of the effort should be reviewed at frequent intervals by the SCC Radio Working Group, with any impasse being referred back to the SCC for resolution. (C)

- *Package III—expansion of additional Muslim-language broadcasts—Hausa, Swahili, Indonesian, Hindi and Arabic—was unanimously endorsed.* (U)

- *Package IV—adding four 250 KW shortwave transmitters to existing VOA facilities in England*, to provide replacement for obsolescent transmitters in Germany and Morocco, was endorsed unanimously. These transmitters will improve VOA's capabilities toward Eastern Europe and the USSR as well as the Near East. The Chairman noted that the political situation in Morocco made it especially desirable that VOA have an alternative for its transmitters there. (C)

- *Package V—further increases in Persian, Azeri, Urdu, Bengali, Turkish and Arabic* to capitalize on South Asian and British transmitters, when available, was also unanimously endorsed. (U)

The Chairman observed that improving broadcasts did not involve only more programs and more transmitters, *but better content in broadcasts*. The whole Islamic World is going through a renaissance, he said, and we must find ways of responding to it. The Director of ICA said that his agency was giving high priority to getting improved research and information input by contacting academic specialists. He said that his agency did not believe that improvements in communication with Muslim peoples should be confined to broadcasts but that *all of ICA's techniques of communication should be employed*. The group agreed and the Chairman advised ICA to plan urgent expansion in other fields as well. Though this meeting was concerned only with Muslim areas, the Chairman added, *the current crisis had revealed deficiencies in our ability to communicate with other parts of the world as well which also needed attention.* (U)

The Committee then turned to *the BIB proposals*. The BIB Chairman made an introductory statement which stressed Radio Liberty's *enormous potential* for impact on the 50 million Soviet Muslims and the *meager resources* which had been applied to this task to date: only 46 people in all, including secretaries and researchers, for only 3½ hours per week of original programming in 7 languages. Though the expansion was not as easy as for East European or Russian, he said that

initial exploratory work left him confident that people for broadcasting staffs could be found, researchers hired and trained and available research materials much more effectively exploited. News and programming-support offices in the Middle East were also needed. The four expansion packages offered by BIB were then discussed:

- *Package I—immediate steps to improve content and depth of RL broadcasts in Uzbek, Tatar, Kazakh, Azeri, Tajik, Turkmen and Kirgiz*—was endorsed unanimously. (U)

- *Package II—improving broadcast impact in the target area by leasing transmitters in the Middle East* was also unanimously endorsed, in principle. There was a good deal of discussion of the political ramifications as well as the concrete technical possibilities of leasing in various countries. The Chairman concluded by directing that opportunities in Israel, Egypt, Jordan and Saudi Arabia be urgently explored and that State facilitate BIB efforts in every way possible. The BIB Chairman reported promising conversations with a high Israeli official and there was general agreement that possibilities in Israel should be the first to be explored. The Chairman cited the RFE experience in broadcasting to Poland from Germany as negating worries that broadcasts transmitted from Israel would not be effective with Muslim audiences. The Chairman suggested that BIB might want to explore transmitter leasing opportunities farther afield but felt that the four countries named should be urgently explored first. The SCC Radio Working Group will monitor progress on this effort closely and report back to the SCC on new problems or opportunities. (C)

- *Package III—an extension of Package I—more comprehensive measures for improving and expanding RL's Muslim-language broadcasts to 5½ hours of original programming per week* was endorsed unanimously with the understanding that it would be practical only if Package II could be successfully implemented or transmitter power augmented in some other way. In discussion of this package, BIB representatives stressed the need for a solid information and research base to enable RL to carry out its unique mission: in-depth coverage of internal affairs and the special ethnic and cultural interests of its audiences, in contrast to VOA's primary mission of providing U.S. and international news and commentary. (C)

- *Package IV—a proposal for building four 250 KW transmitters somewhere in the Middle East* was deferred for later consideration, pending the results of the leasing effort. The Chairman emphasized that this deferral was “without prejudice” and could be taken up again whenever BIB thought it opportune. (U)

The Chairman then turned to FBIS and noted that the services it provides, though excellent have been shown during the past year of crisis in the Middle East, to be *neither fast nor comprehensive enough*. He mentioned the inadequacy of our knowledge of how and through what channels distorted information about the Great Mosque incident in

Mecca had traveled.³ [1 line not declassified] Questions of specific priorities can be reviewed by the SCC Radio Working Group. (U)

In conclusion of this portion of the meeting the Chairman asked the OMB representative to give high priority to working out plans for meeting the needs for budgetary augmentation which the expansion plans endorsed by the Committee would require, noting that in some cases needs for new funding would be immediate while in others they could be phased over two or three years. (U)

[Omitted here is discussion unrelated to Voice of America.]

³ On November 20, Islamic terrorists seized the Grand Mosque in Mecca and declared one of their leaders as Mahdi (redeemer of Islam). The Saudi Arabian forces retook the Mosque after heavy fighting on November 27. Rumors that the United States was behind the incident sparked protests in Pakistan on November 21, where the U.S. Embassy in Islamabad was burned down and two U.S. citizens were killed. On November 24, Iranian leader Ayatollah Ruhollah Khomeini accused the United States and Israel of being behind the attack and called for Muslims to rise up and defend Islam. On December 2, a Libyan mob attacked and burned the Embassy compound in Tripoli.

71. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, December 12, 1979

SUBJECT

Broadcasting to Muslims (U)

The Summary and Conclusions of the SSC [SCC] I held on 11 December 1979 to review proposals for expanding and improving VOA and Radio Liberty broadcasts to Muslim audiences [1 line not declassified] are attached for your approval. (S/S)

The total *yearly* cost of all the steps that can be taken *immediately* is not greater than [dollar amount not declassified] dollars. Our task forces in the Persian Gulf area are probably costing this for only a few days'

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-023, SCC Meetings Folders, 1979-1980 and Attorney General Actions, SCC(i) Meeting on Broadcasting and Related Issues, 11 December 1979. Secret; Sensitive. Sent for action. Brzezinski wrote the date on the document. Carter wrote "Zbig. J" at the top indicating he wanted the memorandum returned to Brzezinski.

operation. Longer-range improvements, which would be funded over two or three years, add up to about [*dollar amount not declassified*]. (C)

I am inclined to think that if we had not let our ability to communicate with this part of the world decline over a long period of time by failing to add modest increments of funds regularly, we might not have to be facing such large outlays of money for augmenting our military capabilities in the region. The costs of improving our position in the broadcasting field are extremely modest in comparison, but we have no time to lose in setting about the job. I plan to have my staff monitor everything we are doing in this field closely to ensure that momentum is maintained. (U)

RECOMMENDATION

That you approve the Summary of Conclusions attached at TAB A.²

² Tab A is attached but not printed. Carter neither approved nor disapproved the recommendation and wrote in the margin: "This is a *summary*?! I approve the immediate action, but OMB will have to assess for me the other new expansion projects. J." Brzezinski informed Vance, McIntyre, Turner, Reinhardt, and Gronouski of this decision in a December 13 memorandum. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79) In a December 14 memorandum to Brzezinski, Reinhardt reported: "As a result of the SCC meeting on December 11, we are prepared and resources permitting" planned to increase Persian broadcasting to six hours, as well as other increases in broadcast times to countries with large Islamic populations. (National Security Council, Carter Administration Intelligence Files, Box I-023, SCC Meetings Folders, 1979–1980 and Attorney General Actions, SCC(i) Meeting on Broadcasting and Related Issues, 11 December 1979)

72. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, December 19, 1979

SUBJECT

Broadcasting to Muslims—Need to Push OMB to release funds (U)

I had a good Radio Working Group yesterday afternoon. All participants are eager to move to implement the program which has already been advertised in the *New York Times*²—with one exception: OMB. It is dragging its feet. It has been reluctant to give ICA all the money it says it needs for VOA and even more reluctant to authorize new positions. It has allocated no money to BIB for RFE/RL—with John White maintaining that the SCC decisions, as he understands them, do not permit giving any funds for improving broadcast content until transmitters have actually been rented. This means that you wait to hire people and improve research and monitoring until you have the transmitters ready and then you wait another six months to broadcast effectively while you build up programming. This is a recipe for sapping initiative and inflicting unnecessary delay on ourselves to save pennies. . . (C)

I have prepared a strong memorandum from you to McIntyre attached at TAB A³ and recommend you sign it immediately. (U)

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-023, SCC Meetings Folders, 1979–1980 and Attorney General Actions, SCC(i) Meeting on Broadcasting and Related Issues, 11 December 1979. Confidential. Sent for action. Copies were sent to Bremont, Larrabee, Sick, and Odom.

² Attached but not printed. David Binder of *The New York Times* published an article two days earlier discussing the December 11 decisions to expand broadcasting to Soviet Muslims in light of the ongoing hostage crisis in Iran and the ferment in the region. Binder detailed the ongoing debates between the White House, the ICA, and the OMB on the need for more transmitters to reach Soviet Muslims and identified Henze as both a CIA employee and the former CIA Chief of Station in Turkey. (David Binder, "U.S. Wary of Islamic Upheaval, to Increase Broadcasts to Moslems," *The New York Times*, December 17, 1979, p. A16) The leak prompted Brzezinski to call for an FBI investigation into the matter. Henze wrote two memoranda to Brzezinski on December 18, the first detailing his discussion with Binder, the second suggesting the administration take a more proactive position. Henze argued: "On the issues which Binder raises, we risk letting the impression develop that we are up to something illicit if we go on saying nothing. The Administration should be getting credit for taking initiative on Muslim broadcasts after decades of neglect (Persian stopped being broadcast under Eisenhower in 1958!)." (Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 12/79)

³ Attached but not printed. According to an attached activity sheet, the memorandum was returned to Henze on December 26 for revisions. There is no indication that it was subsequently sent to McIntyre.

73. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, December 28, 1979

SUBJECT

Proposed Radio Liberty Broadcasts to Soviet Muslims (C)

Attached at Tab A² is a memo from State outlining their strategy for implementing the December 11 SCC decision authorizing them to investigate the possibility of leasing transmitter time in Saudi Arabia, Egypt, Israel and possibly Jordan for Radio Liberty programs beamed at the Soviet Muslim populations. (C)

There are existing short-wave transmitters powerful enough to reach Soviet Central Asia in Saudi Arabia, Egypt and Israel. Jordan has no short-wave transmitters capable of reaching Soviet Central Asia and therefore has been dropped from consideration. (C)

State argues—correctly in my view—that we ought to make our first approach to the Saudis in order to capitalize on their strong sense of responsibility for Muslim peoples and to offset any Saudi reaction, should we later turn to the Israelis. While there may be some reluctance on the part of the Saudis, State believes that a well-prepared approach, explained as an information effort aimed at oppressed co-religionists could overcome these hesitations. They recommend that the BIB send a senior representative to talk to the Saudis and explore the possibility of leasing transmitter time. (C)

If the Saudis prove unwilling, State recommends approaching Egypt next. They caution, however, that Egypt may be wary of agreeing to another highly visible bilateral project at a time when they are trying to mend their fences with the Soviets. (C)

State thinks Israel should be approached only as a last resort, and that the decision should be reconsidered if this is the only option. They feel any broadcasts from Israel could be exploited by the Soviets to blunt the impact of our effort directed at the Muslim populations. In particular, the Soviets could portray the broadcasts as evidence of a joint US-Zionist conspiracy. Embassy Tel Aviv shares this concern.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79. Confidential. Sent for action.

² A December 22 memorandum from Tarnoff to Brzezinski is attached but not printed.

It feels that the potential advantages do not outweigh the negative consequences which they see as following from such cooperation with Israel. (C)

While Embassy Tel Aviv's and State's concerns have merit and deserve careful consideration, it is questionable in my view whether they are of sufficient weight to require abandoning the whole project in Israel. For many years it was argued that RFE broadcasts to Poland could not succeed if they were broadcast from West Germany. However, in the end locating the stations in Munich did not really impair the effectiveness of RFE's Polish broadcasts. While the two situations are not entirely comparable, the RFE experience does suggest that the location of the transmitters is less important than the content of the programming. (C)

At any rate, we need not make this decision now. Our first priority should be to investigate the possibilities of leasing transmitters from the Saudis and Egyptians. If this fails, we can assess the pros and cons of approaching Israel later. At the very least, prior approach to Saudi Arabia and Egypt will cushion their reaction if we do eventually decide to approach Israel. (C)

State has been in touch with the BIB, which is prepared to move ahead along the lines indicated above and to send a mission to the area in the coming weeks. (C)

RECOMMENDATION: That you approve the basic approach outlined above.

_____Approve³ _____As amended _____Disapprove

Bremont concurs.

³ Brzezinski approved the recommendation and wrote at the top of the memorandum "Move fast."

74. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to Vice President Mondale¹

Washington, December 28, 1979

SUBJECT

Broadcasting to the Moslem World (U)

In answer to your query at the PRC yesterday,² all the participants, with the exception of OMB, are moving to implement the decisions taken at the December 11 SCC on broadcasting to the Moslem World and approved by the President. To date OMB has:

—released funds for VOA's most urgent needs but been reluctant to provide funds for the expansion of Hausa, Swahili, Indonesian, Hindi and Amharic (the latter is particularly important)

—allocated no money to BIB for RFE/RL to improve the content and depth of Radio Liberty broadcasts in Uzbek, Tatar, Kazakh, Azeri, Tajik, Turkmen and Kirgiz on the grounds that funds for such steps could not be released until arrangements for transmittal rental have been accomplished. Improvements in these language services are needed now, however, in order to have better broadcasts ready when the transmitters are rented. Moreover, RL must begin to hire new people for these languages, a difficult task which will take months and which should be begun as soon as possible. (C)

Recent developments in Afghanistan³ have underscored the importance of moving rapidly to implement the December 11 SCC decisions, particularly funding for VOA and RL programming needs. I think

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 112, Radio Free Europe/Radio Liberty/Voice of America: 10–12/79. Confidential. Larrabee forwarded the memorandum to Brzezinski on December 28 and noted he had coordinated it with Henze. (Ibid.)

² On November 23, Robert Gates asked Gary Sick and Paul Henze to prepare a memorandum for Brzezinski's signature answering a query from Mondale about U.S. actions to counter Soviet propaganda in the Persian Gulf. Henze provided Brzezinski a draft memorandum on November 26. In his covering memorandum, Henze asked Brzezinski to engage Mondale as a supporter of a more assertive U.S. approach to international broadcasting. (National Security Council, Carter Administration Intelligence Files, I-023, SCC Meeting Folders, 1979–1980 and Attorney General Actions, SCC(i) Meeting on Broadcasting and Related Issues, 11 December 1979) Aaron signed the memorandum on Brzezinski's behalf on November 27, reporting that severe budget limitations imposed on RFE/RL and VOA prevented progress. (Ibid.) On December 27, Mondale again asked about broadcasting to Muslim audiences.

³ On December 25, Soviet airborne troops began arriving in Kabul, Afghanistan. On December 27, Soviet Army and KGB troops attacked the Presidential Palace in Kabul and killed Afghani President Hafizullah Amin. Concurrently, Soviet ground forces began crossing the border into Afghanistan.

a memo from you to Jim McIntyre would help to overcome OMB footdragging. (C)

75. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant to National Security Affairs (Brzezinski)¹

Washington, January 11, 1980

SUBJECT

Money for Radio Expansion (U)

One month ago today the SCC endorsed proposals for expanding broadcasting to Muslims and the President approved these actions two days later. But, as the *New York Times* reported from Munich yesterday (TAB A),² *Radio Liberty still hasn't received a penny of the money needed to do the job.* OMB's bookkeepers pinch pennies, question the intent of the SCC actions and think up reasons why the money shouldn't be provided.

Your credibility and mine with the radios and the BIB is suffering. Does the Administration really mean what it says? Is the President really behind expanded broadcasts? Do SCC and NSC decisions not apply to OMB?

Particulars: The NYT gave both VOA (TAB B)³ and RL (TAB A) attention yesterday. The piece on VOA talks about what it is *going to do* and sounds pretty good, but it all has to be done yet and impact demonstrated. RL, which is probably even more eager to move than VOA, tells it how it is: pitifully limited output now because Soviet Muslim broadcasting has been kept on a starvation diet for years; enormous potential for expansion; frustration. Bill Reese, who is quoted in the article, is a feisty Jerry Funk type. He is the man I described to you after my visit last summer as bringing a whole new potential into the Caucasian and Central Asian field. A former Peace Corps volunteer

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 1/80. No classification marking. Sent for action. Copies were sent to Brent, Larrabee, Sick, Hunter, Thornton, Odom, Ermarth, and Griffith.

² Attached but not printed at Tab A is John Vinocur, "Radio Liberty Stressing News to Soviet Moslems," *The New York Times*, January 10, 1980, p. A13.

³ Attached but not printed at Tab B is Graham Hovey, "Voice of America Aims More Programs at Moslems," *The New York Times*, January 10, 1980, p. A12.

in Turkey, he conducts daily programming meetings in Turkish and has RL's motley team of (mostly aging) Tatars, Uzbeks, Azerbaijanis, Kazakhs, Tadzhiks, Turkmen and Kirgiz motivated as they have never been before.

John White of OMB has refused to return my calls since before Christmas. I finally got through to Ed Sanders, Deputy Associate Director for International Affairs, yesterday and told him I was preparing a report for you on implementation of the radio decisions and wanted to know what OMB's problem was. He said White didn't agree with the SCC decisions as I described them. White understood the SCC to have decided that the radios didn't need any money until they secured new transmitters. I said he was wrong. I repeated for the umpteenth time that even without new transmitters they needed to beef up broadcasting by hiring new people, developing new news research and programming resources to be able to highlight Middle Eastern developments—and if they did get new transmitters, they needed to have all these other things done to make effective use of them. He said they thought they could reprogram, cut something else out. I said the SCC had not even considered that "option". We wanted no cuts in Polish or Romanian to be able to broadcast to Azerbaijanis and Uzbeks. This was not in the national interest. Again, for the umpteenth time, I said the problem was that all radio broadcasting had been shortchanged for years and everything needed to be expanded.

The truth is that OMB has *not reversed the \$2.2 million cut* it made this fall, over our strong objections, *in RFE/RL's FY-81 budget*; RFE/RL is already running short this year and currently faces the necessity of firing 40 people!

The Administration's program for expanding radio broadcasting will soon be exposed as hollow rhetoric unless ample funds are assured. (VOA has been allocated some extra funds by OMB, but far less than is needed to accomplish what they are under orders to do.) Given the insignificant amount of money required (compared to defense outlays)—the entire SCC package of 11 December is well below \$10 million—all of this penny-pinching agony is idiotic. There is no question about popular and congressional support for what we want to do.⁴ I continue to get letters and calls praising us for the decisions that were

⁴ In a January 23 letter to Carter, AFL/CIO President Lane Kirkland decried the insufficient funds made available to broadcasting to the Soviet Union and Eastern Europe. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-9/80) In a February 1 memorandum to Dodson, Henze suggested a reply to Kirkland should stress the December 11 SCC decisions for immediate actions and emphasize that funds are being made available. David Aaron concurred with Henze's recommendations and added a note that reads: "we share the sense of urgency" expressed by the AFL/CIO President. (Ibid.)

leaked by Binder on 16 December. There have been no negative responses whatsoever. When we originally faced communications challenges in the 1950's, we simply made sizable sums of money available and gave the people we put in charge of radio operations the green light. The money was spent well. We have no reason whatsoever to believe that the competent management of RFE/RL will not spend every penny that is made available to them now with full effectiveness. If we really mean what we say, we should assure them of \$20 million over the next year and tell them to rush ahead. The results will be impressive.

One of the most serious shortcomings of this Administration, when it is able to formulate good ideas and take decisions, has been its incapacity to perform, to implement, to carry out what it says it wants done. We seem to have another striking instance of it in the broadcasting field.

RECOMMENDATION

Since your effort to get the Vice President to pressure OMB to honor the SCC/Presidential decisions on broadcasting has produced no results, the only course left open, if we are not to tell BIB/RFE/RL to abandon the effort, is for you to take up the issue with McIntyre, getting beforehand whatever bolstering you feel you might need from the President himself.

76. Memorandum From Leo Cherne to the President's Assistant for National Security Affairs (Brzezinski)¹

New York, March 28, 1980

RE

Board for International Broadcasting

Public Law 93-129 which created the Board for International Broadcasting in 1973 did so because Radio Free Europe and Radio Liberty had been reconstituted as a privately organized Delaware Corporation with its own corporate board of directors, corporate chief executive and professional and engineering staff. Since the work of the Radios

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 4, Chron File: 4/80. No classification marking.

was to be openly funded by the U.S. Government, it appeared essential that a presidentially-appointed board of five members, assisted by a small professional staff, assure the Congress and the President that the mission was properly performed; the moneys properly spent; the engineering equipment and technology be equal to the task; and that the RFE/RL broadcasts meet the highest standards of “quality, effectiveness and integrity”.

The request that I consider nomination to the BIB as its Chairman,² led to a short but intensive assessment of the reality which presently prevails, as well as the contribution, in character and magnitude, such a responsibility would entail.

The conclusions reflected in this memorandum owe much to considerable detail, candor, and important judgments which I received from able and distinguished people who presently or previously have carried substantial responsibility in the areas this memorandum discusses. My study was partial and too brief but, in my opinion, sufficient for me to form certain judgments about the problems which confront the Radios and particularly the private and public boards, their officers and staffs.

Though I suspect there are such instances, I’ve been unable to identify a noteworthy occasion when the BIB adversely affected the operation of the Radios. Nor have I found an occasion when that Board was of any significant assistance to the operation of the Radios. It may be that advocacy needed for the large increase in transmitters or their location in recent years is such an instance. This is only one of a number of many such questions time and propriety did not permit adequate inquiry. On those questions for which I sought answers, my conclusions are as follows.

The BIB and its staff are essentially incapable of performing their assigned mission. The factors involved in this negative conclusion include the following:

No board of five advisory members, meeting four times a year, or twice that often, can more than casually assess operations of the magnitude performed by RFE/RL.

² Leo Cherne served under Presidents Nixon and Ford on the President’s Foreign Intelligence Advisory Board, first as a member and then as chairman. After Carter’s election, PFIAB was disbanded, and Cherne became President of the International Rescue Committee in New York. His name was considered for the chairmanship of the BIB, but Cherne turned down the offer. On May 15, Schultzberg published an article in *The New York Times* discussing the approach by Henze and Brzezinski to Cherne and Paul Seabury to join the BIB Board as well as the opposition from Senate Foreign Relations Committee members. (A.O. Sulzberger, Jr., “U.S. Overseas Radio Stirs Dispute Again,” *The New York Times*, May 15, 1980, p. A17).

The membership of BIB has at no time contained more than one or two people with special or recognized capacity to perform such complex studies.

The Board's present and projected membership is not of the stature which would compel high respect by RFE/RL, its staff and, especially, its corporate board and officers.

The exceptional stature and experience of the RFE/RL Board further intensifies the disparity in quality, depth, and competence, between the two Boards and virtually assures reluctant and minimal cooperation.

Although it is intended that BIB concentrate on certain defined areas of "oversight" and the Board of RFE/RL concentrate on "operations", these distinctions are largely artificial. More importantly, one purpose cannot be pursued without "invading" the other.

Since the part-time membership of BIB is clearly inadequate to its task, more than normal or desirable authority resides in its staff.

That staff, especially its chief members, has become the most significant part of the problem. Of five professionals, two appear to have a potential for useful contribution. The Executive Director of BIB's staff and at least one of the staff assessing program content and quality maximize the friction (inherent in the present arrangement) between the two Boards and unnecessarily burden both.

The distance of both Boards from the main sites of broadcasting operations further complicates the oversight functions.

It is difficult to imagine a laboratory more suited than is the BIB to the proof of several of Parkinson's propositions.

Quite presumptuously, but with deep conviction, the following steps (not easy to accomplish quickly) are recommended:

The next Chairman of BIB must, whatever the resistance from his colleagues who may cherish their distinction and tasks, move to bring the existence of the Board for International Broadcasting to an end. In the interim, in order to improve cooperation between the Boards and assist the Chairman of BIB to perform the responsibilities assigned by law to BIB, all or a large part of the Board's present staff must be replaced promptly. It may not be necessary to fill more than two of the five positions if this diagnosis is correct—the position of executive secretary and the staff member concerned with financial oversight. To fill the other vacant positions risks creating a greater number of people with a vested interest in perpetuating their positions.

The most important purpose which should be pursued by the chairman and executive director, should be the designing of the means to terminate the Board's existence, with the approval of Congress and in such a way as to satisfy the Congress that its serious purpose will,

in fact, be better performed by the existence of one Board—the Board of RFE/RL.

The difficulty which flows from the fact that the RFE/RL Board is a “private” Board must be overcome. I offer several not carefully thought out alternatives.

1) Can the RFE/RL structure, and especially its officers and Board, be made quasi-public with the responsibility to report to Congress and the President? The present operation is, in fact though not in form, quasi-public.

2) Should the RFE/RL Board elect a five-member committee of its members with those members appointed to the BIB by the President subject to Congressional approval? Redundancy of membership is vital if this approach is to work so long as the BIB continues to exist.

The formation of such a five-member committee of the Board of RFE/RL has an additional virtue. The present full Board of RFE/RL has exceptional experience, competence and stature. It is, however, too large to function as an effective board of directors. The present size and range are suggestive of an aggregation of consultants covering the very wide scope of the expertise required to guide the Radios.

3) Should the GAO and OMB assume a large part of the necessary oversight and accounting?

This memo closes with several questions. My inquiry was insufficient to examine them.

1) Does the present arrangement and the present functioning of RFE/RL provide a broadcasting capability sufficiently responsive to U.S. needs in a radically changed world?

2) Are we still over-reacting to the sensitivity about government abuse of the Radios which flowed from the period of intense concern with our intelligence activities?

3) Do the Radios fill the new target needs—ethnic, religious, geographic and political—so large a part of present and future foreign policy concerns?

4) Can our national needs be fully served by ably run broadcasting instruments, staffed by gifted journalists seeking to preserve a reputation for accuracy, objectivity and independence? Each makes an important contribution to credibility. At what cost, in a very new time?

Leo Cherne

77. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, June 13, 1980

SUBJECT

Expanding Radio Broadcasting

It is *exactly six months today* since the President approved the recommendations of the 11 December 1979 SCC on expanding broadcasting to Muslim audiences.

Not much has happened as a result. VOA has expanded some of its broadcasts but it took the sharp attack in the *Post* a few weeks ago to jolt ICA/VOA into facing up to the task of broadcasting to Afghanistan seriously—and it will still be weeks (or months) before Dari broadcasts are on the air. I am asking ICA/VOA for a report on just what has been added since last December—for what they say they are going to do and what they accomplish often involves a large gap. The press, as you know, is increasingly focusing on this problem.

With RFE/RL the picture is much worse. Not a penny has been allocated to expanding Muslim broadcasting staffs and no new transmitters have been leased or otherwise secured. The transmitter-search effort is still bogged down. If the purpose of Binder's *NYT* article was to cause enough commotion about this subject to stymie progress, it has been achieved. BIB and OMB have been in league to tie the whole issue up in bureaucratic haggling while they pursue "relocation" (which would hardly contribute anything to increasing the radios' effectiveness). Latest from Munich is that BIB has now ordered the radios to prepare to relocate all the Baltic services back to the US. This speaks poorly for Gronouski's skill as a politician and judge of ethnic issues—for the Balts are going to be up in arms. I find, in fact, that Lithuanians already raised this issue in a meeting with Steve and David² earlier this week. A fine reward for the Balts in the 40th anniversary year of their takeover by the Soviets—move RL's Baltic services back to the US.

I was glad to see R. Evans place the BIB maneuvers against the radios in the context of detentists trying to maintain their position—for there is a lot of validity to this accusation. The *WSJ* raised it too.

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 5, Chron File: 6-7/80. Confidential. Copies were sent to Brement, Larrabee, and Odom.

² Stephen Larrabee and David Aaron.

The problem (as far as RFE/RL are concerned) is not policy as such, but lack of power. With VOA it is more policy and lack of quality and judgment in certain respects. All these issues need to be aired—and it increasingly looks as if they will be, publicly, if Freedom House, the Georgetown Center holds meetings on them. I have the feeling that the Evans and Osnos pieces in today's *Post* may spark further journalistic investigations.

RL's lack of power is depressing. At the IREX/ICA seminar I attended last Friday (and already reported to you on briefly) there was a great deal of discussion of radio listening in Central Asia by the four American grantees who had just returned. But none cited RL—its broadcasts are too weak in signal to be heard with any dependability by Central Asians. . .

While we fiddle, the Soviets expand. Look at the attached piece ICA has recently issued on expansion of Moscow's World Service in English.³

Chto Delat'?—Frankly, I don't know. I despair of this Administration's capacity to face up to these issues now. We could hold another SCC—if you want to get out front. Short of that, I plan simply to continue calling attention to the problem, pressing where we can to get something done, bit by bit. But we can't expect much from RFE/RL until they get some money and stop being harassed by BIB on tangential issues. They have squeezed out what they can from presently available resources. They have a whole list of good Central Asians, etc. ready to hire . . . but instead they have to spend their time drawing up plans to move the Balts back to New York. . .

³ Not attached.

78. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 7, 1980

SUBJECT

BIB and RFE/RL Muslim-Language Broadcasts

REFERENCE

Walter Roberts' Letter to you of August 1, 1980 (U)

Walter Roberts' letter to you of August 1, 1980 (Tab A)² is a clever stratagem to put you over the barrel on problems which the BIB has handled badly. The main reason why the BIB has made no progress in working out an agreement with the Egyptians for transmission time and/or facilities is the leaking of our plans for expanding Muslim broadcasts. These leaks, you will recall, came immediately after SCC decisions were taken last December (Binder in *NYT*, December 16, 1979).³ This story, taken up and repeated over and over again in subsequent months, by Moscow among others, embarrassed the Egyptians and naturally aroused doubts in their minds about the wisdom of doing business with an organization such as the BIB. [2 lines not declassified] It is not surprising under such circumstances that the US Embassy in Cairo now concludes that BIB-sponsored broadcasts from Egypt should be given low priority because they could become controversial domestically for Sadat. If the purpose of Shub's original leak to Binder was to frustrate the expansion plan and keep it from being implemented, it has come close to being achieved. (S)

Walter Roberts' letter is specious in several respects. He poses the issue of broadcasting from Egypt solely in terms of *building* transmitters

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 113, Radio Free Europe/Radio Liberty/Voice of America: 1980. Secret; Sensitive. Sent for action. Copies were sent to Albright, Brentment, and Sick. On August 11, Brzezinski wrote in the left-hand margin of the first page: "Paul, let me know what the others say on the 3 options. OK on the letter to Roberts. ZB."

² Dated August 1; attached but not printed. The letter addressed the impasse reached by RFE/RL in their negotiations for additional transmitter facilities. (See Document 73.) Roberts wrote that the delay in negotiations in Egypt meant that two transmitters initially destined to be installed in Portugal but now slated for Egypt in order to bolster transmitting power to Central Asia might end up in Portugal after all, delaying the expansion of transmitting power to Central Asia by 18 months. Brzezinski forwarded the letter to Henze on August 4, asking for a brief report on the situation. He also asked that Henze draft a response to Roberts under his own signature.

³ See footnote 2, Document 72.

there. The SCC-approved plan was to investigate *renting or leasing* time on existing transmitters—with the issue of building new ones left open. The aim was to get added *impact immediately*, not to spend months/years building new transmitters before broadcasting was actually expanded. If transmitters are to be *built*, it is obvious that there are closer locations to the target area to build them—[2 lines not declassified]. A transmitter building scheme should be separately reviewed and approved by the SCC and the President, not dealt with in an informal letter from Walter Roberts to you. (S)

In some circles concerned with the radios (Barthelemy, Lisann, some people in congressional staffs) a great deal of opposition to building transmitters *in Egypt* has developed and there is a minor storm brewing on this issue. Jan Nowak has picked up a good deal on it. It is typical of the kind of acrimonious argumentation which develops around all radio issues and which the BIB Staff exacerbates instead of trying to resolve. (C)

You recall OMB's stubborn refusal last winter to make funds available to RFE/RL for program expansion so that the radios could be ready with expanded programming as soon as more transmitter time was secured. Your efforts to get OMB to release funds did not succeed. No money has ever been allocated. The BIB Staff has colluded with OMB and congressional staffers to frustrate the large scale effort mounted by Jan Nowak and others (including the radios themselves) to circumvent OMB and the BIB by getting concerned Congressmen to include additional funds in this year's appropriations for the radios. *All these efforts have failed.* OMB and the BIB have entangled themselves in an impossible bureaucratic circle: no money for programming until transmitters are available; no transmitters because leaks alarm the Egyptians; no serious effort to develop possibilities in other countries; no transmitter building program because that costs too much money; no expanded broadcasting. The KGB could not have devised a better scheme to keep us from achieving Presidentially approved action plans! (C)

Meanwhile energy has been diverted by the sordid smear campaign the BIB Staff launched against Leo Cherne, Paul Seabury, you and me—which goes on and on, as you can see from the Pravda piece of July 28, 1980 (Tab B).⁴ The White House announcement of intention to reappoint Gronouski in the midst of this has made a travesty of our whole effort. Domestic politicking takes priority over serious foreign policy purpose. The BIB Staff, under Gronouski, works to undermine our efforts to make the radios more effective. Both Gronouski and the

⁴ Not attached.

Staff have in recent months put 25 times as much effort into harassing the radios with relocation schemes than they have put into executing plans for expanded Muslim-language broadcasts. In effect, Walter Roberts' letter says to you: "If you want expanded Muslim broadcasts, arrange it for us; otherwise we can't do it." He has never sought or shown any receptivity to our advice on relocation schemes. (U)

Can anything constructive be done? I am skeptical. One approach would be to tell Atherton to tell Sadat that BIB broadcasts have high priority and we want the Egyptians to make time available. Sadat might or might not accept this argumentation. He would certainly expect us to do something about leaks [*less than 1 line not declassified*] has permitted us to set up. Experience offers no basis whatsoever for believing that we can keep Tony Shub from telling Binder anything we try to arrange with Sadat—successful or otherwise. Given other problems and opportunities we have in Egypt, I am not sure that the BIB aims—given their small chance of success—are not really fairly low in priority. So I recommend against making an issue of this with Sadat. (S)

What is your inclination?⁵

AGREE _____ DISAGREE _____

[1 paragraph (17 lines) not declassified]

But we can't let the BIB off on this so easily and leave them free to concentrate on relocating pieces of the radios to the U.S. and reducing their effectiveness. *The need for expanded Muslim-language broadcasts is greater than when we took the decision in mid-December. The invasion of Afghanistan has generated ferment among Soviet Muslims which is going to continue indefinitely and which opens up unexpected opportunities for greater receptivity for informative news and commentary from the outside world. The spillover potential of such broadcasts in Iran and Afghanistan is also great. So why not order the BIB to proceed rapidly to lease time on transmitters in places other than Egypt and, at the same time, to develop plans for building transmitters in locations closer to the target areas?* The BIB is not the best instrument for pursuing this kind of program—for the BIB Staff obviously contains subversive elements who want to frustrate, not further, American policy objectives. Moreover, the BIB members themselves have little skill or talent for pushing this kind of thing. But if we don't do this—what *do* we do? The radios, which continue to function well in spite of BIB and have great unrealized potential, are largely at the mercy of the BIB. One could try to draw the radios directly into exploring expansion—they are much more likely to do an effective job than BIB. (C)

⁵ Brzezinski did not check either option, but wrote in the margin: "I basically agree, but would it be an issue?"

How does this kind of approach strike you?⁶

FAVORABLY_____ UNFAVORABLY_____

As to more *immediate tactics*: I do not recommend that you answer Walter Roberts' letter at all. He has avoided direct communication with me for nearly six months. Gronouski has likewise avoided contact and has been saying scurrilous things about you in Polish ethnic circles. I suggest I send a brief note (Tab C)⁷ to Roberts acknowledging his letter to you and proposing a meeting to review the problems caused by the failure of the BIB to implement the decisions on expansion of Muslim broadcasting we took eight months ago. I would not expect to accomplish much by such a meeting—Roberts may even refuse to come. But it would at least give us the opportunity to keep these people under pressure. (U)

Keep in mind the fact that anything we do—and in particular anything I do—in respect to the BIB is bound to result in further attacks in the press and through congressional staffs and further allegations [1 line not declassified]. I am not willing to enter into a new phase of this without speaking out to defend myself. (U)

In the medium to longer range we are not without allies. The commotion the BIB Staff generated against Leo Cherne, on balance, was counterproductive for it. At the moment morale in the radios and among all of us who would like to see the radios freed to maximize their potential is sagging. But if the Senate fails to⁸ confirm Gronouski's reappointment (likely I suspect) the BIB Staff's current resurgence of arrogance will be of brief duration. Meanwhile the Freedom House study of the radios will be progressing and the Reagan campaign is getting interested in them and in the BIB. Even if there is not a great deal we can accomplish now, *radio jeszcze nie zginielo*. (U)⁹

I have expended as much emotion on these problems as I intend to for the foreseeable future. If you wish to turn the problem over to someone else for independent assessment and action planning, I will not be in the least offended. In any event I will welcome advice from other concerned staff members on what might be done. (U)

⁶ Brzezinski did not check either option, but wrote in the margin: "I don't get this?!"

⁷ Not attached.

⁸ Brzezinski underlined "fails to" and wrote in the margin: "what is the evidence?"

⁹ English translation of Polish: "Radio is not dead yet."

79. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, August 20, 1980

SUBJECT

Jamming of VOA (U)

As of 9:00 a.m. this morning the Soviets began jamming VOA (in Russian, Ukrainian and Armenian) as well as BBC and Deutsche Welle. This is the first time that the Soviets have jammed VOA since they ceased jamming it in August 1973. (Radio Liberty of course has continued to be jammed.) As far as can be ascertained at the moment, RFE broadcasts to Eastern Europe not previously jammed—i.e., Poland, Rumania and Hungary—have experienced no increased interference or jamming. (C)

The last time that the Soviets resumed jamming of VOA was in August 1968 just after the invasion of Czechoslovakia. (Prior to that, VOA had not been jammed since 1963.) The Soviet action most likely reflects the Soviets' fear of the impact on their own population of news about the unrest in Poland. The fact that Deutsche Welle is also being jammed reinforces the view that the Soviet action is primarily related to Poland (rather than Afghanistan or some other event). Moreover, given the Ukraine's close historical ties and geographic proximity to Poland—as well as its strong indigenous nationalism—it is no accident that the Soviets have begun jamming VOA's Ukrainian service as well. (C)

The Soviet action is an important development. It is a clear violation of the Helsinki Accords and attests to their intense concern about the impact of news about the Polish unrest on their own population. The Soviets would not undertake such a move lightly, since it will affect their relations not only with us but with other West Europeans, particularly the West Germans. Moreover, it is likely that the jamming will endure well beyond the duration of the unrest in Poland. (C)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2-9/80. Confidential. Sent for action. In a brief memorandum to Carter the same day, Aaron reported that VOA was being jammed by the Soviets and noted that the last time this happened was prior to the invasion of Czechoslovakia. (Ibid.) Carter initialed Aaron's memorandum, indicating that he saw it.

Attached at Tab A is a statement condemning the Soviet action, which I asked State to draft.² It has been cleared by Christopher. BBC has already issued a statement and I think we should release ours immediately. State agrees. I also think it should be released by State. Al Friendly concurs.

RECOMMENDATION

That you approve release by State of the attached statement.³ (U)

² Not attached. The Department released the statement on August 20 and sent it to Moscow as guidance in telegram 221806 to Moscow, August 20. (National Archives, RG 59, Central Foreign Policy File, D800398–0167)

³ Aaron approved the recommendation. On September 19, ICA Director Reinhardt sent a memorandum to Brzezinski on the status of Soviet VOA jamming as well as VOA attempts to counter Soviet actions. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 9, Board for International Broadcasting (RFE, RL, VOA): 2–9/80)

80. Memorandum From Paul Henze of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, November 13, 1980

SUBJECT

Radios—Seabury Memorandum to Reagan Transition Staff

Paul Seabury has sent me a copy of a brief memorandum he wrote to the Reagan Transition Staff on the evening of election day recommending an approach to the RFE/RL–BIB problem.² Combined with the Freedom House report which should be released any day now, it gives the new Administration a good workable set of proposals for coping with this problem which has proved beyond the capacity of the present Administration.—We have at least achieved these two results from our otherwise abortive effort to draw Leo Cherne and

¹ Source: Carter Library, National Security Affairs, Staff Material, Horn/Special, Box 5, Chron File: 10–12/80. No classification marking. Copies were sent to Larrabee, Brentem, and Griffith.

² Printed below. Paul Seabury was a professor of Political Science at University of California, Berkeley, and a specialist in foreign policy and intelligence.

Paul Seabury into radio activities last spring.³ This curiously dialectic process may in the long run turn out to be more effective than the solution we aimed at and failed to bring about.

Attachment

Memorandum From Paul Seabury of the University of California, Berkeley, to Monroe Browne of the Ronald Reagan Transition Staff⁴

Berkeley, California, November 4, 1980

RE

U.S. OVERSEAS BROADCASTING

The new Administration should establish a Presidential Commission to review and report on the state of U.S. overseas broadcasting activities. Priority should be given to broadcast stations targeted on the Soviet Union and Eastern Europe: Radio Liberty and Radio Free Europe.

These stations play an enormously important role by conveying to people in those areas a continuous and objective view of political and social reality which their Soviet rulers seek to deny them. As an earlier Presidential Commission on this subject reported in 1973, the Radios

. . . by providing a flow of free information and interpretation, have enabled the people to whom they broadcast to remain informed and to judge for themselves which policies may contribute to . . . genuine improvement of peaceful relations.⁵

Such a review should focus upon three topics: budget, program content, and administrative oversight. Of the three, the latter is the most urgent and immediate.

Budget. While the stations maintain a high caliber performance, they have been seriously injured by budget cuts at a time when inflation and the declining value of the dollar on international exchange have severely constrained them. This issue is all the more acute if one assumes the need for a significant *expansion* of broadcast activities,

³ Henze and Brzezinski contacted Seabury and Cherne about serving on the BIB Board in the spring of 1980. See footnote 2, Document 76.

⁴ No classification marking.

⁵ Presidential Study Commission on International Radio Broadcasting Report (1973). [Footnote is in the original.]

especially in the Soviet Union and especially toward minority areas such as Muslim regions.

Program content. The popularity and credibility of RL/RFE in recent years has been due to their high caliber reportage of news from within the Soviet-dominated world, which is “looped back” in radio programs. As currently constituted, the radios *are not* information organs of the U.S. government in the sense that VOA is. They have a special mandate, and the operative constraint is that their programs *are not incompatible* with the aims of U.S. policy.

As evidence of the awesome outward thrust of Soviet power accumulates, the question now arises as to whether the program content of RL/RFE should pay greater attention than now to matters directly related to East-West relations. Soviet domestic propaganda, since the Afghanistan war began, more than ever has sought to place the blame for increased international tensions on the West, and the U.S. in particular.

Last year, for example, East-West relations were discussed only .8 percent in Russian and 4 to 10 percent in other languages. Nearly all news and discussion focusses upon intra-bloc events in the Communist world. The value of this emphasis is undeniable: the radios provide reportage on current reality in the world which the listener knows first hand; they offer a means to make an enlightened comparison between open and closed societies; they demonstrate through individual experience the hypocrisy and unreliability which are hallmarks of official communication in a communist state. In particular, they provide a crucial feedback look for *Samizdat* communications without which dissidents would remain hopelessly isolated.

The question now is whether these invaluable functions of the radios should be supplemented by a more vigorous exploitation of East-West relations, to countervail Moscow internal propaganda. (This question is not unrelated to the question of whether current VOA broadcasts to the U.S.S.R. have been (as Solzhenitzyn and others have charged) vapid and inconsequential.)

Oversight. Radio Free Europe and Radio Liberty for twenty years were separate and largely supported by the Central Intelligence Agency. Now they are funded by Congress and governed by a Board of Directors composed of private citizens. This board, in turn, has been overseen since 1973 by a five-member Presidentially appointed Board for International Broadcasting.

This clumsy structure has been an invitation to struggle for the privilege of supervising the Radios. The reason for this Rube Goldberg arrangement originally was that, on the one hand, a private board would enhance the credibility of the Radios, in assuring listeners that

they were not CIA creatures; a Presidential supervisory board, the BIB, would serve to confirm the Radios' accountability to Congress.

In practice, this oversight structure has led to protracted conflict between the two boards and to well-confirmed charges that the Washington-based BIB interferes constantly in day-to-day operations of the Radios. Both the chairman of the BIB and the BIB's staff director have repeatedly made it clear that they regard such direct supervision as part of their mandate. Moreover, they have repeatedly exerted pressure, both on Capitol Hill and in the White House, to block appointments of new board members not sharing their view of their prerogatives.

This impasse cannot be permitted to continue indefinitely. It distracts the attention of Radio executive personnel from their central tasks, and has had a demoralizing effect on broadcasting personnel.

Thus a Presidential Commission should directly address the question of ways to resolve this administrative impasse. But the Commission also—by enlarging its agenda to include the Voice of America—could also chart new guidelines for U.S. informational activity overseas for the difficult years of the 1980's.

I wish in closing to draw attention to a detailed report recently completed by Freedom House on the subject of RL/RFE. This document has been withheld from publication until after the elections. It was prepared with the assistance of Leo Cherne, John Richardson, Howland Sargeant and myself.

Bulgaria

81. Editorial Note

On May 12, 1977, Bulgarian Communist Party (BCP) General Secretary Todor Zhivkov removed Bulgarian Politburo member Boris Velchev, the putative number two man in the Bulgarian leadership, from all Party and government posts. Velchev's fall came as a surprise to the U.S. Embassy in Sofia—and to the entire diplomatic community—as he had been generally regarded as among the most likely to succeed Zhivkov to the leadership when the Bulgarian leader retired or died. Speculation in Sofia was extensive as to the reasons for Velchev's dismissal. The fall was due to a power struggle between Zhivkov and Velchev, brought on by policy differences especially on the Macedonia question. (Telegram 1030 from the Defense Intelligence Agency, May 14, 1977; National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files 1953–1983, Lot 93D401, Box 10, Bulgarian Communist Party 1977)

In telegram 1004 from Sofia, May 13, the Embassy posited that Velchev's firing must have been approved by Moscow, and may be a consequence of his refusal to agree to a softening of relations with Yugoslavia. (Ibid.) However, in telegram 1015 from Sofia, May 16, the Embassy reported its sources "flatly discounted reports" that Velchev's removal was caused by differences between him and Zhivkov regarding policy toward Yugoslavia. Velchev's removal on May 12 and that of several of his protégées, the Embassy stated, was a consequence of his refusal to accept a demotion to Chairman of the National Assembly—a largely honorific position—an offer made several weeks before the May Plenum, as well as disagreements regarding appointments in the Party apparatus. (Ibid.)

Two new appointees to the BCP Central Committee Secretariat—Dimitur Stanishev and Petur Dyulgerov—the Embassy reported, further solidified Zhivkov's control over the Bulgarian Party and Government. The new appointees were young, owed their career and loyalty to Zhivkov, and had no independent power base. They joined other rising "superstars" of the Central Committee Secretariat—including newly appointed Minister, Politburo member, and Zhivkov's daughter, Lyudmila Zhivkova. (Ibid.)

82. Telegram From the Department of State to the Embassy in Bulgaria¹

Washington, June 16, 1977, 2217Z

140378. Subject: Zhivkova Visit—Conclusion. Ref: State 138102.²

1. Remainder of Washington tour was as impressive as first leg of visit. Highlight was Zhivkova's attendance (accompanied by interpreter only) at White House reception for American artists afternoon of June 14. Mme. Zhivkova was on time (a first during the visit), and was escorted from the West Wing into the Reception Room by Vice President and Mrs. Mondale. She met with several artists and cultural leaders and was introduced to the President and Mrs. Carter by Assistant Secretary (CU) Duffey.³ Zhivkova told the President her trip was very well organized and she was enjoying it very much. She thanked him for the opportunity of bringing the Thracian exhibit to the US and signing the US-Bulgarian cultural agreement.⁴ The President responded by saying he was happy she was able to visit this country and asked Zhivkova to give his best wishes to "her father." Clearly pleased, she said she hoped the President would visit Bulgaria "soon." Next day's Post and Star style sections reported on reception noting about 70 attended, including Warhol, Wyeth, Nancy Hanks, several art critics and collectors, and others, including Johnny Cash. Mme. Zhivkova's presence was not reported.

2. Prior to White House reception Zhivkova and party toured and were visibly impressed by Air and Space Museum, Hirshhorn, and National Gallery. Informal and enjoyable luncheon hosted by National Gallery curator was in special area of gallery restaurant, where Zhivkova enjoyed exceptionally large chocolate sundae. Musical extrava-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770215-1017. Confidential; Immediate. Drafted by Brown; cleared by Carol Owens (CU/EE); approved by Andrews.

² In telegram 138102 to Sofia, June 16, the Department reported on Zhivkova's visits to New York for the opening of the Thracian Gold exhibit at the Metropolitan Museum of Art, to San Francisco, and to Los Angeles as well as her first days in Washington. (National Archives, RG 59, Central Foreign Policy File, D770212-1000)

³ On August 31 Carter signed a letter thanking Zhivkova for her gift of a book entitled *The Kazanluk Tomb*. (Carter Library, White House Central Files, Countries, Box CO-13, CO 24 1/20/77-1/20/81)

⁴ In telegram 136816 to Sofia, June 13, the Department reported that the United States and Bulgaria signed a Comprehensive Agreement on Exchanges and Cooperation in Cultural, Scientific, Educational, and Technological fields in Washington. Assistant Secretary of State for Educational and Cultural Affairs Joseph D. Duffey signed the agreement on behalf of the United States. (National Archives, RG 59, Central Foreign Policy File, D770211-0386)

ganza at Wolf Trap called “Fat Tuesday” about New Orleans at Mardi Gras time was enjoyed by all and was not marred by expected rain. Zhivkova, however, preferred Ibsen.

3. June 15 schedule was less hectic, with call on Acting Secretary Christopher at 10:15 (being reported septel).⁵ Noon tour of Library of Congress and luncheon with Daniel Boorstin, and afternoon of shopping. Boorstin agreed to put on exhibit of Bulgarian manuscripts at some date in near future which pleased Bulgarians very much. Evening reception hosted by Popov at Shoreham Americana Hotel (to which Zhivkova arrived one-half hour late) was attended by Ambassador Reinhardt, Assistant Secretary Vest, Nancy Hanks and about 200 others (including several Bulgarian Orthodox priests, a first at an Eastern European reception here as far as we are aware). Nothing was scheduled morning of June 16 beyond last-minute shopping for educational toys. Zhivkova, Damyanov, Minekov and Petrov were seen off at Dulles by EUR/EE Director Andrews at 12:45 p.m. for Concorde transatlantic flight. Others were taking jumbo jet later in the day.

4. Entire visit went quite smoothly, and Zhivkova was clearly impressed by the program, the level of reception the hospitality and the “attention” paid her. Generally speaking, she did not have much of substance to discuss (memcons with Reinhardt and some others being pouched) and did not herself raise matters outside her area of responsibility. We learned from interpreter, however, that Zhivkova regarded meeting with Acting Secretary as extremely valuable and substantive. In any event, we believe the Zhivkova visit has given impetus to the relationship—the degree to which it will really help depends on Zhivkova’s report on her return to Bulgaria and on the Bulgarian ability and will to take specific measures to improve our relations.

Christopher

⁵ See Document 83.

83. Telegram From the Department of State to the Embassy in Bulgaria¹

Washington, June 16, 1977, 2218Z

140379. Subject: Zhivkova Call on Acting Secretary Christopher.

1. Mme Zhikova, accompanied by Ambassadors Popov and Damyanov and interpreter, called on Acting Secretary June 15 for half hour discussion. Bulgarian TV crew filmed her arrival and the first few minutes of meeting.

2. Following usual courtesies, the Acting Secretary expressed pleasure over presence in New York of Thracian exhibit and signing of Cultural/Scientific Exchanges Agreement. He hoped that these events would presage more exhibits and exchanges, not only in the cultural but also the scientific field. Zhikova responded that the Bulgarian side was also gratified by the exhibit and signing. She pointed out that from her viewpoint the exhibit opening and the agreement signing were not pure coincidence, and expressed hope that future exchanges will maintain the same high moral and spiritual standards as symbolized by the Thracian treasures exhibit.

3. The Acting Secretary expressed USG appreciation to the GOB for its assistance in resolving divided families cases. He noted that the reunification of families has not only personal importance to the individuals involved but symbolic importance for our bilateral relations. The Acting Secretary specifically expressed thanks for the resolution of the difficult Marev case.² Zhivkova stated that she was happy to note the positive development of US-Bulgarian relations in

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770216-0295. Confidential; Priority. Drafted by Brown; cleared by Andrews; approved by Oxman.

² In 1967, Spas Iordanov Marev and his wife, Ivanka Atanasova Mareva, defected while on vacation in Istanbul, leaving behind two daughters, ages 1 and 3. After making their way to the United States, the Marevs petitioned the Bulgarian Government repeatedly to allow the children to join them but their requests were denied. In August 1976, the Marevs began a public protest in front of the Department of State demanding the reunification of their family. (Telegram 201670 to Sofia, August 13, 1976; National Archives, RG 59, Central Foreign Policy File, D760313-0543). On February 16, Christopher met with Bulgarian Ambassador to the United States Popov and stressed the importance of resolving the Marev case quickly. Given the "interest to both Secretary Vance and himself" in the case, Christopher told Popov that a "very heavy burden would be placed on US-Bulgarian relations if this case continued." (Telegram 38061 to Sofia, February 18; National Archives, RG 59, Central Foreign Policy File, D770060-0003) The imminent visit of Lyudmila Zhivkova added additional pressure, and the Bulgarian Government agreed to allow the children to emigrate by the end of May. (Telegram 1144 from Sofia, May 31; National Archives, RG 59, Central Foreign Policy File, D770193-0336; telegram 1223 from Sofia, June 7; National Archives, RG 59, Central Foreign Policy File, D770202-0751; and telegram 1316 from Sofia, June 17; National Archives, RG 59, Central Foreign Policy File, D770216-1183)

recent years. She was certain that relations will continue to follow an ascending line, and stated that we have a duty as nations to compensate for what has been missed in bilateral relations thus far. The Acting Secretary assured her that the US would do what it could to improve relations.

4. The Acting Secretary broached East-West relations, noting that the US is actively working on detente with the USSR, which has importance for the atmosphere of US-Eastern European, and specifically US-Bulgarian, relations. He expressed hope for progress in relations with Moscow. Zhivkova agreed that a working relationship between the superpowers is the only reasonable alternative and will define the world's future. She said she rejected the notion advanced by "some specialists" that by curbing arms and military technology we curb the development of science. She emphasized that human progress can be a reality only when all resources are focussed on the development of humanity in general and the "individual" in particular.

5. Ambassador Popov interjected a question about MFN.³ The Acting Secretary noted that he had no news to report on MFN front, but pointed out that overall developments, and improving relations, can facilitate progress in that field also. He added that the MFN issue is rooted in the administration's relations with Congress. Zhivkova noted her belief that intensified cultural relations will lead to improved relations in other areas as well.

6. The Acting Secretary agreed that an exchange of peoples and ideas can influence commercial ties. In that regard, he noted that he may attend the main Belgrade Conference on CSCE follow-up. He explained that the US attaches great importance to implementation of the Final Act, and gives equal weight to each of the Baskets. The US has no intention of provoking a confrontation and does not wish to put any one "in the dock" in Belgrade, but seeks a careful review and assessment of progress under the Final Act. He hoped that the GOB would regard the approach as constructive. Zhivkova stated that the GOB would make a statement at Belgrade on the importance of examining all three Baskets. She noted that the Third Basket now seemed the most "popular", but asserted that "Basket Three will remain empty if Basket One and Two are not filled."

³ While Poland, Romania, and Yugoslavia all enjoyed MFN status, Bulgaria's prospects were dim. PD-21, which expanded the differentiation to include internal liberalization (thus allowing for the extension of MFN status to Hungary) placed Bulgaria, together with Czechoslovakia and the German Democratic Republic, among the countries where no favorable trade benefits would be extended until concrete steps toward a more independent foreign or domestic policy were undertaken. See Document 16.

7. Zhivkova ended discussion by extending her gratitude for the hospitality and attention which she and her delegation had received.⁴ She noted that regardless of the brevity of her visit she has a sufficient impression of the US to know that she will continue to work towards improved relations. Acting Secretary expressed US pleasure over the visit, passed Secretary Vance's greetings to Zhivkova, and said that both he and the Secretary appreciate the real contribution Zhivkova has made to US-Bulgarian relations.

Christopher

⁴ Setting up Zhivkova's visit presented the Department with the challenge of finding an appropriate host, given her official cabinet-level position of Director of the Committee of Art and Culture and her unofficial status as daughter of Todor Zhivkov. (Telegram 289982 to Sofia, November 26, 1976; National Archives, RG 59, Central Foreign Policy File, D760440-0718) In telegram 760 from Sofia, April 13, the Embassy cautioned that failing to find an appropriate host would turn the prospective visit "from an asset in our relations to a liability." "Without wishing to be alarmist" the Embassy continued, "there exists potential for a needlessly embarrassing incident if Mrs. Zhivkova were to decline the invitation to come to Washington from New York because of the manner in which we had 'invited' her without taking into account her status in the power structure of her country." (National Archives, RG 59, Central Foreign Policy File, D770129-0473) On May 6, the Department informed the Embassy that Nancy Hanks, Chairwoman of the National Endowment for the Arts, would act as the official host, and that Mrs. Mondale was prepared to receive Zhivkova at the White House. (Telegram 104082 to Sofia, May 6; National Archives, RG 59, Central Foreign Policy File, D770160-0424)

84. Telegram From the Embassy in Bulgaria to the Department of State¹

Sofia, July 27, 1978, 1200Z

1511. Subject: Secvisit: 33rd UNGA. Ref: State 184758.²

1. As we have earlier reported Foreign Minister (and Politburo member) Petur Mladenov plans to attend the UNGA in New York September 25–28.³ Further details will be provided later.

2. The Ministry of Foreign Affairs has specifically requested a meeting between Mladenov and Secretary Vance. The Bulgarians have also indicated, here and in Washington, that if a meeting in New York is not feasible at that time, Mladenov would appreciate a meeting in Washington.

3. Embassy strongly recommends that the Secretary see Mladenov. Mladenov is the only Eastern European Foreign Minister who has not had an opportunity to meet with the Secretary. Moreover, gradually improving Bulgarian-American relations and expressed Bulgarian offi-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780309–1109. Confidential. Sent for information to USUN.

² Telegram 184758 to all diplomatic posts, July 21, requested that the Department be informed of the level, dates, and duration of attendance of high-level delegations to the 33rd UNGA. (National Archives, RG 59, Central Foreign Policy File, D780301–0764)

³ In telegram 183096 to Sofia, July 19, the Department reported to the Embassy that on July 13 Himmirsky informed the Department that Mladenov would travel to New York for the UNGA and “would like to meet with the Secretary between September 25 and September 28.” Himmirsky also said that, if the Secretary “were not in New York but were available in Washington during that period, Mladenov would be willing to see him in Washington.” The Department reiterated its support for such a meeting, but stressed that the Secretary’s schedule for New York had not been finalized. (National Archives, RG 59, Central Foreign Policy File, D780297–0352) The discussion created the impression on the Bulgarian side that a meeting between the two Ministers had been agreed on. (Telegram 1436 from Sofia, July 18; National Archives, RG 59, Central Foreign Policy File, D780295–1104) On July 27, Garthoff reported that he had clarified “that the proposed Mladenov-Vance meeting in September was not fully and finally set.” “We are off the hook” he continued, but concluded that “I am sure Mladenov is counting on the meeting. I of course strongly hope and expect that the meeting will take place.” (Telegram 1510 from Sofia, July 27; National Archives, RG 59, Central Foreign Policy File, D780309–1097)

cial interest in consideration for MFN on the basis of existing American legislation make such a meeting very much in US interest.⁴

4. Embassy has no indication of likely Bulgarian Chief of State or Head of Government attendance at UNGA, and considers it unlikely. Without raising the question, we will of course report any change in this situation.

Garthoff

⁴ In telegram 1870 from Sofia, September 8, Garthoff again recommended a meeting between Vance and Mladenov at the UNGA and forwarded the Bulgarian request for a response by September 15. (National Archives, RG 59, Central Foreign Policy File, D780367–0620) In telegram 231290 to Sofia, September 12, the Department informed the Embassy that the Vance-Mladenov meeting had not been approved. (National Archives, RG 59, Central Foreign Policy File, D780371–0734) On September 13, the Department informed the Embassy that “the chances of such a meeting would be virtually nil even with another strong recommendation from the Ambassador” and that Nimetz would be willing to meet with the Foreign Minister sometime between September 26 and 28. (Telegram 232045 to Sofia, September 13; National Archives, RG 59, Central Foreign Policy File, D780372–1226) In telegram 1934 from Sofia, September 15, Garthoff reported that “Tsvetkov was visibly crestfallen” at being told that a bilateral with Vance was not possible and turned down a meeting between Nimetz and Mladenov. (National Archives, RG 59, Central Foreign Policy File, D780375–0992)

85. Telegram From the Embassy in Bulgaria to the Department of State¹

Sofia, July 28, 1977, 1335Z

1630. Belgrade also for CSCE Del. Subject: Exit Interview With the Foreign Minister. Ref: A) State 167342;² B) State 153477;³ C) Sofia 1246;⁴ D) Sofia 1580;⁵ E) State 175102;⁶ E) State 153477;⁷ F) Sofia 1455.⁸

1. In accordance with instructions, I used farewell protocol call on Foreign Minister Mladenov July 27 for review of some pending bilateral matters and especially of CSCE implementation. Ambassador Gotsev, Chief of Fourth Department, attended. In view of nature of the occasion, Mladenov was extremely affable and (with exception of complaint

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770270–1157. Confidential. Sent for information to Belgrade, East Berlin, Bucharest, Budapest, Moscow, Prague, and Warsaw. Herz also met with Todor Zhivkov on June 28. (Telegram 1634 from Sofia, July 29; National Archives, RG 59, Central Foreign Policy File, D770272–0120)

² In telegram 167342 to Sofia, July 18, the Department instructed Ambassador Herz not to raise the issue of a new chancellery site with Zhivkov during his farewell call on the Bulgarian leader. Rather, Herz was to commend the Bulgarian leader for improvements on family reunification cases and express appreciation for the success of the Zhivkova visit to the United States. (National Archives, RG 59, Central Foreign Policy File, D770256–0629)

³ In telegram 153477, July 1, sent to posts in countries that were part of the UN Committee on Decolonization (Committee of 24), the Department expressed the hope that a vote on Puerto Rican independence may be avoided in 1977. (National Archives, RG 59, Central Foreign Policy File, D770235–0100)

⁴ On June 10, the Embassy in Sofia reported in telegram 1246 that the Bulgarian Government had informed its Consulates in the United States that all affidavits of support for Bulgarian citizens wishing to travel to the United States would no longer be acceptable unless notarized by the Bulgarian Embassy in Washington. The Embassy reported that it had informed the Foreign Ministry that such policy would contravene Article 35 of the Consular Convention the two countries signed in April 1974. (National Archives, RG 59, Central Foreign Policy File, D770207–0700)

⁵ The Embassy reported in telegram 1580 from Sofia, July 21, the talking points Ambassador Herz planned to raise with Bulgarian Foreign Minister Mladenov in his upcoming conversation. As part of the discussion, Herz informed the Department, he planned to present Mladenov with a list of unresolved cases of family reunification. (National Archives, RG 59, Central Foreign Policy File, D770259–0995)

⁶ In telegram 175102 to Sofia, July 26, the Department instructed the Ambassador to stress with Zhivkov and Mladenov the “many bilateral US-Bulgarian exchanges on CSCE implementation [which] have proved mutually beneficial.” Herz was also instructed to emphasize with the Bulgarian leadership the “importance we attach to further bilateral efforts to implement the Final Act” before the main CSCE meeting in Belgrade. (National Archives, RG 59, Central Foreign Policy File, D770266–1272)

⁷ See footnote 3 above.

⁸ In telegram 1455 from Sofia, July 7, the Embassy reported that it had delivered the Puerto Rico démarche to the Bulgarian Government and that it had thanked Bulgaria for the helpful role it “(claims to have) played” on the question in 1976. (National Archives, RG 59, Central Foreign Policy File, D770242–1011)

about MFN “discrimination”) gave positive or soft responses to all points which required responses. He did not, for instance, in connection with CSCE Basket III discussion, refer to RFE.

2. In discussing bilateral relations I began with positive comments on family unification authorized ref A, remarking I would return to that subject in connection with CSCE. I noted recent positive developments such as Zhivkova visit, opening of Thracian exhibit in New York, and prospects for agricultural cooperation exemplified by Shopov visit. Then I referred pointedly to Puerto Rico issue (ref B and F), noting that within its possibilities Bulgaria had tried to be helpful last year on a subject we regard as internal US matter, and therefore one which could have disturbing effect on our relations. I also referred in positive terms to Bulgarian willingness to enter into early negotiations with Bondholders Protective Council.

3. Next I took occasion to follow up on the demarche with Vice Minister Tsvetkov (ref C) on subject of authentication of documents, explaining (when Mladenov said he “had not seen my note”) that we had not yet made any formal representations because we simply could not believe that Bulgaria would place itself deliberately in violation of our consular agreement. I had to bring this matter to Mladenov’s attention because my friendly demarche to Tsvetkov June 9 had been without effect and recently some affidavit authentications by our Consul had again been refused. It would be unfortunate if my successor as one of his first items of business had to charge Bulgaria with breach of an international agreement. Mladenov undertook to look into matter immediately, saying Bulgaria always scrupulously fulfills its international obligations.

4. Next I presented verbatim the remarks on CSCE as per para 2 ref E, with one change: Instead of saying “We believe further implementation efforts on your part will contribute towards creation of a more positive atmosphere at the main meeting” I said “We believe further implementation on your part and our part”, to remove note of sanctimoniousness and possible impression of arrogance contained in the original phrase, and particularly because there are further positive steps which we intend to take and to which I was later able to refer. Mladenov clearly took in the link between our desire for “constructive and non-polemical” meeting and need for more Bulgarian efforts at implementation.

5. Going into specifics I said on divided families that while great strides had been made, there remain some cases of urgent humanitarian concern (ref D) where delay or inaction must be due to misunderstandings or administrative mix-ups. I then handed Mladenov two lists, one containing seven “approved” cases from the 1975 list which for various reasons are stymied, the other containing fourteen new cases. I singled

out one case from each list to illustrate the varied nature of difficulties. Mladenov said categorically that any difficulties must be administrative since the political decision had been taken to let such people go.

6. In this connection, Mladenov made a rather revealing remark about the Marev case which, he said, had required an extraordinary effort because of “existing laws and regulations”. He had had to have personal discussions with the Minister of Justice and the “Attorney General” and since the laws did not allow the case to be resolved expeditiously, “we had to make some alterations” in order that such “private cases” should not impair relations. (I read this to mean that with Mladenov’s help the party overrode the Ministries of Interior and Justice.)

7. Next I referred to what more we might do in the field of visits, in accordance with para 3 (a) ref E, followed by remarks about Basket II as per ref D,⁹ and remarks about deficiencies in Basket III implementation, notably with regard to publications (despite the cosmetic changes made by the Bulgarians), also as per ref D. Finally I said that with respect to facilitation of travel we are currently carefully considering steps we might take to reciprocally facilitate both private and official travel, as per para 3 (b) ref E.¹⁰

8. The positive remarks that Mladenov made in reply were of the kind suitable to the occasion of leave-taking. He thought it was fair to say that “never, since World War II” have relations between Bulgaria and the US been better. (Comment: This is of course not saying much since for ten years they were worse than with any EE country other than Albania, and the Bulgarians began moving toward normalization only about four years ago, probably at the prodding of the Russians.)

9. On CSCE, Mladenov said he welcomed our statement about the utility of bilateral consultations and of our general attitude toward the main Belgrade meeting. In usual manner he stressed Basket I, admitted shortcomings in Basket II (“not everything can be rectified immediately”) but counter-charged with respect to MFN; and with respect to Basket III said: “We are making progress on divided families, but do not think they are the main content of Basket III.” He said Bulgaria is

⁹ In telegram 1580 from Sofia, July 21, the Embassy reported that with respect to Basket II, “much remains to be done” and “restrictions on appointments and access remain significant problems and greatly hamper trade expansion.” (National Archives, RG 59, Central Foreign Policy File, D770259–0995)

¹⁰ Telegram 175102 to Sofia, July 26, instructed Ambassador Herz to “limit your remarks to statement that USG is currently carefully considering steps we might take to reciprocally facilitate both private and official travel.” (National Archives, RG 59, Central Foreign Policy File, D770266–1272)

not unconcerned about Basket III, and what I had said under instructions would be given full consideration.

10. Then he said something of a more general nature. He reminded me that in recently expressing thanks (at Ruse) for hospitality shown to his daughter, Zhivkov had talked to me not as President but "as a father". If existing "discriminations" could be removed (MFN), he foresaw a much higher level of interchanges of all sorts, not only in business; and he felt that contacts during the last three years had served to remove many misunderstandings and demonstrated that good things can come from high Bulgarian and American officials meeting and talking together.

11. I interpret this last remark to mean that the Bulgarians, while not wishing to be too explicit for fear of a rebuff, are looking for some sort of high-level contact between Zhivkov and the President or between Secretary Vance and Zhivkov. Zhivkov has several times referred favorably to his "meetings with President Ford" at Helsinki¹¹ (where there was only the most perfunctory contact), and there is no question in my mind that he and Mladenov are eager for the kind of legitimation that such a real meeting would involve. At the same time, they also have in mind the occasions, which still rankle, when President Ford and his Secretary of State visited Belgrade and Bucharest, practically overflying Bulgaria, without stopping here.¹²

12. This is my reading of the Bulgarian attitude. As for our own interest, there are two aspects: one is what we might expect to get out of a high-level visit here. Certainly we cannot expect any substantial change in Bulgaria's overall orientation. The other aspect is more complicated. It is not that the Bulgarians have anything urgent to talk with us about at a high level, but they know that their country is the only one in Europe with which we maintain diplomatic relations that has not been visited by an American President, Vice President or Secretary of State. So the second aspect involves, in their view, the removal of what they see as a "discrimination".

13. I think it would be inappropriate for me to make a recommendation on this matter so shortly before my departure from Sofia. One thing, however, I can recommend. Foreign Minister Mladenov will be at the UNGA starting September 25. I believe it would be helpful in

¹¹ Zhivkov met with President Ford during the signing ceremonies for the Helsinki Accords. (Telegram 1989 from Sofia, September 13, 1975; National Archives, RG 59, Central Foreign Policy File, D750318-0459)

¹² President Ford visited Bucharest and Belgrade following the signing of the Helsinki Accords August 2-3, 1975, and August 3-4, 1975, respectively. In Romania he met with President Ceausescu. In Yugoslavia he met with President Tito and Prime Minister Bijedic. See *Foreign Relations, 1969-1976*, vol. E-15, Part 1, Documents on Eastern Europe, 1973-1976, Documents 36-38 and 73-74.

getting my successor off to a good start here if Secretary Vance could reserve a quarter hour for a bilateral with Mladenov in New York.

Herz

86. Editorial Note

On September 7, 1978, Georgi Markov, a Bulgarian playwright and defector who worked as a broadcaster for the British Broadcasting Corporation Bulgarian language service and with Radio Free Europe/Radio Liberty was taken to hospital after collapsing in Central London. From his hospital bed, Markov reported that while waiting for a bus on Waterloo Bridge, he felt a sharp pain in his thigh, turned around, and saw a man picking up an umbrella and quickly walking away. (Telegram 232700 to Sofia, London, and Munich September 14; National Archives, RG 59, Central Foreign Policy File, D780373–1039) Markov died three days later in a London hospital. Following another similar attempt on Vladimir Kostov, a Bulgarian dissident in Paris, Markov's body was exhumed and his death was declared a homicide. (Telegram 14971 from London, September 15; National Archives, RG 59, Central Foreign Policy File, D780379–0009) The Embassy in Bulgaria was informed on October 11 that the Central Intelligence Agency had advised the Department of State that the method of delivery of the poison in the Markov and Kostov cases was identical. (Telegram 257014 to Sofia, October 11; National Archives, RG 59, Central Foreign Policy File, D780415–0915) The pellet used in the Kostov attempt was recovered intact.

Speculation on Bulgarian Secret Police involvement was rife in the Western press. The Bulgarian Government made several protests over treatment of Bulgaria in the media in the United Kingdom, Italy, the Federal Republic of Germany, and Spain. Bulgarian Foreign Minister Mladenov raised the issue with British Minister of State for Foreign Affairs Lord Goronwy-Roberts, when he visited Bulgaria. (Telegram 2268 from Sofia, October 27; National Archives, RG 59, Central Foreign Policy File, D780444–0578)

In his book *Spymaster*, former KGB General Oleg Kalugin alleged that the Bulgarian Secret Police requested help from the KGB for the Markov assassination on direct orders from Bulgarian General Secretary Todor Zhivkov. Kalugin suggested that it was the KGB who developed the ricin poison, the delivery method, and trained the Bulgarians in the use of the umbrella weapon. (pages. 203–212)

87. Telegram From the Embassy in Bulgaria to the Department of State¹

Sofia, November 1, 1978, 1000Z

3204. Subject: Markov Affair and Bulgarian-American Relations.

1. In a frank discussion at a private luncheon meeting, the Ambassador noted to Ambassador Gotsev, head of the MFA Fourth Dept (who will be accompanying Deputy Foreign Minister Tsvetkov to the US), that the Markov affair had generated real disquiet and concern in Washington. He noted that during his recent consultations the subject repeatedly arose and weighed quite negatively against other positive achievements in improving Bulgarian-American relations.

2. Gotsev was very attentive and reacted principally by sober silence. He asked whether it had influenced the decision not to hold a meeting of Foreign Minister Mladenov with Secretary Vance. The Ambassador replied that he did not know what considerations Secretary Vance might have had in mind, and that there were real scheduling problems, but that he did know that the matter did figure in the consideration of some senior officials who may have had a voice in the decision that a Vance-Mladenov meeting could not be arranged at this time.² Gotsev made no comments on either the Markov affair itself nor on American or other Western press treatment of it, in marked constraint to earlier reported protests to several Western countries over press reactions.³

Garthoff

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780451-0481. Confidential; Limdis.

² In telegram 284347 to Sofia, the Department commended Garthoff for "the deft manner in which the Ambassador discussed this matter with Gotsev" and suggested that officials in Washington "plan to mention it to Tsvetkov in similar fashion during his visit." (National Archives, RG 59, Central Foreign Policy File, D780461-1109)

³ In telegram 2268 from Sofia, October 27, the Embassy reported that Bulgarian officials complained to the British, Italian, and West German Governments over press treatment of Bulgaria regarding the Markov affair. (National Archives, RG 59, Central Foreign Policy File, D780444-0578)

88. Briefing Memorandum From the Assistant Secretary of State for European Affairs (Vest) to the Counselor of the Department of State (Nimetz)¹

Washington, undated

SUBJECT

Your Meeting with Bulgarian Deputy Foreign Minister, Boris Tsvetkov,
Wednesday, November 14, 4:45 p.m.

PARTICIPANTS

US
The Counselor
Ira Wolf, C
Carl W. Schmidt Director, EUR/EE
James H. Glenn (Notetaker) EUR/EE

BULGARIA
Deputy Foreign Minister Boris
Tsvetkov (phonetic: tsVETkawv)
Director, Department IV, Ministry of
Foreign Affairs Lyuben Gotsev
(phonetic: GOTTseff)
Ambassador to the United States
Konstantin Grigorov (phonetic:
greeGORov)
First Secretary of Embassy Krassin
Himmirsky (phonetic:
heMEERSkee) (Interpreter)

BACKGROUND

Bulgarian Deputy Foreign Minister Boris Tsvetkov is visiting Washington from November 14–17 at the invitation of Assistant Secretary Vest.² Tsvetkov is one of six Deputy Foreign Ministers. He is responsible for relations with the United States, Western Europe, and Canada as well as international organizations, disarmament matters, and eco-

¹ Source: National Archives, RG 59, Bureau of European Affairs, Office of Eastern European Affairs, Bulgaria Desk, Personal Files of Retired Ambassador to Bulgaria, Raymond L. Garthoff (1960–1980), Lot 80D218, Box 1, Bilateral US-Bulgaria Relations. Confidential. Drafted by Glenn; cleared by Schmidt, Gilmore, Fried, Brown, and Kaplan. A handwritten notation indicates that the meeting was rescheduled from November 15 to November 14. This copy of the briefing memorandum is not initialed by Vest and there is no indication that Nimetz saw it. The conversation, which was reported to the Embassy in telegram 293671 to Sofia, November 18, covered the situation in Cyprus and Bulgarian-Yugoslav relations. (National Archives, RG 59, Central Foreign Policy File, D780476–0141). Tabs A and B are attached but not printed.

² Vest invited Tsvetkov to visit the United States on May 10 for consultations on bilateral and international issues, to include discussions on CSCE. (Telegram 119286 to Sofia, May 10; National Archives, RG 59, Central Foreign Policy File, D780199–1196) While in Washington, Tsvetkov also met with Vest (telegram 292505 to Sofia, November 18; National Archives, RG 59, Central Foreign Policy File, D780475–0128), and Lake (telegram 306650 to Sofia, December 5; National Archives, RG 59, Central Foreign Policy File, D780500–0999). A brief protocol meeting with Christopher dealing with family reunification cases took place on November 15. (Telegram 291363 to Sofia, November 16; National Archives, RG 59, Central Foreign Policy File, D780472–1005)

conomic affairs. Tsvetkov will meet briefly with the Deputy Secretary and hold talks with a number of officials in the Department and other executive agencies. (His schedule is at Tab A) Biographic sketches of Tsvetkov and the other Bulgarian participants in the meeting are at Tab B.

KEY ISSUES

1. *International Issues*

Essential Factors—Although significant Bulgarian foreign policy decisions are fully coordinated with Moscow, it is our policy and interest to treat Bulgaria as a sovereign state responsible for its own actions. Tsvetkov will be interested in your comments on US-Soviet relations, SALT, and Cyprus, which the Bulgarians regard as essentially an extension of the Balkans. You may wish to ask him about Bulgarian-Soviet relations and the situation in the Balkans including recent Bulgarian approaches to Albania.

Bulgaria and the USSR remain the closest of allies, but lately we have received indications that the USSR may have decided to curtail substantially its former ample subsidization of the Bulgarian economy. Bulgaria participated in the first Inter-Balkan Conference in Athens in 1976, but since then has refused, presumably at Soviet behest, to agree to a second multilateral meeting.³ Taking the line that Balkan problems can best be resolved on a bilateral basis, the Bulgarians have recently exchanged high-level visits with Greece, Turkey, and Romania. Bulgarian-Yugoslav relations continue to be strained over the Macedonian issue. Since the PRC stopped economic aid to Albania last July, Bulgarian propaganda has focused selectively on Albanian condemnation of the PRC while ignoring continued Albanian vilification of the USSR. Recently, Bulgaria has indicated to Albania that it would welcome closer relations, but Albania apparently fears that Bulgaria is acting simply as a Soviet stalking horse.

Points to be Made

—*US-Soviet relations*—Our relationship is basically competitive, but both sides recognize the need to avoid deterioration and to expand areas of mutually beneficial cooperation.

³ In telegram 2553 from Sofia, December 23, 1977, Garthoff suggested that, even in the absence of Soviet opposition to a multilateral Balkan conference, Sofia was not interested in participating in such a meeting. (National Archives, RG 59, Central Foreign Policy File, D770479–0959) The Embassy in Bucharest agreed. Ambassador Aggrey noted after a discussion with Romanian Deputy Foreign Minister Vasile Glica: The Bulgarians “have entered specific reservations about multilateral cooperation in CSCE context, and expressed view that issues and problems between Balkan states should be discussed on bilateral basis.” (Telegram 9237 from Bucharest, December 28, 1977; National Archives, RG 59, Central Foreign Policy File, D770483–0926)

—*SALT*—Differences between the US and Soviet positions have been narrowed over time. Nevertheless, some distance between us still exists on key issues. We cannot predict when a SALT agreement will be signed.

—*Cyprus*—We believe that the Cyprus problem must be resolved under UN auspices by the parties directly involved, the Greek and Turkish Cypriots.

—We support UN SYG Waldheim in his efforts to mediate the dispute and will help him in every possible way.

—*Bulgarian-Soviet Relations*—How would you characterize the present Soviet view of E-W relations?

—*Balkan Cooperation*—What is your Government doing to enhance the multilateral project for cooperation in the Balkans?

—*Albania*—What direction do you think Albania's foreign relations will take now that the Chinese have ended their economic aid?

2. *Bilateral Relations*

Essential Factors—Since the advent of detente, improvement in US-Bulgarian relations has occurred. We have negotiated a number of agreements with the Bulgarian Government, and several high-level visits have taken place, including visits by the Secretaries of Commerce and Agriculture.⁴ Progress has been made in resolving divided family cases, although markedly less in the past year. Now, however, the GOB appears to be attempting to cut off further discussions of divided family questions with the US and other Western embassies. On November 9 our Embassy was told that there are no outstanding humanitarian issues facing the GOB and that the Foreign Ministry will accept for discussion only cases involving US citizen sponsors and spouses and minor children (defined as under 16) of US citizens.

Last summer the Bulgarian Government retained a New York law firm to advise it on what it would have to do to obtain MFN. The firm's report may have sobered Bulgarian expectations somewhat. Tsvetkov may allude to MFN although the Bulgarians do not wish to appear in Moscow to be taking an initiative. Our position is that we would be prepared to discuss the process for obtaining MFN in detail with GOB officials, should they be interested in such discussions.

The GOB has been unable or unwilling to assist Embassy Sofia effectively in finding another chancery site. The lease on the present building expired last June, and the GOB has informed the Embassy that it must move as soon as possible. Thus far, the Bulgarian Govern-

⁴ The last U.S. Cabinet-level official to visit Sofia was Secretary of Agriculture Butz in 1976.

ment has not shown an acceptable new building or site to the Embassy. We have informed Ambassador Grigorov that we expect substantially better cooperation from the GOB on the chancery problem before we will sign a lease for two lots in the Van Ness Center which the Bulgarians have selected as a new chancery site.

Points to be Made

—The resolution of divided family cases will be extremely important in determining the extent to which we will be able to continue to improve relations. This issue has considerable resonance in the American public and the Congress. We urge you to cooperate with us in the speedy resolution of the remaining cases, especially the Slavova case. (This case involves the wife and children of Atanas Slavov, a Bulgarian emigre writer who lives in New York City.)

—Our Embassy has not received much cooperation from Bulgarian Government officials in resolving the chancery problem. We, on the other hand, have materially assisted Ambassador Grigorov in his attempts to find a new chancery site here. We believe such cooperation must proceed on a reciprocal basis.

—(If Tsvetkov raises MFN) We do not believe that the possibilities for increased trade under present conditions have been exhausted. We would be prepared to discuss our requirements for granting MFN tariff status and how they might apply to Bulgaria. N.B. Mr. Vest will deal with the question of the recent attacks on Bulgarian emigres employed by BBC and RFE in a separate meeting with Mr. Tsvetkov.⁵

⁵ Vest raised the Markov affair privately, at the end of his meeting with Tsvetkov. He expressed Washington's concern over the incident and urged the Bulgarian Government to cooperate fully with the investigation. (Telegram 294433 to Sofia, November 21; National Archives, RG 59, Central Foreign Policy File, D780479-0881)

89. Telegram From the Department of State to the Embassy in Bulgaria¹

Washington, December 3, 1978, 2024Z

305798. Subject: (C) Assessment of Tsvetkov Visit.

1. (C-entire text)

2. Immediate benefits. The most immediate benefits of Tsvetkov's visit were the clarification of each side's position on various issues and the establishment of personal contact between officials of the two foreign affairs establishments.² Both sides gained a clearer understanding of each other's terms for improving relations, i.e., the importance we attach to progress in resolving divided families cases and the importance the GOB attaches to improved economic relations (the "spine" of bilateral relations, to cite the word Tsvetkov used at Commerce) and to simultaneous progress in all aspects of relations. Such progress, Tsvetkov implied, would assist in the resolution of divided family cases. The fact that a Deputy Foreign Minister had talks in Washington was also a symbolic plus for the GOB.

3. Closer consultations—The GOB clearly desires closer consultations as indicated by Tsvetkov's invitation to Vest to visit Sofia within the year and Tsvetkov's apparent approval of a visit early next year of a team headed by EUR DAS Goodby to review CSCE implementation and to discuss preparations for Madrid. We hope that a by-product of the visit will be enhanced access for Embassy Sofia officers to GOB officials.

4. Dialogue on conditions for MFN? The GOB obviously would like to obtain MFN tariff status. Tsvetkov's signal during Round-Table II that the GOB is interested in MFN, and the Deputy Secretary's indication that we would be willing to discuss our laws and policies pertaining thereto, may have set the stage for subsequent GOB efforts to establish a dialogue on this issue. However, Tsvetkov and his colleagues must have realized that we do not contemplate any early movement on MFN.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780499–0186. Confidential. Drafted by Glenn and Gilmore; cleared by Schmidt; approved by Vest.

² Tsvetkov participated in two roundtable discussions at the Department. The first, chaired by Vest, discussed international issues, in particular détente and the CSCE process, but also disarmament, the Middle East, and U.S. normalization of relations with the People's Republic of China. The second roundtable, chaired by Vine, discussed Southern Africa and Balkan developments, as well as bilateral relations, trade, chancery sites, and divided families. The Department reported the discussions in telegram 291476 to Sofia, November 16. (National Archives, RG 59, Central Foreign Policy File, D780472–1195)

5. Chancery site—The prospects for movement in this area may have been enhanced. Although Tsvetkov exaggerated the condition of the Bulgarian Chancery and Ambassador Grigorov's residence (the roof did not fall in during Grigorov's reception for Tsvetkov), the GOB is concerned and therefore anxious to obtain a lease on two lots in the Van Ness Street International Center. The GOB now should have no doubt about our concern over its cooperation with Embassy Sofia in resolving the Chancery problem there. Tsvetkov described the Chancery problem as "technical", not "political", hopefully indicating thereby that the GOB will soon take steps to resolve the problem.

6. Bulgarian concerns—Gotsev commented in private that the GOB really dislikes our position on divided families and our linkage of the US and Bulgarian Chancery problems. Tsvetkov indicated during the second round-table session that it seemed as though we began every discussion by referring to divided families. We have the impression that the Bulgarians may have decided to go slow in resolving divided family cases, an area of clear interest to us, until we have demonstrated a willingness to move ahead in areas of interest to them.

7. Many thanks to Embassy Sofia for its assistance in arranging Tsvetkov's visit. We hope that it will help make your work easier.

Vance

90. **Memorandum From the Chief of the National Foreign Intelligence Center, Central Intelligence Agency (*[name not declassified]*) to the Deputy Director of the Bureau of European Affairs, Department of State (Gilmore)¹**

RP M 79–10075

Washington, February 6, 1979

SUBJECT

Could Bulgaria Go the Way of Romania? [*classification not declassified*]

Dear Harry,

1. The notion that Bulgaria might strike out on a course independent of the Soviet Union is a titillating one. Geographically separated from the USSR and with no Soviet troops stationed on its soil, the country would seem to be in a felicitous position to do so. One can further argue that, economically faring no better and receiving no greater economic help than Moscow's other East European allies, Bulgaria would seem to have been ill-rewarded for its fealty to the USSR over the years. Its current disagreement with the USSR over the future direction of its economic development would be a motive for striking out on its own now. [*classification not declassified*]

2. A number of factors, nevertheless, argue that the Zhivkov regime would have less inclination to dispute the Soviets than had the three Balkan communist states who now shun Soviet hegemony. The Bulgarian leadership was placed in power by the Soviets; it did not assume power by virtue of its only military prowess (Albania & Yugoslavia), nor did it achieve power only after purging those leaders the Soviets imposed upon them (Romania). The Bulgarians have no latent territorial disputes with the USSR (Romania). To the contrary, Russia has usually been seen as a protector of the Bulgarian state against its traditional enemies (Romania, Turkey, Greece). The USSR is now probably viewed as its protector against the Serbs who—when viewed from Sofia—are probably seen as coveting Pirin Macedonia. [*classification not declassified*]

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 82T00150R, Production Case Files, Box 6, Folder 63, Could Bulgaria Go the Way of Romania?. Confidential. The salutation is handwritten. Telegram 555 from Bucharest, January 27, is attached but not printed. In the telegram, the Embassy reported on a meeting between the Deputy Chief of Mission and the French Counselor. The French diplomat, discussing the results of Brezhnev's visit to Sofia, suggested that Bulgaria might be in position similar to early 1960s Romania, when increasing disagreements with Moscow over the direction and pace of development led Bucharest to distance itself from Soviet policies. The Embassy concluded that, if disagreements between Sofia and Moscow existed, they would be evident in Bulgarian policy toward the Balkans.

3. The advice the Soviets are giving the Bulgarians—to devote greater attention to agriculture and light industry—is good advice. And it may be recognized as good advice, even though it would not have been so seen in 1961 when it was offered to the Romanians. In the early 60s, we should recall, it was an article of ideological faith that every communist state should go through a process of forced industrialization comparable to that which the USSR went through. When the Soviets then counseled the Romanians not to seek all-round industrial development, they seemed to be saying that Romania should not aspire to the developed-nation status that the Soviets were willing to accord almost all the other states of Eastern Europe. Romania had a good raw materials and energy resources base, which must have made the advice seem all the more ill-intentioned. [*classification not declassified*]

4. Autarchic economic development has long since been recognized in Eastern Europe as a goal too expensive to be pursued. Bulgaria, with its poor resource base, must appreciate that it is among the least qualified to pursue it. Bulgaria has already attempted a speedy industrialization on the basis of Soviet support and of heavy borrowing in the West. It must now appreciate that there are limits to what the Soviets can, or should, be expected to do in support of Bulgarian industrialization, and it is deeply in hock to the West. In sum, the wellsprings of the Bulgarian drive for industrialization are probably not nearly as strong as those that impelled Romania into a confrontation with the Soviets in the early 1960s. [*classification not declassified*]

5. We must, finally, face up to the circumstance that it is the Bulgarians, not the Soviets, who are currently the demanders. Does it follow that, because the Soviets will not give the Bulgarians all they want, the Bulgarians will basically modify their policy on alliance with the USSR? Is there no chance that the Soviets will yet make concessions of the sort that have satisfied the Bulgarians before—e.g., the third metallurgical complex? To whom would the Bulgarians turn instead of the Soviets? Have they not done about as much as they can in terms of borrowing and trading with the West? Does it not make more sense that what we are witnessing is a negotiating process in which the Bulgarians are presenting maximum demands and are prepared to settle for considerably less? [*classification not declassified*]

6. This line of analysis, of course, places me in that group of American analysts “satisfied with the eternal status quo,” and I do not feel comfortable there. But as I survey the balance sheet of possible stimuli for Bulgaria’s standing pat or striking out on a more independent course, the bottom line favors the former, in my judgment. We must also remember, I think, that, as not all the peoples of the Balkans were dissatisfied with Ottoman rule, so it may just be that some now see

their primary interests as being served through close alliance with the USSR.² [*classification not declassified*]

² In telegram 1244 from Sofia, June 4, the Embassy observed: “Bulgarian-Soviet relations lie at the heart of Bulgarian foreign—and internal—affairs.” The Embassy concluded: “close Bulgarian-Soviet relations stem from a very substantial congruence of perceived political and economic interests, ideological and personal leadership ties, all resting on a long tradition of historical and cultural association. The Bulgarian leaders establish their own internal and external policies based on Bulgarian interests as they see them—and in most cases they see such interests best served by close association with the Soviet Union and support of Soviet policies. This fact gives a greater strength to their cooperation and alliance than is true of the bilateral relations of most if not all of the other Soviet allies with the USSR.” (National Archives, RG 59, Central Foreign Policy File, D790252–0784)

91. Telegram From the Embassy in Bulgaria to the Department of State¹

Sofia, June 1, 1979, 0805Z

1233. Subject: (S) Bulgarian Approach on Closer Relations With US. Ref: Sofia 1185.²

1. (S-entire text.)

2. Summary: Bulgarian Foreign Minister Mladenov’s comments on Bulgarian-American relations reported reftel are regarded by the Bulgarian side as an important political approach to the US for closer relations. This approach was personally authorized by President/Party Chief Todor Zhivkov, and following the meeting Mladenov remarked to a senior MFA official that: “I hope the Americans realize that I have extended my hand, and grasp it.” While not intending to depart from close alignment with the Soviet Union, Bulgaria wishes to play a more

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790248–0379. Secret; Priority; Limdis. Sent for information to Belgrade, East Berlin, Bucharest, Budapest, Moscow, Prague, and Warsaw.

² In telegram 1185 from Sofia, May 25, the Embassy reported on the bilateral discussions between Garthoff and Mladenov during their May 23 meeting. (National Archives, RG 59, Central Foreign Policy File, D790240–0793) In telegram 1187 from Sofia, May 25, the Embassy reported the international issues portion of their discussion, including SALT II, China, and the Middle East. (National Archives, RG 59, Central Foreign Policy File, D790240–0762). For the account in his memoirs, see Raymond Garthoff, *A Journey through the Cold War*, pp. 319–321.

independent role, and specifically would like to upgrade relations with the US. End summary.

3. Following the Ambassador's meeting with Mladenov reported reftel, Ambassador Gotsev (Chief of MFA Fourth Department responsible for relations with US and Western Europe) arranged a private luncheon *tete-a-tete* with the Ambassador. In an unusually open and frank discussion, Gotsev emphasized the Bulgarian leadership's desire to raise substantially the level and range of its relations with the US. He stated that Mladenov, himself a member of the Politburo, had in advance discussed with President Zhivkov his meeting with the Ambassador, and had been authorized to seek closer political and economic ties with the US. Mladenov considered the Ambassador's return to Washington for consultations at this juncture as the best opportunity to make an authoritative probe of the American reaction, and he was awaiting with interest whatever the Ambassador would be able to bring back by way of a response. Following his meeting with the Ambassador, Mladenov had told Gotsev: "I hope the Americans realize that I have extended my hand, and grasp it."

4. Gotsev commented that the US was of course the most important country in the world. Bulgaria enjoyed very close ties with the Soviet Union, and had no wish to change that relationship. At the same time, some of the Bulgarian leaders, including Zhivkov as well as Mladenov, wished to increase the role which Bulgaria herself plays in world affairs. They had no illusions as to the limited role which a small country could aspire to. Nonetheless, Bulgaria's role in the Balkans could be of some significance to the US as well. Moreover, while Bulgaria had been extending its political contacts and economic ties with other Western countries, in particular the FRG and increasingly Japan, this had not so far developed with respect to the US.

5. Gotsev stated that some members of the Bulgarian leadership were frankly skeptical as to whether the US shared an interest in improving relations. Also, some members of the leadership through their own particular experience represented in effect "a (West) German lobby" and a "Japanese lobby"—there was no "American lobby" yet. He commented that whenever a major trade deal with a Western partner was being decided upon by the leadership, Zhivkov would ask about the quality of technology compared with that of the US; while differences obviously existed among various advanced countries, the basic benchmark was normally taken to be the US.

6. Gotsev stated that despite Bulgaria's close economic relations with the Soviet Union, and with other members of Comecon, there is a potential for increased economic ties with the West—and preferably with the US. The Bulgarian leadership was not at all satisfied with the stagnation of Bulgarian-American trade at a relatively low level and limited scope.

7. Gotsev stressed Bulgarian interest in obtaining MFN treatment from the US. He expressed the hope which the Bulgarian leadership has that with SALT II and the development of American-Chinese political and now economic ties it would prove possible for Bulgaria to acquire MFN status. He stated that Bulgaria wishes to gain MFN before Czechoslovakia or the German Democratic Republic. Moreover, he commented, Bulgaria in fact had no emigration problem with a Jewish minority or other group. Such essentially minor differences as divided family cases could rapidly be resolved.

8. Gotsev noted (as had Mladenov) that the Bulgarians had taken a number of concrete steps suggested by the American side, such as the settlement of the claims of American bondholders, and there were none of the other obstacles that might stand in the way: no Bulgarian gold in the US, no unsatisfied claims, or other such issues. Yet the American side had made clear last year that it was not prepared at that time to move on MFN.³

9. The Ambassador noted that Romania and Hungary had qualified for MFN on the basis of existing legislation. He agreed with Gotsev that there were no specific intrinsic obstacles in the way of reaching agreement. Was Bulgaria prepared and interested to seek an MFN solution on the Hungarian pattern?⁴ The Ambassador noted that he was of course aware that after the Morse report, and the visit by Deputy Foreign Minister Tsvetkov and Gotsev himself to Washington last fall, there had been a distinct falling off of Bulgarian private expressions of interest in taking steps toward MFN. The Ambassador then stated that he wished to ask directly an undiplomatic question: had Bulgaria consulted with the Soviet Union in 1978 before hiring an American law firm to investigate MFN prospects, and before expressing the interest which Gotsev himself and other Bulgarian officials had expressed to the Ambassador with respect to the "Hungarian solution" and Bulgarian interest in MFN?

10. Gotsev replied that the expressions of interest in MFN were based on the judgment of the Bulgarian leadership that obtaining MFN status from the US, for economic and political reasons, would serve Bulgarian interests. At the same time, they wished to proceed discreetly and deliberately. While prepared to justify their interest, they did not want to display this interest and then have it rebuffed by the US, in front of the other Socialist countries. Gotsev emphasized that Bulgaria also could not

³ See Document 89.

⁴ PD-21 established the yardstick by which improved relations, including extension of MFN, would be either an independent foreign policy from the Soviet Union (i.e. Romania and Yugoslavia) or a policy of internal liberalization (the Hungarian model). See Document 16.

appear to be taking the initiative in raising the issue, although in fact they had done so. He said specifically some version of what he termed "the Hungarian variant" was not *rpt* not out of the question. Gotsev then continued by commenting that the Bulgarian reading from the Ambassador's own statements after his return from consultations in the fall of 1978, and their assessment based on the conversations (with Tsvetkov and himself) in Washington, as well as the Morse report suggested the time was not ripe to pursue the matter. Now, they hoped the changed international circumstances to which he had alluded might make it appropriate—if not immediately, at least in some time frame they could take into account in making their own decisions.

11. Gotsev also noted the importance of decisions taken in the course of developing the next five-year plan. He said that if some projects and investments could not be undertaken with American firms, or with other Western countries, they would have to depend on Soviet assistance. (While not specifically stated, Gotsev implied both that heavier reliance on Soviet economic assistance was for one or another reason less desired, and perhaps not always forthcoming.)

12. Gotsev remarked that the Bulgarians had very little to offer the US in a concrete way. They had already made a number of steps, and frankly had little left to bargain with. But the specific matters which the Ambassador had raised with Mladenov, for example, could all easily be taken care of. There were, however, those in the leadership who felt that without reciprocal moves or signs of a more forthcoming American view that the Bulgarian side had already made perhaps more concessions in advance that it should have. In addition to MFN, Gotsev (as had Mladenov) stressed the importance of higher level political contacts and higher level American visits to Bulgaria. While the Bulgarians certainly did not expect, for example, a visit by the American President at any time in the near future, they would hope to have cabinet-level visits—perhaps first the Secretary of Commerce, and in due course the Secretary of State. More immediately, they very much hoped that the US would respond to their repeated invitations and expressions of interest in early visits and regular consultations picking up from the Tsvetkov visit. They very much hoped that Assistant Secretary Vest could visit Bulgaria this year. In addition, the Foreign Minister—and not he alone—was well aware that he was the only Eastern European Foreign Minister who had not yet had the opportunity to meet with Secretary Vance.

13. As to other possibilities for an American sign of interest in developing closer relations, Gotsev remarked that the one concrete step which would have some symbolic as well as intrinsic value would be an increase in the Bulgarian fishing quota in American waters. He hoped that the Ambassador could bring back some good news in that

respect. The Ambassador replied that he would certainly look into the possibility further, but reiterated—as he had to the Foreign Minister—that regrettably this was a matter beyond the decision of the State Department and quotas were determined in accordance with available supply, conservation needs, and specific reciprocal tradeoffs with other countries responsible for waters of interest to American fishermen. Gotsev indicated that he realized this fact, but he hoped that nonetheless perhaps something could be done—perhaps reducing slightly the quota reserved for American fishermen. The Ambassador noted that would present a domestic political problem of some size.

14. Gotsev stated that Mladenov had expressed satisfaction with his exchanges with the Ambassador on other (than bilateral) world developments. Specifically, he said that he “got the message” (sic) on (the American view of) the Macedonian issue. Gotsev stressed that Mladenov scarcely ever had such frank discussions with Ambassadors, and never with an American Ambassador. He had high confidence in the Ambassador. In response, the Ambassador replied that he always found interesting and useful such discussions with the Foreign Minister, and this comprehensive recent one in particular. He appreciated the Minister’s other comments, and believed they do indeed have good rapport and mutual understanding. Gotsev said that the Minister was looking forward to talking with the Ambassador after his return.

15. Comment: Foreign Minister Mladenov’s three-hour review of the development of Bulgarian-relations with the Ambassador, followed by the evidently orchestrated informal elucidation by Ambassador Gotsev, is a clear signal and request for an American response. Gotsev said explicitly what a Communist Foreign Minister (and Politburo member) could not say in such a direct and open way. They do not expect far-reaching or immediate American moves on such major issues as MFN, but they do want to know whether the United States is receptive to the Bulgarian interest in enhancing our relations. They indicated (Gotsev explicitly) that one reason for Bulgarian interest is to establish a more independent, though not necessarily less Soviet-aligned, and albeit still modest, Bulgarian role in world affairs.

16. As the Ambassador is returning imminently to Washington, he will give his personal comments and recommendations on the questions posed by the Bulgarians reported above and in the reftel during his consultations.

Garthoff

92. Telegram From the Department of State to the Embassy in Bulgaria¹

Washington, September 28, 1979, 0130Z

255319. Subject: Vance-Zhivkova Bilateral.

1. (C-entire text)

2. Summary. Secretary held bilateral talks with Bulgarian UNGA delegation head Lyudmila Zhivkova September 26. Bulgarian participants were Ambassador Grigorov, Permanent Representative to the UN Yankov, and interpreter. US participants were Counselor Nimetz, Assistant Secretary Vest, Ambassador-designate Perry and EUR/EE Deputy Director Gilmore (notetaker). Both sides expressed a desire to improve relations, and the upcoming visit of Assistant Secretary Vest and the CSCE consultations in November were seen as concrete steps in this direction. Zhivkova invited the Secretary to visit Bulgaria at a time convenient to him, and the Secretary expressed the hope that he could accept it at some point. End summary.

3. After an exchange of pleasantries including references by Mme. Zhivkova to her brief social meetings with President and Mrs. Carter and Vice President Mondale, during her June 1977 visit here, Mme. Zhivkova expressed satisfaction that she had been given the opportunity to conduct Bulgaria's first official UNGA discussions with the Secretary. Welcoming the opportunity to hold bilateral talks with GOB representatives, the Secretary expressed appreciation for Foreign Minister Mladenov's statements to Ambassador Garthoff about the GOB's desire to improve bilateral relations.² He also welcomed the GOB's action to resolve divided family cases. The Secretary indicated that Ambassador-designate Perry, a colleague in whom he had great confi-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790443-0890. Confidential; Immediate. Drafted by Gilmore; cleared by Vest, Frasure, and Bremer; approved by Raphael.

² See Document 91. The Bulgarian Government and the Embassy in Sofia renewed calls for a bilateral between the two Foreign Ministers in 1979. Grigorov called on Assistant Secretary Vest June 29 to discuss the state of relations between the two countries. Stressing the improvement in relations, Vest promised "he would do everything possible to arrange a meeting" between Vance and Mladenov. (Telegram 173956 to Sofia, July 5; National Archives, RG 59, Central Foreign Policy File, D790307-1001) On July 31, the Embassy in Sofia also recommended a meeting, stressing that "a Vance/Mladenov meeting is long overdue." (Telegram 1802 from Sofia, July 31; National Archives, RG 59, Central Foreign Policy File, D790347-0263) However, as the meeting was being scheduled, the Embassy informed the Department that Mladenov was to accompany Zhivkov to Vietnam, Laos, and Cambodia. (Telegram 2193 from Sofia, September 12; National Archives, RG 59, Central Foreign Policy File, D790421-0279)

dence, would be discussing with the GOB specific ways in which we might improve relations.

4. Zhivkova expressed GOB's satisfaction that US-Bulgarian relations had improved and deepened since the signature of Helsinki Final Act. She stated that there are no "weighty" outstanding issues between the US and Bulgaria, and indicated that a Bulgarian representative would come to the US soon to sign a document resolving financial problems which date back to the 1930's. (N.B. Zhivkova was apparently alluding to a final settlement with US holders of Kingdom of Bulgaria bonds.) US and Bulgarian leaders, said Zhivkova, owe it to their peoples to develop bilateral relations further. The GOB is conscious of the fact that US is a huge country and a great power with vast resources and human potential. Bulgaria, although very small, has a rich historical and cultural heritage. A crossroads between East and West, Bulgaria survived 500 years under Ottoman bondage and has become a developed and vigorous country. Every country must make its contribution to a better future for the world and the contribution of Bulgaria, as a small country, must be qualitative rather than quantitative. Bulgaria, said Zhivkova, is ready to make its contribution to all aspects of relations including trade and scientific-technical and cultural cooperation.

5. The Secretary agreed that the US and Bulgaria should strive to find more common ground in their relations. He expressed support for continuing US-Bulgarian contacts in the CSCE context and noted that we will hold CSCE consultations with Bulgaria this fall.

6. One area of relations which remains to be settled, said Zhivkova, is that of trade and economic cooperation. Relations in this area should be put on a stable basis, and the issue of MFN should be considered in this context. The Secretary asked Ambassador-designate Perry to explore on his behalf concrete ways of improving relations in this sphere.

7. Zhivkova welcomed Ambassador-designate Perry to Sofia. She noted that the GOB has recognized Ambassador Garthoff's work in improving relations by giving him the award of the Madara Horseman, First Class.³ The Secretary thanked Zhivkova for honoring Ambassador Garthoff, observing that this award reflected Bulgaria's desire to improve relations.

8. The Secretary expressed particular satisfaction that Assistant Secretary Vest, his "strong right arm", would be visiting Bulgaria next month. Zhivkova welcomed the Vest visit as an expansion of contacts

³ For his account of the award, see Raymond Garthoff, *My Journey through the Cold War*, p. 323.

between the US and Bulgaria and expressed the hope that contacts such as this would lead to the further development of relations.

9. On behalf of Foreign Minister Mladenov, Zhivkova invited the Secretary to visit Bulgaria at a time convenient to him. The Secretary thanked her for the invitation and expressed the hope that he would be able to accept it at some point. Noting that Bulgaria would celebrate its 1300th anniversary as a state in 1981, Zhivkova indicated that a visit to Bulgaria then would enable the Secretary to join in the celebration. Bulgarian UN Ambassador Yankov quickly added that if the Secretary could come sooner, then so much the better.

Vance

93. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, October 29, 1979

SUBJECT

Meeting with Lyuben Gotsev (U)

Attached is the memcon of the meeting which Marshall and I had on Friday, October 26, 1979 with Lyuben Gotsev,² Head of the North American Section of the Bulgarian MFA. As I suspected he would, Gotsev did raise the issue of a meeting between Lyudmila Zhivkova and the President and expressed disappointment that the President had not been able to see her. He also made a strong pitch for MFN, arguing that recent progress on family reunification and visas had removed any remaining obstacles to Sofia obtaining MFN. (C)

I had the impression from the meeting with Gotsev that the Bulgarians do genuinely desire an improvement in relations and that they feel that they have met us more than halfway with the recent resolution of the family reunification problems, etc.—a view shared by George Vest as a result of his recent trip to Sofia. (C)

¹ Source: Carter Library, National Security File, Brzezinski Material, Country File, Box 6, Bulgaria: 1/77-1/81. Confidential. Sent for information. Copies were sent to Bremet, Blackwill, Rentschler, and Griffith. Brzezinski wrote at the top of the memorandum: "Let's explore a single initiative as a test. ZB."

² Brzezinski had approved the meeting with Gotsev on October 24.

While granting Sofia MFN is clearly out of the question in the immediate future, we should give serious consideration to what else we might do to encourage Bulgaria's interest in improved relations. Despite Bulgaria's close ties to the Soviet Union, the prospects for some change over the long run may not be as dismal as often assumed. The rejuvenation in the Bulgarian leadership which has taken place since 1976 combined with a prolonged succession crisis in the Soviet Union could induce Bulgaria to pursue a moderately more flexible policy in areas where this does not fundamentally contradict Soviet interests. This was the case in 1964 at the time of Khrushchev's ouster (when Bulgaria came close to normalizing relations with Bonn and took a number of other uncharacteristically independent initiatives in the Balkans) and it is not inconceivable that a similar development could occur in the immediate post-Brezhnev period. (C)

In short, while we should have no illusions about the degree of Bulgaria's dependence on the Soviet Union, we should not write off Bulgaria entirely. We should do what we can to encourage Bulgaria to broaden its ties with the West and test Sofia's willingness to improve relations with the United States (perhaps by including Bulgaria in a trip by a Cabinet official at some point). (C)

Attachment

Memorandum of Conversation³

Washington, October 26, 1979, 11–11:50 a.m.

SUBJECT

Summary of Meeting with Lyuben Gotsev (U)

PARTICIPANTS

Marshall Brement

Stephen Larrabee

Lyuben Gotsev, Head, North American Section, Bulgarian MFA

Krassin Himmirsky, First Secretary, Bulgarian Embassy

Elena Bobtdorova, Interpreter

Gotsev opened the meeting by stating he wished to concentrate on bilateral relations. He proceeded to review the state of US-Bulgarian relations, pointing to progress in the resolution of 20 of the 35 pending family reunification cases in the last several months and progress in

³ Confidential. The meeting took place in Brement's office.

visa applications. He stated that the meeting between Foreign Minister Mladenov and Ambassador Garthoff in May was an important indication of Bulgarian's interest in improving relations with the United States.⁴ Assistant Secretary Vest's visit this week had also contributed to the improvement of relations.⁵ Bulgaria wanted to see this process strengthened, but it often had the impression that the United States was not really interested in such a development. (C)

Gotsev then made a strong pitch for MFN, arguing that with the recent resolution of many family reunification cases there were no longer any meaningful obstacles to Bulgaria receiving MFN. He asked how we saw the prospects for Bulgaria receiving MFN. (C)

Gotsev also pointed to the current visit to the US of Lyudmila Zhivkova, daughter of Bulgarian President Todor Zhivkov and a member of the Politburo, as an indication of Bulgaria's interest in improving relations. Mme. Zhivkova had met with Secretary Vance at the UNGA in New York and had met with Secretary Harris, Mrs. Mondale, and John Reinhardt in Washington.⁶ He regretted, however, that Mme. Zhivkova had been unable to be received by the President despite the many attempts by the Bulgarian Government to get an appointment. (C)

In response, Messrs. Brement and Larrabee stated that Foreign Minister Mladenov's meeting with Ambassador Garthoff and the progress in the resolution of family reunification cases had been duly noted in Washington. We were encouraged by this trend and hoped it would continue. As to a meeting between Zhivkova and the President, we pointed out that the President was extremely busy; that he normally met only Heads of State, even of our closest allies; that October was the busiest month of the year for him; and that the request had come at the last moment. Under such conditions, it was hardly realistic to expect that it would be granted. Moreover, there had only recently been a slight improvement in relations. Before a meeting with the President could be realistically considered, relations would have to develop further. We stressed that the US would like to see a positive development of relations, but that this would depend upon concrete

⁴ For Garthoff's meeting with Mladenov, and his subsequent discussion with Gotsev, see Document 91.

⁵ Vest's travel was reported in telegram 2682 from Sofia, October 26. (National Archives, RG 59, Central Policy File, D790511-0120)

⁶ See Document 92. No records of Mrs. Zhivkova's meetings with Secretary Harris, Mrs. Mondale, and USICA Director Reinhardt were found. In a memorandum to Brzezinski dated October 6, Tarnoff recommended that Joan Mondale meet Zhivkova at the White House since it would be viewed in Sofia as "another favorable response to its recent moves to improve relations with us." (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 6, Bulgaria: 1/77-1/81) The NSC forwarded the memorandum with its concurrence to Denis Clift on October 9. (Ibid.)

steps that the Bulgarian Government was willing to undertake in the coming months and years. (C)

On MFN Messrs. Brement and Larrabee pointed to the fact that there were certain legislative requirements which had to be met in order for Bulgaria to qualify for MFN. In our view, all possibilities had not been exhausted within the existing framework. However, we were prepared to discuss with Bulgaria what requirements would have to be met in order to qualify for MFN. (C)

Returning to the question of bilateral relations, Gotzev noted the apparent US lack of interest in improving relations with Bulgaria. In his view the Bulgarians had been forthcoming on issues of concern to the US, but the US seemed to be making a change in its policy conditional on a change in Bulgaria's relations with the Soviet Union. The US should recognize that these ties were deep and long-standing, and he argued that we should not make a disruption or cessation of these prerequisites for an improvement of US-Bulgarian bilateral relations. Bulgaria was an independent country and US-Bulgarian relations should stand on their own merits. Concluding, he noted that Secretary Vance would be visiting Yugoslavia and Romania in December and expressed the hope that Bulgaria could be included in his travel plans in the near future.⁷ (C)

In response, Messrs. Brement and Larrabee said that the US recognized Bulgaria's strong ties with the Soviet Union and that we did not make a cessation of these ties a prerequisite for improved relations with the United States. Our main concern was that the Bulgarians pursue a policy which accorded with their own national interests. This did not mean that we expected Bulgaria to break all ties with the Soviet Union. We understood that these ties were deep and long-standing. Nonetheless, we hoped that there could be more common ground on a number of issues between our two countries in the future and that if this occurred, it would have a positive effect on bilateral relations. (C)

⁷ Vance was scheduled to visit Bucharest and Belgrade in mid-December 1979. The trip was canceled at the last minute, however, due to the developing Iran hostage crisis.

94. Memorandum From the Former Ambassador to Bulgaria (Garthoff) to the Assistant Secretary of State for European Affairs (Vest)¹

Washington, December 28, 1979

SUBJECT

Some Departing Observations on American Policy Toward Bulgaria and Eastern Europe

As I reflect on my recent service as Ambassador to Bulgaria,² I wish to offer several comments on our policy approach to Eastern Europe, and specifically to Bulgaria. While I believe our general objectives are sound, the guidance on specific policy implementation seems to me too constricting.

Policy Guidance

American policy toward the Communist countries of Eastern Europe has not changed basically for some years, and the gradual evolutionary change which has occurred has generated very little public (or, for that matter, internal governmental) debate—save for the brouhaha over the so-called “Sonnenfeldt doctrine” in 1976.

Some of us did consider that the policy established by the last Administration and codified in NSDM 212³ (May 2, 1973) was excessively rigid and constraining. “With regard to the Eastern European countries generally,” it stated, “progress in the economic area should be made contingent on satisfactory political conduct on international issues involving our interests and on a demonstrated willingness to solve outstanding bilateral political problems.” Progress on bilateral relations alone was not regarded as sufficient. But there was a further “chain” linkage:

The NSDM laid down a clear rank ordering of the Eastern European countries in the eyes of the US Government, irrespective both of “political conduct” and of resolution of bilateral problems by each country.

¹ Source: National Archives, RG 59, Bureau of European Affairs, Office of Eastern European Affairs, Bulgaria Desk, Personal Files of Retired Ambassador to Bulgaria, Raymond L. Garthoff (1960–1980), Lot 80D218, Box 1, Policy Toward Bulgaria 1978–80. Secret. The date is handwritten. Copies were sent to Nimetz, Barry, Schmidt, and Gilmore. Printed from Garthoff’s copy.

² Former Ambassador Garthoff departed Bulgaria on October 9, 1978. He was replaced by Jack Perry on October 17.

³ NSDM 212 of May 2, 1973, outlined U.S. policy toward Eastern Europe, creating a ranking among the Eastern European regimes. For the text of NSDM 212, see *Foreign Relations*, 1969–1976, vol. E-15, Part 1, Documents on Eastern Europe, 1973–1976, Document 8.

For commercial agreements (recognized as the principal “carrot”), a set order of priority was prescribed: Romania, then Hungary, then Czechoslovakia, and then Bulgaria. (Settlement of the claims of American bondholders was also called for, and was the only specific prerequisite for MFN and Export-Import Bank loans.) Similarly, cultural and scientific exchange agreements (where not already established) were required to reflect the same rank order: Hungary, then Czechoslovakia, and only then Bulgaria.

NSC Presidential Directive 21, or PD-21, (September 13, 1977) under the present Administration, established “a new order” for our relations with countries of Eastern Europe. Rather than explicitly linking progress in bilateral economic and good relations to “satisfactory political conduct on international issues,” the new approach was keyed to the twin aims of enhancing international independence and increasing internal liberalization. “To that end,” the Directive read, “the United States will demonstrably (sic) show its preference for Eastern European countries that are either relatively liberal internally or relatively independent internationally.” In addition, a new order of priorities was set: The first group comprised Poland and Romania, with Hungary to be raised to that same level; as the second group: “Relations with Bulgaria, Czechoslovakia and the GDR will remain limited until there is demonstrated progress along one of the two dimensions mentioned above.” No “initiatives” would be taken toward these three, and *any* steps to improve relations with any of them “must tangibly and demonstrably advance specific US interests.” Also, finally, there were to be no “indications of willingness to grant MFN.”

The objectives of encouraging greater external independence and greater internal liberalization were newly articulated as basic policy, although they had for years underlain our policy toward the area. On the other hand, while no longer listing individual countries in set priority order, a distinction between the three for whom we would “demonstrably” show a “preference,” and the other three, was sharply drawn.

A quite different note was struck by Secretary Vance on January 7, 1978,⁴ when publicly asked: “Is there any difference between the policy of this Administration and the policy of the previous Administration towards the nations of Eastern Europe? And if there is a difference, would you care to elucidate it?” The Secretary replied: “The current Administration is seeking to improve its relationships with the countries of Eastern Europe. Each of us will have to approach this with our own national interests involved. I think that the best way to deal with

⁴ Vance was in Budapest on January 7 to attend the ceremonies organized for the official return of the Crown of St. Stephen to Hungary.

these problems is to have face-to-face discussions where we can discuss the differences and the common interests. We shall pursue these on the basis of dealing on a case-by-case basis, country by country, on the various issues and common concerns which we have."

The distinction in PD-21 has not officially been made public, although some news accounts have given its gist. Later public statements of American policy toward Eastern Europe have been consistent with PD-21, but have not disclosed its key elements either with respect to objectives or to differentiation between two categories of countries, favored and disfavored by the United States. These public statements have also been consistent with Secretary Vance's rather different case-by-case approach. (The most comprehensive authoritative public statement of policy was the testimony of Deputy Assistant Secretary Luers on September 8, 1978, before the House International Relations Committee, distributed also as a State Department pamphlet, "Eastern Europe: An overview." Also important was Assistant Secretary Vest's statement before the House Subcommittee on Europe and the Middle East on July 12, 1979, which explicitly reaffirmed that the Luers statement "remains valid as a comprehensive account of U.S. policy and objectives toward the region.")

The annual development, both by the posts and through Washington coordination among interested agencies, of "U.S. Goals and Objectives," for the Ambassador to each country provides a useful opportunity for some clarifications of policy guidance, but only up to a point. Differences over the question of active promotion of MFN for Bulgaria, for example, led to this minimalist implementation guidance statement: "If Bulgaria requests, explain U.S. legislative requirements for MFN."

The Foreign Service Inspection Report on *The Conduct of Relations with the Countries of Eastern Europe* (May 1979), based on an inspection of the operations of the EUR/EE Office in the Department and the diplomatic posts in Eastern Europe, concluded that: "While the strategy [of PD-21]⁵ is basically sound, it does appear to preclude U.S. Missions in Sofia and Prague from exploiting certain opportunities to pursue U.S. interests, and therefore should be reviewed." The Department was advised to "seek amendments to the Directive if it now appears too restrictive."

Policy Toward Bulgaria, 1977-1979

PD-21 was issued on the very day I flew from Washington to Sofia to assume my mission. I was not made aware of drafts while being briefed in Washington in July to September; I was aware of the general

⁵ Brackets in the original.

trend of the policy line from a discussion with Dr. Brzezinski (but not of the sharp division of countries into two groups nor of the confining language on MFN for Bulgaria).

In 1978, I was advised by STADIS message (State 179410 of July 15, 1978)⁶ of consideration of possible movement on the issue of MFN for Bulgaria, and replied (78 Sofia 2016, and with a series of “open” messages relevant to such a review, including 78 Sofia 2010, 2011 and 2012).⁷ Earlier I had reported active Bulgarian interest (78 Sofia 1228, 78 Sofia 1063 and 78 Sofia 1182).⁸ Consultations in the Department in September/October 1978, however, made clear to me that Washington did *not* deem the season appropriate to pursue the matter, despite Bulgarian interest and even possible responsiveness to legislative requirements. The Bulgarians understood this in part from my more cool attitude on the subject, and certainly after their own reconnaissance in the Tsvetkov-Gotsev consultations in Washington in November 1978.

Foreign Minister Mladenov personally made a pitch for overall improved relations, including their desire for MFN, in discussions with me before my return for consultations in June 1979 (79 Sofia 1185, 1187

⁶ In telegram 179410 to Sofia, July 15, 1978, the Department informed the Embassy that consideration was being given to negotiating a trade agreement, including possible MFN status, with Bulgaria. Despite the lack of a decision to do so, and with no timetable in mind for the negotiation, the Department suggested that the Embassy begin addressing certain questions that would need to be addressed in case negotiations were to begin. (National Archives, RG 59, Central Foreign Policy File, D780290–1284)

⁷ In telegram 2010 from Sofia, September 25, 1978, the Embassy addressed Bulgarian policies toward foreign travel by Bulgarian citizens, and the process of obtaining a passport and exit visa from the country. (National Archives, RG 59, Central Foreign Policy File, D780391–0752) In telegram 2011 from Sofia, September 25, 1978, the Embassy reported on the status of CSCE implementation in Bulgaria, describing it as unsatisfactory. (National Archives, RG 59, Central Foreign Policy File, D780391–0870) In telegram 2012 from Sofia, September 25, 1978, the Embassy reported on the status of human rights and minorities in Bulgaria. (National Archives, RG 59, Central Foreign Policy File, D780391–0867) In response to telegram 179410 (see footnote 6 above), the Embassy surmised in telegram 2016 from Sofia, September 25, 1978, that Bulgaria was interested in seeking MFN status in order to gain increased access to the U.S. market. (National Archives, RG 59, Central Foreign Policy File, D780392–0104)

⁸ In telegram 1228 from Sofia, June 26, 1978, the Embassy reported on the discussions between David Morse, partner at Surrey, Karasik, Morse, and Seham law offices in New York, and Bulgarian officials. Morse was asked by the Bulgarian Government to prepare a memorandum on what Bulgaria would need to do to obtain MFN. (National Archives, RG 59, Central Foreign Policy File, D780265–0185) Telegram 1063 from Sofia, June 6, 1978, reported the discussions between Luers and Tsvetkov which also touched on the outlook for MFN for Bulgaria. (National Archives, RG 59, Central Foreign Policy File, D780235–1063) In telegram 1182 from Sofia, June 20, 1978, the Embassy reported on the meeting between Luers and Bulgarian Deputy Foreign Trade Minister Ginev. (National Archives, RG 59, Central Foreign Policy File, D780257–0202)

and 1233).⁹ We were also given a broad hint that the Bulgarians had not yet consulted with Moscow on their desire to obtain MFN possibly even on the Hungarian model (79 Sofia 1233).

Since my return, the matter has again been raised by the Bulgarians in discussions in general with you, I understand, and in particular during Deputy Assistant Secretary Barry's visit and the recent visit here of Deputy Foreign Trade Minister Ginev (State 319388).¹⁰

The Issue

The purpose of this review is simply to highlight what I see as a possible failure on our part to serve our own interests (and for that matter the *aims* of PD-21), owing to the effects of its confining strictures on our policy toward Bulgaria, above all against pursuing any line of action involving a grant of MFN. I am aware that other factors—especially attitudes on the Hill (or at least perceived attitudes), and the woeful tangle of policy implementation concerning MFN for China and the Soviet Union—may have counseled not raising the clearly secondary matter of our relations with Bulgaria.

Nonetheless, I believe there is a good case to be made for *seeking* to negotiate a trade agreement with Bulgaria involving MFN. First of all, there is literally *no* other way the U.S. could wean Bulgaria even a few degrees away from the USSR than to encourage her to take the Romanian/Hungarian path to MFN qualification. (And, on a more long-term calculation, by increasing trade we can reduce somewhat Bulgaria's heavy economic dependence on the USSR.) As I have reported, Bulgarian relations with the Soviet Union, while destined to remain close, are not those of a puppet—and economic differences exist (79 Sofia 1244).¹¹

From the standpoint of "demonstrated progress" toward "relative" independence, we should not expect or, therefore, even try to effect

⁹ See Document 91. In telegram 1185 from Sofia, May 25, the Embassy reported that, in his meeting with Garthoff on May 23, Mladenov made a strong pitch for MFN for Bulgaria. (National Archives, RG 59, Central Foreign Policy File, D790240-0793) Telegram 1187 from Sofia, May 25, reported their discussion of international issues. (National Archives, RG 59, Central Foreign Policy File, D790240-0762)

¹⁰ In telegram 319388 to Sofia, December 11, Schmidt informed the Embassy of the results of Deputy Foreign Trade Minister Ginev's visit to Washington, which focused on MFN and GATT. Schmidt suggested that the Bulgarians, while interested in MFN, were unwilling to take the initiative out of concern over Soviet reaction. (National Archives, RG 59, Central Foreign Policy File, D790570-0651)

¹¹ In telegram 1244 from Sofia, June 4, the Embassy noted that while the two countries were close, Bulgaria was not a Soviet puppet but rather a junior partner which saw its interests very closely related to its larger ally. The Embassy also stressed that there were instances in which the interests of the two countries diverged, and that the United States could use those opportunities to move Bulgaria toward a more balanced position. (National Archives, RG 59, Central Foreign Policy File, D790252-0784)

any major change in Bulgaria's relationship with the Soviet Union. (Again, see the analysis in 79 Sofia 1244). But neither have we seen such a move in the case of Hungary. In terms of the other criterion, relative internal liberalization, Bulgaria is not democratic or liberal, but it *is* less repressive than the Soviet Union, Czechoslovakia and probably Romania, and I would argue not really demonstrably less liberal than Hungary in many respects (see 79 Sofia 2379,¹² and the earlier cited series 78 Sofia 2010, 2011 and 2012). While Bulgaria has not proceeded as far in economic "reform" as has Hungary, the Bulgarians are moving—and are soliciting our advice (e.g., see 79 Sofia 0561 and 2377).¹³ Even in creeping affluence, Bulgaria has 6.1 automobiles for 100 population—nearly as many as Hungary's 7.6 and more than Poland's 4.5 or Romania's 1.6. In art and music, there is a great freedom and accomplishment. The general standard of living is advancing, and compares favorably with Romania.

Bilateral Relations

Bulgaria has been working to improve its relations with the U.S. The Bulgarian leaders have also been making some effort to "earn" MFN. They have resolved favorably the vast majority of divided family cases—only some 14 currently remain (out of twice that number still unresolved only a few months ago). Moreover, they quietly and fully resolved the sensitive case on which we placed greatest emphasis over the past two years (Slavova). Their record on divided families is almost up to the Hungarians, and much better than the Romanians. They agreed on October 8, literally on the eve of my departure—a "going away" present, the Minister of Finance told me—finally settling on favorable terms the claims of private American bondholders, removing the last unresolved problem of this kind. Bulgaria is, incidentally, the *first* Eastern European country to resolve its foreign bondholders claims *before* a settlement involving extensive MFN. We have, operating satisfactorily, the whole panoply of normalized contacts and relations—a consular agreement (1975), a cultural exchange agreement (1977, renewed in 1979), reciprocal

¹² In telegram 2379 from Sofia, October 1, the Embassy submitted its annual Country Report on Human Rights practices for Bulgaria. (National Archives, RG 59, Central Foreign Policy File, D790449–0146)

¹³ In telegram 561 from Sofia, March 9, the Embassy reported that, in his address to the U.S.-Bulgarian Economic Council, Deputy Prime Minister Andrei Lukanov asserted that Bulgaria was embarking on a process of decentralization and modernization, and outlined the expectations of the Bulgarian Government for the economy over the next five years. (National Archives, RG 59, Central Foreign Policy File, D790112–0922) In telegram 2377 from Sofia, September 1, the Embassy reported Garthoff's farewell call on Lukanov, in which the Deputy Prime Minister discussed Bulgarian foreign trade and economic outlook. (National Archives, RG 59, Central Foreign Policy File, D790448–1018)

elimination of travel restrictions on accredited diplomats (1977), a scientific exchange agreement (1978), and an agricultural agreement (1979).

There are no obstacles in bilateral relations—no unsettled claims, no prisoners, no gold or crowns. (There are also no Jewish or other minorities discriminated against on emigration nor clamoring to leave.) There is no Congressional or public lobby opposed in particular to Bulgaria.

There are many aspects of Bulgarian internal and external policy which we find objectionable, but not necessarily more than for Poland, Romania, Hungary or China—or a number of non-communist countries to whom we accord nondiscriminatory MFN trade status.

There are other areas of bilateral and international Bulgarian cooperation worth noting. In interdiction of narcotics trafficking, for example, there is close U.S.-Bulgarian cooperation (unlike our situation with the USSR). Bulgaria apprehended, and returned to the Federal Republic, German radical terrorists (unlike Yugoslavia). Bulgaria has refrained from providing direct military or police assistance and advisors in Africa and the Middle East (unlike East Germany). Incidentally, I several times commented to Bulgarian leaders that it could not contribute to improving our bilateral relations if they were to embark on such programs; whether that had any effect I do not know.

Concluding Comment

MFN is the only real matter which I see prejudiced by PD-21—and the only area where I see opportunity for a useful American initiative to serve the *purposes* of PD-21. That is why I have dealt with it at such length. (I have larded the text with references, rather than repeat relevant information and arguments, in an effort to be brief.)

I hope you and the Secretary will find occasion to consider one way or another possible modification to the Directive or of its application.

95. Telegram From the Embassy in Bulgaria to the Department of State¹

Sofia, September 30, 1980, 0918Z

2607. Subject: Questions About Bulgaria.

1. S-entire text.

2. What follows is an attempt, as I end my first year in Sofia, to set down the most important current questions about Bulgaria, from the viewpoint of American interests, and to give my frankest answers.

3. First, how solid is Bulgarian loyalty to Moscow?

4. Very solid. I see no sign of important change on the horizon, in this respect. By and large, the relationship works well for Bulgaria's leaders, and the people accept it more readily than any other people in Eastern Europe.² Nevertheless it is good to remember that no relationship is eternal, that Bulgarians are less attached to Russia than is commonly supposed, and that there are strains in the relationship (e.g. on economic issues, on Soviet policy towards other East European countries, on defense spending, on some foreign policy issues such as Bulgaria's Balkan policy) which could grow with time. And I do not believe the Soviets have any infallible, ironclad system of keeping Bulgaria loyal. Still, it would be wishful thinking to expect any early deviation from the familiar pattern of loyalty to Moscow, and I expect this pattern to continue for years.

5. Second, how secure is Zhivkov's position?

6. Very secure. He seems in excellent health, in full vigor, and benefits now from very long experience. In particular, he is senior enough and canny enough to cope with any changes in the Kremlin. (He seems to be in the process of decorating each Soviet Politburo member, one by one, and observers here say his bets are placed on all possible winners in the succession sweepstakes.) I am not aware of the existence of meaningful opposition factions, although Lilov seems a

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800469–0660. Secret. Sent for information to Belgrade, East Berlin, Bonn, Bucharest, Budapest, London, Moscow, Paris, Prague, Vienna, Warsaw, West Berlin, and USNATO. On a copy found in the Human Rights Bureau files, Hugh Simon (HA/EUR) wrote "Excellent Cable HS." (National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, 1980—Human Rights and Country Files, Lot 82D177, Box 3, Bulgaria 1980)

² The Embassy reiterated the strength of the Soviet-Bulgarian relationship in telegram 2352 from Sofia, September 4. While acknowledging that the ties between the two countries were very strong, the Embassy wrote: "there are elements of Bulgarian national pride which are not satisfied by the relationship with Moscow." The Embassy concluded: "US interests are best served by recognizing a Bulgarian identity apart from its ideological fealty to Moscow." (National Archives, RG 59, Central Foreign Policy File, D800425–0542)

strong number two and a potential successor. The younger men in the leadership seem able, relatively flexible, often well qualified technically (especially the economists), and of course quite loyal to Zhivkov. There may be some personnel changes at the April Party Congress, but I would be surprised to see any major change in policy or direction. I think Zhivkov has shaped a system he can control—and can control the country with—until he dies or is incapacitated. So far I see no thought given to a succession.

7. Third, how well will the economy function in the next five years?

8. Not badly, as far as overall growth is concerned, and probably better comparatively than most of the countries of Eastern Europe. This is a guess by a non-economist, but the leaders have several things going for them: (a) Starting from such a low base in 1944, the Communist regime has been able to keep standards of living gradually rising to the general (repeat general) satisfaction. This should continue, although there are pockets of dissatisfaction. (b) Bulgarians are by and large an accepting people, not rebellious, and in their Balkan way they manage to get by all right even if supplies are limited and quality is low: they grumble, but they carry on. (c) The planners are using their heads. The Bulgarian new economic mechanism, somewhat like its Hungarian namesake, has aspects of rationality which may take some of the edge off the "Soviet model" insofar as Bulgaria is concerned. (d) Agriculture seems to be working tolerably well, although distribution is lousy. (e) There is enough corruption around—hard currency stores, winking at illegal currency exchanges, bribes, semi-accepted ways of beating the system—that almost everyone is coopted into the system by being engaged in beating it. (f) By toning down their desires for all-round industrialization, and accepting specialization within CEMA, the Bulgarians strike me as showing signs (in contrast to, say, Romania) of living within their means. Now all of the above could go sour, and I am not saying there will not be difficulties. In fact the rising price of oil, and the need for the USSR to continue to favor Bulgaria in providing raw materials, is a fruitful field for disappointment and possible friction with Russia. But in contrast to Czechoslovakia and Poland, where any growth rate at all seems to be a pretty big deal nowadays, the Bulgarians—a small country, only very recently industrialized—has some hope of meeting its goals without undue strain.

9. Fourth, how secure is the Party's position? Are there any alternative centers of power?

10. With Moscow's continued support, and ruling out unexpected disaster such as a real economic failure, I believe Party control is quite firm. I do not believe the Communist regime has very deep roots into the populace, however; many if not most Bulgarians accept their rulers precisely to the extent that they have a personal stake in the system. It

is well to remember that while Russia always enjoyed great popularity among the Bulgarian people, the country was in the Austro-Hungarian or German sphere of influence for a good part of its history since 1878, and the people overwhelmingly accepted alliance with Germany in the two World Wars. In Czechoslovakia, I felt that the Czechs were a Western people being held prisoner by the East; in Bulgaria, I feel that the Bulgarians are a Balkan people who would swing with the wind if Moscow ever loosened its hold. But so long as Moscow's hold is secure, the position of the Communists is also secure. As for alternative centers of power, there are none now in existence to compare with the Catholic Church in Poland, or with the potential for independence among workers in Poland or Hungary. On the other hand, there is not the fell hand of enforced uniformity that I gather one feels in Romania. The Orthodox Church is used by the regime, but its independent existence keeps some thoughts alive of alternatives to Communist rule. Even the puppet Agrarian Party serves something of the same purpose. I suppose the answer is that if events ever loosened the Party's hold even somewhat, then the inclinations of the Bulgarians of pluralism would rapidly grow and spread. In this sense—and in the sense that it rules without the consent of the governed—the position of the Communist Party here is firm, but fragile.

11. Fifth, how sound is the society?

12. I see a great deal of sickness, and hypocrisy, and disillusion. In contrast to Prague, where I felt making the best of a fairly bad deal, but they do not believe in the system or in their part in it. Corruption is widespread, and cuts deeply. High living by the big shots is widely known and resented. The workers are to a large extent bought off, because—in a country which has largely industrialized itself over the last thirty years—they have privileges, and their pay is comparatively good. A huge proportion of this country moved to the towns and cities since 1944, and whatever the shortcomings, they are finding life one hell of a lot better than it was in a Balkan village before. As for the intellectuals, they are also bought out by being treated well by the regime—Zhivkov has been very clever at this—so that any potential dissident is usually headed off with a sinecure or a reward. Bulgaria is a rather old-fashioned country, with a lot of family life still going on, and in this sense it is still sound. But much is changing, and fast, and the system is based on deception and corruption. In this sense, the stability of the society is also becoming more fragile.

13. Sixth, how good, and reliable, are the armed forces?

14. Bulgarians have been good fighters in history, they are patriotic, and the soldiers would probably obey orders and acquit themselves tolerably well. Their equipment is spotty, and the tasks they could carry out are limited. In a general conflict, if they were to drive towards

the Straits, they would probably, in my judgment, perform tolerably well—especially with Soviet help—in a fairly quick, sustained effort. But there are long histories of hatred with their Balkan neighbors, and if the Bulgarians were fighting Yugoslavs, or Greeks, or Turks, or Romanians, on the other fellow's soil, I would expect their opponents to outfight them man for man. I would have doubts about the reliability of the Bulgarian armed forces in major tasks that took very long and that went very far beyond their own frontiers. But if the Soviets assigned them limited objectives, to be accomplished with decent equipment over a short time span, I suspect they would do rather well. (This is the opinion, of course, of a diplomat and not a military expert.) A footnote to this is that I suspect there are strains over military expenses, both within Bulgaria and with the USSR. I believe Zhivkov is sincere, at least in part, in his constant speaking about the crying need for reducing arms, and one element of this, I think, is the burden that arms expenditures are on a small economy like Bulgaria's.

15. Seventh, are there any variations possible in Bulgaria's foreign policy?

16. Not many, not soon. The conventional wisdom is that while Sofia may complain about not getting enough Russian oil at the right price, or about having to increase military expenditures, it is perfectly happy to follow the Soviet lead in foreign policy in toto. (I carry in my billfold, as constant reminder of where we stand in this respect, Foreign Minister Mladenov's statement of last January in Moscow that Bulgarian and Soviet policy was identical "even to the nuances.") Conventional wisdom is not far from right, I fear, although it stands to reason that the Bulgarians differ from the Russians sometimes on foreign policy issues, especially those that affect Bulgarian interests, and I assume that behind the scenes they are at least occasionally giving the Soviets their views. I can give some examples of hypothetical areas of divergence, but I cannot cite a single solid example of a difference on the record between Sofia and Moscow, in foreign policy. (But least the reader infer too much from that statement, let him try to think of open foreign policy—repeat, foreign policy—differences between Moscow and Budapest or Warsaw, not to mention Prague or East Berlin.) I assume that Afghanistan has caused the Bulgarians a good deal of discomfort, although their behavior has been loyal. They follow the Soviet line towards the Italian and Spanish Communist Parties, but I wonder if at times they would rather not have to do so. Most importantly, Bulgarian aims in the Balkans do not always coincide with Soviet aims, and we have evidence that the Bulgarians would like to cooperate more in Balkan multilateral endeavors than the Soviets have so far allowed. As for Yugoslavia, while outsiders often assume that Sofia is merely Moscow's catspaw, I think the Bulgarians have

their own aims and problems in their relations with Yugoslavia, and they do not by any means always coincide with those of the Russians. And in dealings with the West, the Bulgarians are more open and lenient about Western influence, cultural or economic, than the Soviets are happy to see, as I understand the situation. All of the above being said, I still cannot point to any open difference in Soviet and Bulgarian foreign policy, and do not expect to see any. I do believe, however, that this strict loyalty has a price, both in bilateral stresses and strains, and also in the amount Moscow must pay for Bulgaria's continued loyalty. I have a feeling—which I cannot prove—that Moscow will have to pay a higher price for this loyalty as the years go by.

17. Eighth, are there any openings for the West?

18. Not too many, but more than most people think. The fact is that Bulgaria has been neglected, largely written off, and the West has invested very little here in money, or effort, or people. I am probably the wrong one to bring it up, but the quality of Western Ambassadors here has not always been topnotch, because Sofia is not considered an important enough post. (This was not always the case in the past: The British in particular have sent some first-rate diplomatists to the Balkans, including Sofia.) Nowadays some countries find it hard to get good quality young diplomats to agree to a tour in Sofia, so bad is its reputation. (I do not believe this is true of our Service.) And along the line, the quality of trade shows, cultural presentations, intellectual exchanges, and the like tends to be lower than with most of the other East European countries. For us and some of the other Western countries—especially the Germans, who have great opportunities here—this is a mistake, for Bulgaria has more to offer than its stereotypes say. Among the intellectuals, in business circles, in terms of popular interest, an opportunity is there for the West to have more influence. Especially in trade, the opportunity for a higher volume—with all the political consequences that entails—is clearly present. The reader will write all of the above off as a case of localitis, and I suppose my only answer is, "Come and see." In plain hard terms of realpolitik, there are opportunities in Bulgaria which we should be exploiting.

19. Ninth, are any changes needed in US policy?

20. No, I believe we are on the right track. We have shown more interest in Bulgaria in recent years, partly because we discovered it was there, partly because the Bulgarians came out of their shells. In the wake of Polish events, the going may become trickier, but I think we should still go as far towards improving relations (I know the term is vague, but I hope its meaning is clear) as the Bulgarians are willing to go. I hope we will not try to fit Bulgaria into some formula that places them carefully in relationship to Czechoslovakia or the GDR or Poland. Bulgaria is Bulgaria, and I hope we will deal with it on its

own terms. The loyalty to Moscow is firm, as I have said, but Bulgaria's pride in its own identity as a nation is also firm, and I believe the manifestations of this pride are growing. (Next year's 1300th anniversary of Bulgarian statehood—an anniversary the Soviets still have kept their distance from—is important in this respect.) In the field of trade, I would hope the US Government—whose powers are limited, of course, in the area—would do more to encourage US interest: I think the potential is considerable and if the MFN thing is raised by the Bulgarians, we should of course be willing to talk sympathetically. Meanwhile some more high-level visits would pay a good return on the investment of time. But in general, I would say our policy, of responding to a limited amount of opportunity, has been correct, and remains so.

21. Tenth, finally, how important to US interests is Bulgaria?

22. Not very. Not so long as conditions remain about as they are now, with the present leadership in place and with loyalty to Moscow the *sine qua non* of Bulgarian policy. I would add only that Bulgaria's geophysical position is quite important, and since she is the only non-contiguous-to-Russia member of the Warsaw Pact, her position is somewhat vulnerable. As I have said, I see signs that the price of keeping Bulgaria totally loyal to Moscow is rising, and by the same token I see the potential for Western influence susceptible of increase. If Moscow goes on the defensive, to put it bluntly, Sofia becomes a prime target. And since we should be thinking ahead, perhaps more attention to Bulgaria now would be justified.

Perry

Czechoslovakia

96. Telegram From the Embassy in Czechoslovakia to the Department of State¹

Prague, January 25, 1977, 0815Z

235. Subject: Charter 77—Implications for US-Czechoslovak Relations. Refs A. Prague 0211 B. Prague 0074 C. Prague 0219 D. USNATO 0294.²

1. Efforts of the Czechoslovak regime to suppress the dissidents who have banded together under “Charter 77” in order, inter alia, to focus world attention on their demands for basic human rights will inevitably affect US-Czechoslovak relations. So far, the direct impact of this regime-dissident confrontation on the United States has been confined mainly to crude and close surveillance of visiting Washington Post correspondent Michael Getler (ref A),³ evident commencement of harassment of US Fulbright Prof. Begnal, and slight increase in surveillance of some Embassy personnel. Our difficulties regarding Czechoslovak media and in attempting to improve Embassy contacts remain about the same as before the Charter 77 affair began. If the intimidation campaign continues, however, and especially if criminal charges are filed against more people for the sin of seeking rights specified in Czechoslovak law, it cannot help but directly conflict with broad US interests in championing human rights everywhere and in seeing that progress is made in this field at Belgrade 77.

2. During the past year, we made some significant, albeit limited, progress in improving relations with Czechoslovakia—in achieving an agreed text of a scientific cultural exchanges agreement, ending travel restrictions on official personnel, gradually strengthening our culture exchange program, etc. This progress led the Embassy a short time ago to suggest ways to move ahead toward renegotiation and final

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770026–0701. Confidential; Priority; Exdis.

² For references A, B, and C, see footnotes 3, 4, and 5, respectively. Telegram 294 from USNATO, January 19, reported on the January 18 POLADs meeting on preparations for the CSCE Belgrade preparatory meeting. (National Archives, RG 59, Central Foreign Policy File, [no film number])

³ Telegram 211 from Prague, January 21, reported the decision of Ambassador Byrne to lodge an official protest with the Czechoslovak Ministry of Foreign Affairs concerning the ongoing harassment of *Washington Post* reporter Michael Getler. Czechoslovak officials did not deny the surveillance, suggesting that increased criticism of Czechoslovak policies in the Western press made increased vigilance necessary. (National Archives, RG 59, Central Foreign Policy File, D770023–0025)

settlement of claims/gold (ref B).⁴ We also were inclined to move as quickly as possible to sign the scientific/cultural exchanges agreement and its implementation programs. Moreover, we were prepared fairly soon to notify the GOC of a reduction in prior notification time for their merchant ships to enter US ports and to recommend favorable and prompt USG consideration of bilateral agreements with Czechoslovakia in the civil air and textile fields. Of special short-term significance, we were ready to urge the Department to start active preparation for the planned visit to Washington, perhaps in April, of Deputy Foreign Minister Spacil at Assistant Secretary Hartman's invitation.

3. At this point, however, I think it would be wrong to play "business-as-usual" by moving ahead promptly in areas of our bilateral relations mentioned above. It is clear that the GOC wants to play that way. For example, on January 10 the Acting Director of the MFA Sixth Department told me at a reception at the Ministry that the text of the exchanges agreement had been sent the previous day by Foreign Minister Chnoupek to other agencies of the Czechoslovak Government for their consideration; MFA efforts to expedite approving the agreement for signature seem to be coming substantially ahead of the "three month" schedule originally indicated. In a possibly related move to improve US-GOC ties, the Minister of Foreign Trade told Economics Counselor on Jan. 20 he was eager to meet Secretary Kreps (ref C).⁵

4. Rather than play along with the GOC, I propose that for the time being we move forward only in those areas that are of direct and important interest to the US (such as the Civil Air Agreement) and

⁴ In telegram 74 from Prague, January 7, the Embassy reported that, with the completion of all minor steps for improvement of relations between the United States and Czechoslovakia, Washington must again tackle the claims/gold issue. The Embassy stressed that fast action was needed to maintain the momentum in improving U.S.-Czechoslovak relations, and delay in proposing a new settlement would lead to a worsening of relations between the two countries. (National Archives, RG 59, Central Foreign Policy File, D770006-1331) The claims/gold issue was the major remaining obstacle to normalization of relations between the United States and Czechoslovakia. The conflict stemmed from claims against Czechoslovakia by U.S. citizens for nationalized property in Czechoslovakia following World War II. The settlement of the claims issue was a prerequisite for the return to Czechoslovakia of 18.4 tons of Nazi-looted gold, due to the GOC on the basis of the Paris Reparation Agreement of 1946 by the Tripartite Commission (United States, United Kingdom, and France). The United States held 8.7 tons, with the balance being held in London. The last agreement was initialed in 1974, but was blocked by an amendment introduced by Senator Russell B. Long (D-Louisiana) to the 1974 Trade Act. The amendment required congressional approval for any agreement on the claims/gold issue.

⁵ In telegram 219 from Prague, January 21, the Embassy reported that Czechoslovak Foreign Trade Minister Barcak was interested in meeting Secretary Kreps. The Embassy recommended that, because of the anti-Western campaign in Czechoslovakia, as well as the ongoing trials and arrests of dissidents, such a high-level meeting was inopportune. (National Archives, RG 59, Central Foreign Policy File, [no film number])

forego further action on the others, until we see more clearly what evolves out of the Charter 77 confrontation. We should let the GOC know that as a matter of principle we cannot remain indifferent to appeals of any citizenry asking for international support in a struggle for elementary human rights. If the situation for the dissidents greatly worsens here, I believe that we should seriously consider indefinitely postponing the Spacil visit or even withdrawing the invitation.

5. In addition, the Embassy proposes:

A. Port security—that we delay indefinitely informing GOC of reduction in notification time.

B. Civil aviation—that we continue to support PanAm's wishes as we reach agreement on conditions for extending the Bilateral Air Transport Agreement which formally expired December 31, 1976. Current unwritten "gentlemen's agreement" for interim extension must eventually be replaced by formal extension. We recommend that this be done, in spite of Charter 77 issue, in order to protect PanAm's landing rights and its commercial investment here.

C. Textiles—that we be in no hurry to replace our bilateral agreement with a consultative mechanism, even though we originally proposed this change. However, given the technical nature of the change, we should not delay action on this step unduly.

D. Scientific/cultural exchanges: We have about one month to watch development of Charter 77 issue before decision is required on whether to go ahead with negotiating the exchanges implementation program and to sign agreement and program. Human rights issues are highly relevant to this agreement, so we suggest Department continue to prepare for implementation negotiations as originally scheduled, i.e. possibly some time in March, but be prepared to postpone them at last minute, if political considerations require.

E. Claims/gold: Here again we suggest Department proceed with groundwork for renegotiation, as proposed in ref B, but not become locked into any time framework. Congressional consultations should stress that in reaching USG substantive negotiating position we are not committing ourselves to timing. In considering when to propose opening renegotiation, we will want to consider not only issue of human rights of Czechoslovaks, but also the rights of the U.S. claimants and the possibility that in current situation GOC may be more amenable to accepting tougher settlement terms than previously.

6. At the same time, we must take into our calculations that the GOC may retaliate for a "go-slow-approach on our part by slowing or temporarily halting its processing of divided family cases.

7. The Department may also want to consider making the human rights issue in Czechoslovakia an item for discussion in the NATO

Council and seek to coordinate an allied attitude toward current relations with this country—with special attention to how the NATO democracies respond to the Charter 77 struggle as the Belgrade CSCE review gathering draws nearer. We note (ref D) that discussion of dissident activity in USSR and EE is already on agenda for Council's February 7 meeting.

Byrne

97. Memorandum From the Counselor of the Department of State (Nimetz) to Secretary of State Vance¹

Washington, July 6, 1977

SUBJECT

Czechoslovakia Claims/Gold

Kempton Jenkins and I called on Senator Russell Long on June 28 to obtain his "blessing" to resume our negotiations with the Czechs for the settlement of outstanding claims and the return of Nazi-looted gold which we currently hold.²

He did not accept our recommendation that we attempt to obtain from the Czechs a \$32 million lump-sum settlement (50 cents on the dollar using Long's calculations; 60 cents using ours). This amount had been floated last year in private negotiations by a US businessman,

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official—July–December 1977. Confidential. The Department also reported on the meeting with Long in telegram 159627 to Prague and Rome, July 9. (National Archives, RG 59, Central Foreign Policy File, D770245–0254)

² Senator Long wrote in a March 22 letter to Vance that, because of Czechoslovak intransigence on renegotiating the initial 20 million settlement of the claims, "my personal view is now that a settlement of *twice \$20 million would still not be half enough*." Long suggested that the United States unilaterally settle the claims by selling the Czechoslovak gold on the open market. (National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 74–78) Vance wrote Long on April 12, informing him that the administration's review of policy toward Eastern Europe would also cover the issue of the Czechoslovak gold and that either he or Under Secretary for Economic Growth, Energy, and the Environment Richard Cooper would contact the Senator to discuss the Czechoslovak issue. (Ibid.)

apparently with Long's blessing.³ Long forcefully expressed his view that we should settle the problem by selling the Czech gold held in the US (\$40–50 million) and paying off the American claimants. He reiterated his view that because the Czechs seized our property we have every right to seize theirs. He was not convinced by any of our standard arguments, to wit, that legal custody of the gold is shared jointly by us, the UK, and France, that many of the claimants are elderly and would be happy with partial settlements now while they are still alive, and that the time is favorable for obtaining a reasonable settlement with the Czechs.

I have asked L to examine the legal restraints on our disposing of the gold unilaterally. I will explore with EUR the political effects of this as well as other possible actions in light of Long's extremely negative reaction to our proposal.⁴

³ Reference is to private messages passed to the Czechoslovak Government (GOC) by David Scott, chairman of Allis-Chalmers and of the U.S. section of the U.S.-Czechoslovak Economic Council during his June 1976 trip to Prague. Scott, reportedly with approval from Senator Long, informed the Czechoslovak Government that the 1974 agreement would have to be renegotiated and that, in order to obtain congressional approval, at least \$32 million should be paid to U.S. claimants. While the GOC initially dismissed the suggestion, the Embassy subsequently reported that GOC officials moved from stating that changes to the 1974 agreement would be "inadmissible," to Foreign Minister Chnoupek's statement that Prague was ready to start "renegotiations" on the gold/claims issue. (Telegram 3517 from Prague, December 14, 1976; National Archives, RG 59, Central Foreign Policy File, D760461–0368, and telegram 3518 from Prague, December 14, 1976; National Archives, RG 59, Central Foreign Policy File, D760461–0686)

⁴ The Bureau of European Affairs drafted a response from Vest to Nimetz that recommended against seizing the gold. The memorandum was forwarded for signature on July 15. (National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 74–78) No memorandum from the Legal Adviser was found.

98. **Memorandum From Secretary of State Vance to President Carter¹**

Washington, undated

SUBJECT

Czechoslovak Claims/Gold Issue

In response to your question, here is a history of the Czechoslovak claims/gold issue.²

Except for East Germany, Czechoslovakia is the only East European country with which the United States has not concluded a claims agreement providing for compensation for the nationalized properties of U.S. citizens.

Two previous agreements, negotiated and initialled *ad referendum*, have not come into force. Under the more recent agreement in 1974, Czechoslovakia would have paid \$29 million (40¢ on the dollar on outstanding principal) to U.S. nationals. This figure would include \$8.5 million credited as paid in 1953 and compares favorably to agreements reached between the U.S. and Poland, Romania, and Hungary and to agreements reached between other Western governments and Czechoslovakia. The U.S. would have consented to the return to Czechoslovakia of 18.4 tons of Nazi-looted gold held pursuant to the Paris Reparation Agreement of 1946 by the Tripartite Commission (U.S., U.K., France). (The U.S. holds 8.7 tons of this with the rest in London.)

Senator Long, as Chairman of the Finance Committee and floor manager of the Trade Act of 1974, was responsible for the rejection of this more recent agreement. The Trade Act's Section 408 (introduced by Senators Long and Gravel) requires that the claims agreement be renegotiated and submitted to the Congress for approval before the gold can be returned. Senator Long has vocally expressed dissatisfaction with the State Department's handling of this matter although a

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 18, Evening Reports (State): 7/77. Confidential. The memorandum was attached to a July 12 Evening Report from Vance to Carter. President Carter wrote the following instructions for Vance at end of the memorandum: "Try to let me know what the Czechs will now accept. Then let me talk to Long. J."

² In an Evening Report dated July 6, Vance informed Carter that the Department had approached Senator Long on June 28 in order to obtain his "blessing" for resuming negotiations with the Czechoslovak Government on the claims/gold agreement. Vance informed Carter that Long was opposed to a settlement figure of \$32 million and was strongly in favor of vesting the gold. Vance concluded: "In view of Long's opposition and recent unfriendly Czech behavior, at this point we plan to do no more than look into the legal avenues open to us." Carter wrote on the memorandum: "Give me a brief (2 page) memo on history." (Ibid.)

number of Senators and Congressmen supported the 1974 agreement which we negotiated.

Our basic goal remains to obtain compensation for U.S. claimants, many of whom are elderly and of limited financial means. Most of them would have been satisfied with, or acquiesced in, the 1974 agreement. In addition, we cannot expect any significant improvement in U.S.-Czechoslovak relations until we conclude a claims agreement. The Czechoslovak Government has made this clear by refusing to finalize the Consular Convention negotiated in 1973 and by delaying the opening of a U.S. Consulate in Bratislava.

In June 1976, David Scott, President of Allis-Chalmers and the head of the U.S. Section of the U.S.-Czechoslovak Economic Council, informed Czechoslovak officials that Long would approve a \$32 million lump sum payment (in addition to the \$8.5 million already credited as having been paid in 1953). Czechoslovak officials rejected this proposal. However, they said adjustments to the agreement we had reached in 1974 were possible, and later indicated to us that the amount was "negotiable". Nevertheless, Scott reported to Long that the Czechoslovaks were "intransigent", and the Senator then wrote to me proposing that the U.S. Government seize the gold to satisfy outstanding claims. Meanwhile, Czechoslovak officials have again stated privately and publicly their willingness to confer with us on this issue.

On June 28, senior State Department officials sought Long's "blessing" to resume negotiations with the Czechoslovaks in which we would attempt to obtain from them the \$32 million lump sum settlement (50 cents on the dollar using Long's calculations; 56 [60?] cents using ours) which Long had previously indicated would be acceptable.³ Long forcefully expressed his view that the easiest method to settle the problem would be to sell the Czechoslovak gold held in the U.S. (worth approximately \$45 million) and pay off the American claimants. He was not convinced by our arguments that we are restrained by law (Paris Reparation Agreement) and that such an action would severely damage U.S.-Czechoslovak relations.

We are examining both the legal restraints on our disposing of the gold unilaterally and the political effects of this (vis-a-vis the French and British as well as the Czechoslovaks). In addition, we are examining our next steps in light of Long's extremely negative reaction to our proposal.

³ See Document 97.

99. **Telegram From the Department of State to the Embassy in Czechoslovakia¹**

Washington, October 8, 1977, 0111Z

242479. Subject: The Secretary's Conversation With Czechoslovak Foreign Minister Chnoupek on October 6.

Participants

US Side:

The Secretary

Nicholas G. Andrews (notetaker)

Czechoslovak Side:

Bohuslav Chnoupek, Foreign Minister

Jaromir Johannes, Ambassador to the US

Eduard Kukan, Counselor in Washington

Mr. Suja, Chef de Cabinet to the Foreign Minister

Mr. Kovarik, interpreter

1. Summary: Chnoupek said US-Czechoslovak relations have not moved substantially forward in five years and the main problem is the claims/gold issue. The new views conveyed by Ambassador Byrne are very different from the previous ones and Chnoupek wondered if the Ambassador was speaking officially. The Secretary said we wish to improve relations and cited claims/gold and Czechoslovak treatment of US journalists and the Charter 77 group as matters which have brought about the present situation. He assured Chnoupek that Ambassador Byrne is authorized to try to resolve the claims issue and has the full confidence and support of the USG. He mentioned the visit of the Deputy Minister of Foreign Trade and the Cultural/Scientific Agreement as positive steps and Chnoupek agreed. Chnoupek said he would meet again soon with Ambassador Byrne. He presented the Czechoslovak view on human rights. The Secretary said the US is not approaching the Belgrade Conference in a spirit of confrontation but in order to review seriously the extent of progress achieved and to discuss new initiatives. Chnoupek warned that if the human rights area is singled out for debate, a constructive dialogue would be impossible. He said the Czechoslovak delegation is prepared for a constructive discussion. End summary

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770368-0619. Confidential; Exdis; Priority. Drafted by Andrews; cleared by Luers; approved by Anderson. The meeting took place in New York at the annual meeting of the UN General Assembly.

2. The Secretary opened by expressing his pleasure at the opportunity to talk of matters of mutual interest and to improve the relationship between our two countries which is the objective we both share.

Chnoupek thanked the Secretary for receiving him and mentioned that he has not had an opportunity for almost three years to have a discussion on bilateral relations at this level. In the Czechoslovak view and, he thought, in the US view, the development of relations is not in keeping with the general trend. Among the Socialist countries, he said, Czechoslovakia has to rank in the last place. In substance, we are in the same place as we were five to six years ago. At that time, the work done with American colleagues did not lead to the desired results. He admitted there have been some positive steps during the most recent period. He had a one and one-half hour talk with Ambassador Byrne on bilateral relations and they went into considerable detail. They evaluated all the positive steps but also said that the main problem remains unresolved, namely the property and financial claims.²

Noting the discussions on claims in the 1960's Chnoupek mentioned Secretary Rogers' visit to Czechoslovakia during which it was agreed to resume talks. After hard negotiations, Czechoslovakia believed it had concluded a very reasonable agreement which was roughly in keeping with those the US reached with other Socialist countries. The agreement was initialled but not concluded. Chnoupek said there has hardly been any practical possibility for a political dialogue since then. The last visit to Prague was by an Assistant Secretary (Hartman). Trade was not at all up to the possibilities. Czechoslovak exports according to one joke, is as high as Polish exports of ham. Imports are low. Tariffs for Czechoslovak goods are four times higher. There is no opportunity to obtain credits.

3. Returning to the claims question, Chnoupek said he has seen a large number of official, semi-official and unofficial people who have expressed views on this question. In the last three years, he has almost lost sight of what are official views and what are unofficial views, citing conversations with Congressman Vanik and Senator Jackson. He said that in their recent talk Ambassador Byrne had stated certain new views. He expected that these would represent the official stand of the US Government. But if he understood the Ambassador correctly, he was giving his own reasoning about what a settlement would look like

² In telegram 2615 from Prague, September 15, the Embassy reported the conversation between Ambassador Bryne and the Czechoslovak Foreign Minister. The discussion covered bilateral relations, including treatment of the United States in the Czechoslovak press. Chnoupek told Byrne that, while he understood U.S. dissatisfaction with the treatment, he "could not see any hope for amelioration in the near future, as press was province of ideologues, not government." (National Archives, RG 59, Central Foreign Policy File, D770335-0022) See also footnote 3, Document 97.

based on his discussions in Washington. Therefore, Chnoupek said he was not clear whether the Ambassador was talking officially or taking soundings. Chnoupek said he also told Ambassador Byrne that the new suggestions differ a great deal from what was agreed in the past. The new ideas represent 50–60 of the principal whereas the previous agreement was about 41. The latter was approximately the percentage agreed upon in settlements with Bulgaria, Hungary and Poland. The only higher percentage seems to be the one with Yugoslavia at 44. Czechoslovakia would be an exception and it would not look well for the government. It would mean a renegotiation, and Chnoupek said he would have to go again to the government and the Parliament to seek approval. He is very afraid that renegotiation would be very difficult, if possible at all. According to his instructions from the government, he has freedom of action in regard to time limits and frequency of payments but not in the total sum. He concluded by saying he would be glad to hear the US official stand and Czechoslovakia is interested in normalizing and developing relations.

4. The Secretary said he will answer the specific question but also say something on the broader perspective. We do wish to improve the relations between our two countries. The Secretary said Chnoupek could convey that as the conviction of President Carter and the entire administration. He said there are principally two matters that have brought about the present condition in bilateral relations. One is the claims question and the return of the gold. The other arises out of and is connected with Czechoslovak treatment of US journalists and the Charter 77 movement. The Secretary said he would be less than frank if he did not make this clear.

5. The Secretary said Ambassador Byrne is authorized to begin discussions with Chnoupek to try to resolve the claims matter so that relations can progress. He noted that the 1974 Agreement had been rejected by Congress and that Congress must approve a new agreement under our laws, or otherwise it will have no force and effect. Congress has said that the total sum must be substantially raised or there will not be an agreement. The Secretary realized that this made things very difficult for Chnoupek but without this substantial increase it would be impossible to get congressional approval. He said Ambassador Byrne has been given authority to discuss these matters with Chnoupek and that he has our full confidence and support in working out a settlement, if that is possible. He is speaking on behalf of and with the full backing of the government. The Secretary said he hoped discussions can go forward because without progress our relations will be affected. Secondly, the Secretary said we are familiar with the problems this has raised. We hope the future will bring some changes in these matters and will remove some of the obstacles. He noted the forthcoming

visit of the Deputy Minister of Foreign Trade and the new agreement reached in the scientific and cultural exchanges field. He saw those as positive factors and hoped we can move in that direction. He said we want to move forward but must deal with the two problems.

6. Chnoupek said he will meet again soon with Ambassador Byrne. The claims issue was the main problem in bilateral relations. He said he is grateful the Secretary mentioned the visit of the Deputy Minister of Foreign Trade on the occasion of the meeting of the Economic Council and hopes he will have access to appropriate officials.³ The Secretary said he will. Chnoupek said the Czechoslovak side has tried to come forward to meet the US side on the scientific and cultural agreement. As for the journalists and Charter 77 Chnoupek said he has discussed those matters with everyone he has met. The discussion of internal affairs was a matter of reciprocity. When the US presents a list of articles about the US taken from the Czechoslovak press, Czechoslovakia has a list of articles about it taken from the US press. Sometimes, as in the case of Charter 77, it becomes a concentrated issue. Chnoupek said it is a question of which came first, the chicken or the egg. He referred to dreadful articles in the US press calling Ambassador Johannes a KGB spy. The Secretary said he had missed them. Chnoupek wondered what the US wants when the “official press”, not to speak of Radio Free Europe, speaks of a normalized Czechoslovakia. He said the ideological struggle will be continued and the US will not praise Czechoslovakia as a Communist country. The US follows a different road and Czechoslovakia believes in different goals. In the bilateral dialogue, ethical norms should be observed. Chnoupek apologized for bringing all this up in the first meeting but said it was necessary to clarify matters and this had been the first chance in three years for such a discussion. He said he would report the Secretary’s views immediately to the President and to the government.

7. The Secretary thought that in human rights matters the Belgrade Conference can be, and he thought will be, a constructive dialogue. The US is not approaching it in a spirit of confrontation, or with a view to engaging in polemical rhetoric against any other country; but we are approaching it in a spirit of serious review of where progress has been made, when progress has not been made and to develop guidelines to help us make progress in the future. The Belgrade Conference is a forum in which there can be discussion of new initiatives. The Secretary hoped a better understanding and a strengthening of

³ Jakubec visited the United States in October 1977 to attend the U.S.-Czechoslovak Economic Council meeting. The Department reported his October 28 meeting with Vest in telegram 259591 to Prague, October 29. (National Archives, RG 59, Central Foreign Policy File, D770399–0115)

relations will come out of the conference. The initial reports from the US delegation is that that is the spirit on both sides.

8. Chnoupek said the Secretary's position was also the Czechoslovak position in substance. Czechoslovakia sees the Final Act as a comprehensive whole and does not want to extract individual sections, such as human rights, for debate. If that happens, there will be a big battle. He spoke of his years in propaganda work and the different views on both sides on this matter which would make it impossible to speak of a constructive dialogue. He referred to his sharp discussion on human rights with Netherlands Foreign Minister Van der Stoel earlier this year. Chnoupek concluded that the Czechoslovak delegation at Belgrade is prepared for a constructive discussion. Chnoupek said they had made a good beginning and the Secretary said he hoped to see Chnoupek again.

Christopher

100. Telegram From the Department of State to the Embassy in Czechoslovakia¹

Washington, October 19, 1977, 1611Z

250945. Belgrade for USCSCE Del, Munich for Gilmore. Subject: Major Charter 77 Figures Reportedly Convicted and Sentenced. Ref: Munich 2963.²

1. According to Reuters reports received here, trial of major Charter 77 activists (Vaclav Havel, Frantisek Pavlicek, Jiri Lederer, and Ota Ornest) on charges of anti-state activity, subversion, and contact with such exiles as Pavel Tigrid and Jiri Pelikan began on October 17. Defendants were originally apprehended for, inter alia, assisting in the distribution in the West of Czechoslovak literature banned by the regime. Reuters states that sources close to the defendants report that

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770384-0432. Confidential; Immediate. Drafted by Glenn; cleared in substance in EUR and cleared by Kornblum, Brody, Schmidt, Nimetz, and Shulman; approved by Luers. Sent for information Priority to Munich. Sent for information to Belgrade for the USCSCE delegation.

² Telegram 2963 from Munich to Prague, October 7, reported that RFE management had informed the Consulate that four Charter 77 activists (Havel, Pavlicek, Lederer, and Ornest) were to be tried for anti-state activities in Prague starting October 17, and requested that reporting on the subject also be sent to Munich for information. (National Archives, RG 59, Central Foreign Policy File, D770366-0499)

the four defendants were convicted and sentenced on October 18. Reportedly two of the four received prison terms and two suspended sentences.

2. During an Eastern European Embassy reception on evening of October 17, EUR/EE Deputy Director raised subject of the trial with Czechoslovak Ambassador Johannes, who, claiming that he had only seen US press reports, said trial was not connected with Charter 77.

Department officer said he thought this would be hard for the American public to believe in light of fact that most of the defendants were prominent figures in the Charter 77 effort. He indicated we were concerned by implications of the press reports we had seen and noted his view that such events could not help but have a negative effect on the atmosphere of our bilateral relations. Johannes reacted rather sharply, saying that the trial was an internal Czechoslovak action and that the US should not interfere in such matters. In response, Department officer said we had no intention of interfering in Czechoslovakia's internal affairs; he had simply wished to point out how such actions would undoubtedly be perceived in this country.

3. Septel contains text of contingency press guidance prepared for Department's noon press briefing on October 18, and the exchange between the spokesman and reporters which took place. Action addresses may draw on this guidance as required.³

4. Action requested: The Ambassador should, as soon as convenient, convey to the Czech Government the following:

—The trial and the convictions of four Czech citizens reported in the press appears inconsistent with the provisions of the CSCE Final Act regarding the freer and wider dissemination of information of all kinds.

—Moreover, three of the individuals tried had been directly associated with efforts to support full compliance with the Helsinki Final Act.

—This trial taking place during the opening phase of the Belgrade Conference raises questions about the seriousness and intent of the Czech Government regarding the objectives of this conference and the Final Act itself.

—We raise this issue in the spirit of the Helsinki Final Act fully realizing that judicial proceedings are essentially an internal matter.

³ The Department forwarded press guidance in telegram 250946 to Prague, October 19, following the speedy trial and conviction of the four Charter 77 leaders. (National Archives, RG 59, Central Foreign Policy File, D770384–0430) Additional press guidance was forwarded to Prague and Belgrade in telegram 251229, October 19. (National Archives, RG 59, Central Foreign Policy File, D770384–0917)

—Yet since the reported activities of these individuals so directly relate to the objectives of the CSCE Conference we believe it essential that the authorities in Czechoslovakia understand that we expect adverse reactions from the American people and that these events are likely to have a negative impact on the atmosphere in our bilateral relations.⁴

Vance

⁴ In telegram 3072 from Prague, October 21, the Embassy reported that Ambassador Byrne delivered the démarche on the trial and conviction of the Charter 77 activists in Prague on October 18 to the Foreign Minister. (National Archives, RG 59, Central Foreign Policy File, D773089-0398) On October 22, during a speech in Los Angeles at a Democratic National Committee fundraiser, President Carter told the audience that the recent conviction of Czechoslovak dissidents created “serious problems” in the relationship between the two countries. (*Public Papers: Carter, 1977*, Book II, p. 1896) During a White House press conference on October 27, President Carter responded to a question about South Africa’s human rights violations by once again referring to Czechoslovakia’s conviction of dissidents. Carter suggested that trade policy and cultural exchanges could be curtailed when another country violated policies that were important to the United States. (*Public Papers: Carter, 1977*, Book II, p. 1916)

101. Briefing Memorandum From the Assistant Secretary of State for European Affairs (Vest) to the Director of the Policy Planning Staff (Lake)¹

Washington, January 26, 1978

*Your Meeting with Czechoslovak Ambassador Jaromir Johanes,
Friday, January 27, 2:30 p.m.*

PARTICIPANTS

The Director, S/P
Phillip S. Kaplan, S/P
James H. Glenn, EUR/EE
Jaroslav Johanes, Czechoslovak Ambassador to the United States

SETTING

Ambassador Johanes recently indicated to Jim Glenn, EUR/EE, at a reception that he would soon begin a series of courtesy calls on various high-level officials of the Department of State and of other executive agencies. His call on you is the first of this series. Since requesting an appointment with you, he has requested similar appointments with Secretaries Blumenthal and Kreps.² He has not indicated an interest in discussing any specific subject during these calls. We do not expect that he has anything new or extraordinary to discuss with you. Rather, we speculate that he simply wants to extend his personal contacts with U.S. officials, or that he is testing us to determine if we are willing to extend to him the same degree of access to U.S. officials which we have been pressuring his Government to extend to our Ambassador to Czechoslovakia, Thomas R. Byrne.

ISSUES

1. Human Rights and the Implementation of the Helsinki Final Act

Essential Factors: The Czechoslovak Government last October convicted and sentenced four dissidents, including three signatories of

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981, Lot 82D298, Box 11, Classified Correspondence, 1978. Limited Official Use. Drafted by Glenn; cleared by Schmidt. Luers initialed the memorandum for Vest. No record of the meeting has been found. The Ambassador's first name was corrected by hand in the subject line. In a handwritten note, presumably to Leo Reddy, the Secretariat Staff Director, S/P staff assistant Mary Ann Casey remarked: "LR—PK [Phillip Kaplan] will ask desk do memo. TL says ok if desk sits in w/PK. PK will ask desk & let you know. TL wants reschedule appt for next week or week after so won't conflict w/for. pol. report. Pls let PK know new date. I will meet on whatever new date is. MAC." (Ibid.)

² In telegram 49472 to Prague, February 25, the Department informed the Embassy that Ambassador Johanes, having failed to secure a meeting with Secretary Blumenthal or Secretary Kreps, decided to cancel his appointments at Treasury and Commerce. (National Archives, RG 59, Central Foreign Policy File, D780088–1267)

Charter 77. Two received prison terms of three or more years for subversion involving alleged efforts to send written materials out of the country and to have materials published abroad. Although Czechoslovak authorities maintain there was no connection between that trial and Charter 77, the three Charter signatories were directly associated with efforts of the Charter 77 Movement to encourage full compliance by Czechoslovakia with all provisions of the CSCE Final Act. Earlier this month, the Czechoslovak court rejected the appeal of the three Charter signatories and lessened by one year the sentence of the other defendant, who had pleaded guilty at the trial and subsequently publicly apologized for his "crimes."

We have received information that a Charter 78 may be disseminated in the near future. This new Charter reportedly will examine the compliance of the Czechoslovak Government with the CSCE Final Act, the International Covenants on Civil and Political and on Economic, Social, and Cultural Rights, and the Czechoslovak Constitution.

We regard human rights as a key issue in our bilateral relations and, both here and in Prague, have made our position on this subject clear. (See, for example, the attached report of my conversation last fall with a Czechoslovak Deputy Foreign Trade Minister.)³ Pending indications as to how the regime's treatment of dissidents may evolve, we are going slow on any initiatives to improve relations. For example, we are delaying signing a cultural and scientific exchanges agreement, negotiated in 1976. The regime's treatment of dissidents—and its overall image here—will determine whether we will be able to take positive action both on the exchanges agreement and on other bilateral issues.

We also object to the Czechoslovak Government's policy on the issuance of visas to U.S. journalists. It flatly refuses to issue visas to a few journalists and demands that others pledge not to attempt to contact dissidents while in Czechoslovakia before it will issue them visas. We consider this policy to be inconsistent, to say the least, with the provisions of the CSCE Final Act regarding the treatment of, and working conditions for, journalists. We take every useful opportunity to express our concern and displeasure to the Czechoslovak Government on this issue.

³ Attached but not printed. In telegram 259591 to Prague, October 29, 1977, the Department reported the discussion between Jakubec and Vest on October 18, 1977. The two officials discussed the status of bilateral relations between the two countries and the effect of human rights, especially the recent trials and convictions of dissidents in Czechoslovakia, on the future of relations between the two countries. (National Archives, RG 59, Central Foreign Policy File, D770399-0115)

2. *Claims/Gold*

Essential Factors: We negotiated an *ad referendum* agreement on this long-standing issue in July, 1974, involving satisfaction of the claims of U.S. citizens against the Government of Czechoslovakia in return for the return to Czechoslovakia of its share of the gold confiscated by the Nazis before and during World War II. Senator Long's desire for a higher settlement than we had obtained led to Section 408 of the Trade Act of 1974 requiring renegotiation of the agreement. The Czechoslovak Government is opposed to giving us as much as Senator Long would like. Ambassador Byrne in mid-September, 1977, began quiet, informal discussions on this issue with Czechoslovak Foreign Minister Chnoupek. The Secretary in his UNGA meeting with Chnoupek in late September emphasized that Ambassador Byrne has the Department's full confidence and support in working out a settlement but stressed that a successful resolution of the claims/gold issue would not of itself normalize our bilateral relations. He indicated that improvement in relations would also require a change in the human rights situation in Czechoslovakia and in the manner in which the Czechoslovak Government implements the CSCE Final Act.⁴

Ambassador Byrne hopes in the near future again to discuss this issue with Chnoupek and then to send us his thoughts on what amount might be acceptable to all concerned. As in the case of the exchanges agreement, the regime's treatment of dissidents may delay whatever progress is possible in resolving this issue.

⁴ See Document 99.

102. Memorandum for the Files¹

Washington, undated

SUBJECT

Ambassador Byrne's Meeting with Senator Long, March 2

United States Ambassador to Czechoslovakia, Thomas R. Byrne, in the Department on consultation, met with Senator Russell Long (D., La.) on March 2 to discuss the linked issues of the return of the gold in the custody of the Tripartite Commission for the Restitution of Monetary Gold (looted by the Nazis during World War II) and the resolution of claims of U.S. citizens against the Czechoslovak Government for the nationalization of their properties after World War II.²

The United States and Czechoslovakia negotiated an *ad referendum* agreement in 1974 providing for payment of compensation to U.S. claimants in return for release by the U.S. of the Czechoslovak gold. Senators Long and Gravel, allegedly at the behest of some U.S. claimants dissatisfied with the amount of compensation provided for in the agreement, in effect repudiated it by amending the Trade Act of 1974 to provide for Congressional approval of any claims settlement agreement with Czechoslovakia before the U.S. could release its holdings of Czechoslovak gold. Since 1974, Senator Long's position on appropriate compensation of U.S. claimants has changed several times.³ Last summer, Long supported Ambassador Byrne's idea to discuss the claims/gold issue with the Czechoslovaks to learn whether it would be possible and appropriate to present them with a new proposal. Ambassador Byrne held discussions with Czechoslovak officials and returned in late February on consultation to attempt to obtain a commitment on a "ball-park" figure from Senator Long.

¹ Source: National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 74–78. Confidential. Drafted by Glenn on March 22; cleared by Schmidt.

² In telegram 483 from Prague, February 23, Ambassador Byrne informed the Department that, during his trip to Washington for consultations, he would like to focus on the "major bilateral issue with the Czechoslovaks and the sine qua non for any eventual normalization of our relations, claims/gold." Byrne reported that he was ready to discuss concrete steps forward both at the Department and during his consultations on the Hill. (National Archives, RG 59, Central Foreign Policy File, D780084–0073)

³ Following receipt of telegram 483 from Prague, February 23, Schmidt prepared a briefing memorandum for Luers on the history of the Czechoslovak gold/claims issue and the involvement of Senator Long. The memorandum suggested that it was essential for Ambassador Byrne to "obtain at least a 'ballpark-figure' commitment from Long" before negotiations with Czechoslovakia were to start again. (National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 74–78)

At their meeting, Senator Long told Ambassador Byrne that he wants a 100% settlement, which the Czechoslovak Government would almost certainly reject out of hand. In lieu of a 100% settlement, Long wants the U.S. Government unilaterally to vest the Czechoslovak gold in its possession and to use the proceeds to satisfy U.S. claimants. Long said this should cause the Czechoslovaks no real problem since, once this issue was out of the way, the road would then be clear for them to receive MFN and USG credits. According to Long, the value of MFN and credits for Czechoslovakia would far exceed the value of the lost gold. Such action would violate international law and our treaty obligations and would create serious difficulties with Great Britain and France, our fellow Tripartite Commission members, which have already agreed to the return of the gold to Czechoslovakia. Advised of the likelihood of such difficulties, Long recommended linking British and French acquiescence in vesting the gold to the status of the Concorde, implying that an amendment to a tax bill could effectively ban the Concorde. Long also reiterated that he would like to talk with the Secretary about this claims/gold issue.

103. Memorandum From Robert King of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 27, 1978

SUBJECT

State Department Suggestion to Make a New Proposal to the Czechoslovak Government on the Claims/Gold Problem and Implement an Exchanges Agreement

At Matt Nimitz's suggestion, a memo is being circulated in State that, if cleared, would be sent to Secretary Vance by George Vest recommending that the US present a new proposal to the Czechoslovak government to resolve the Claims/Gold issue and that a program document be negotiated which would permit the signing of the exchanges agreement with Czechoslovakia that was negotiated in 1976.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 17, Czechoslovakia: 1/77–1/81. Confidential. Sent for action. Aaron wrote at the top of the memorandum "ZB—The idea is [to] reward them[?] for their [?] position [at] Belgrade."

Since the memo is being circulated in draft form at present, now is the time to make our views known before Secretary Vance is asked to approve these steps.²

With regard to the *Claims/Gold* issue, an agreement was initialled in 1974 calling for 41% payment on the claims, after which the US would return gold seized from Czechoslovakia by Nazi Germany and subsequently taken by the US, Britain, and France in 1945. Senator Long rejected the 1974 settlement as being too low. In talks with Ambassador Byrne (our man in Prague who was here in early March for consultations), Long said the Czechoslovaks should pay 100% plus interest and if they refuse, the US should vest the gold and pay the claims.³ This, however, would cause problems with the British and French who are members of the Tripartite Commission for Restitution of Monetary Gold, and it would also create difficulties under international law. The Trade Act of 1974 requires any agreement on the Claims/Gold Issue to receive Congressional approval. Since Long's refusal to accept the 1974 agreement, no movement has taken place on the question. State would like to initiate discussions with the Czechoslovak government in an attempt to secure an agreement on a higher settlement figure, which would then be presented to Congress for approval.

There are several thousand US claimants. The longer the issue remains unresolved, the lower the value of their claims. Both claimants and Congress have been critical of inaction on the issue since 1974. Although the Claims/Gold Question is an obstacle to better US-Czechoslovak relations, resolving it will not automatically lead to an improvement in relations. In this case, there are valid domestic reasons for attempting to solve it.

The decision to negotiate an *exchanges agreement* with Czechoslovakia was made by Kissinger in 1975 following the Helsinki conference. (Agreements with Hungary and Bulgaria were negotiated and entered into force in 1976.) Negotiations with Czechoslovakia were completed in December 1976, but the accompanying implementing program document was not completed because of criticism of the Czechoslovak government's actions against the Charter 77 group. State now proposes that the implementing program be negotiated so that the exchanges agreement can come into force. The justification is that such an agreement will enhance our ability to establish contacts with Czechoslovak citizens, which are currently very limited. It would require probably two months to complete negotiations, and State would like to sign the agreement by June in order to use funds in the fiscal 1978 budget set

² Not found.

³ See Document 102.

aside for the program. State would handle negotiations and the signing in a low-key fashion in Prague in order to prevent its being seen as an endorsement of the Husak regime.

On balance there seem to be valid reasons to initiate new negotiations on the gold/claims question since American claimants are suffering from our inaction. Even if an agreement is reached it will require some time to achieve. Furthermore, it will not reflect endorsement of the Husak regime. The exchanges agreement, however, would reflect favorably on the Husak government and its supposed advantages to the US are, at best, marginal.

Recommendation:

That we make new proposals to the Czechoslovaks on the Claims/Gold Question, but that we *not* sign the exchanges agreement at the present time.⁴

⁴ Brzezinski checked the "Disagree" box without further comment.

104. Telegram From the Department of State to the Embassy in Czechoslovakia¹

Washington, June 9, 1978, 1332Z

146533. Subject: Czechoslovak Ambassador Johanes' Meeting With the Counselor.

1. Czechoslovak Ambassador Johanes, at his request, met with the Counselor on June 7 to discuss bilateral relations before leaving for two weeks of consultations and leave in Prague. Ira Wolf, C, and the Czechoslovak Desk Officer sat in. Following is a summary of the discussion.

2. General state of relations. In response to Johanes' statement that he wanted to understand the obstacles to improved relations, Nimetz said that the US wants to have good relations with all states. No two are alike, the USG approaches them on an equal basis. US/EE relations are improving. There are problems, but the USG tries to resolve them, including those with Czechoslovakia. Effort and good will on both sides are

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780241-0880. Confidential. Drafted by Glenn; cleared by Wolf; approved by Nimetz.

required. Other states are responsive to US gestures, but the US perceives little interest in Prague in improving relations. Czechoslovak media attacks on the President and the country, the GOC's human rights policy, its treatment of Western journalists, its handling of the normalization program, and its policy on visas for former Czechoslovak citizens such as Vosicky lead to bad feeling and make progress impossible. Nimetz said he was pessimistic that much could be done to improve relations in the next few months. Perhaps in the fall or early next year, relations could be improved. He emphasized that the US would like to improve relations and wants both a claims settlement agreement and a cultural exchanges agreement. The public's attitude toward Czechoslovakia is favorable, as it has been since 1918. The GOC's attitude is the problem.

3. In response, Johanes said the GOC's perception is completely different, that it wants to improve relations but the US is unwilling to. His discussion with George Vest on June 5 (septel)² convinced him that the US does not want improved relations. Johanes denied that the problems Nimetz mentioned were really obstacles to improved relations. The GOC is prosecuting dissidents only when they violate Czechoslovak law. On the other hand, in some countries allied to the US, people are shot on the street. The GOC's policy on visas for former Czechoslovak citizens has greatly improved; almost everyone can now visit Czechoslovakia. The GOC's media treatment of the US simply reflects the US media's treatment of Czechoslovakia. Johanes mentioned that, 1½ years ago, he complained about an article in the New York Times attacking Husak (Gaulaiter Husak). In his two years here, he has seen nothing positive about Czechoslovakia in the US press. Re Helsinki, Johanes said that the GOC knows that problems exist in the US, but they do not influence the GOC's desire to improve relations. A foreign policy requiring another state to take specific actions before relations can be improved is childish; the GOC rejects such requirements. Other Western countries which value human rights have found it possible to improve relations with Czechoslovakia. Why not the US? The GOC does want a cultural exchanges agreement with the US, in accord with the Helsinki Final Act. The GOC was told that the agreement could not be signed before August, 1978 due to public opinion, but Johanes wondered if the elections in November are also a factor.

² On June 5, Ambassador Johanes met with Assistant Secretary for European Affairs George Vest. Vest informed Johanes that the bilateral relations between the two governments were "characterized by differing perspectives on such issues as divided families and dissidents" and that, because of their present state, no improvement was likely to occur. On the claims/gold issue, Vest informed the Czechoslovak Ambassador that "even if we had an agreed proposal ready to present, we would not now do so due to the state of relations." (Telegram 143296 to Prague, June 6; National Archives, RG 59, Central Foreign Policy File, D780237-0846)

4. Nimetz told Johanes that the 10th anniversary of 1968 is not the only difficulty. The problem is the general atmosphere in Czechoslovakia and its hostility to the US and to US journalists. Nimetz said he personally would like nothing better than to be able to begin spending time in improving relations with Czechoslovakia.

He reiterated that there is no impediment on the US side to improved relations, citing his own participation in arrangements to return the Crown of St. Stephen to Hungary and in negotiations to extend it MFN tariff status. The key was that the USG thought that Hungary had worked out problems in a constructive way. Even Bulgaria and East Germany have found it possible to improve relations with the US. Czechoslovakia could, too. Relations cannot become much worse.

5. Pavel Vosicky case. Nimetz raised Vosicky's case as an example of GOC actions which harm relations. Nimetz explained that Vosicky wants to visit his dying mother but has been unable recently to obtain a visa. The GOC, on humanitarian if no other grounds, could have given Vosicky a visa. Its refusal has produced a markedly negative reaction in the USG which contributes to a further deterioration of relations.

6. Claims/Gold. Johanes said the GOC is eager for a settlement; American claimants need the remainder of their compensation. He said the GOC thought the 1974 Agreement was a good one; even the State Department said so until recently. The 1974 Agreement provided for roughly the same percentage settlement as those the USG has negotiated with other EE states. Johanes stressed that the Czechoslovak people do not accept the USG's refusal to release the gold and it is difficult to explain why the USG refuses when France and Britain have agreed to do so. Johanes noted that the UK and Czechoslovakia do not yet have a claims settlement agreement yet there is no dispute over the gold. Although it disliked the idea, the GOC agreed in 1974 to the USG's desire to link the issues. Johanes emphasized that the GOC regards this issue as most important. Until it is resolved, it will be impossible to improve relations.

7. Nimetz responded that the State Department's attitude to the 1974 Agreement is academic; the Congress requires renegotiation and any agreement must be acceptable to the Congress. This will take some time. The USG is working on its position. Clearly, the 1974 Agreement is no longer adequate. The price of gold has increased, and the dollar has depreciated. The claims settlement agreements with other EE states were negotiated years ago. The settlements were worth much more then. The GOC loses nothing on the gold. The American claimants lost their properties and deserve compensation. Nimetz asked if the GOC wants to discuss the issue. Johanes said yes, that Ambassador Byrne had said he would return to Czechoslovakia last year with a new proposal but had

made only a vague statement about the need for additional compensation. Nimetz reiterated that the USG does not yet have a position.

8. Access. Johanes complained that the Secretary had been unable to see him this week despite his promise to Foreign Minister Chnoupek in New York last week that he would do so. Johanes also complained that both Blumenthal and Kreps have refused to see him. He contrasted their refusal to the willingness of senior GOC officials to meet with Ambassador Byrne at his pleasure. Johanes said there seemed to be more opportunities in Prague than in Washington for discussions with USG officials and wondered whether anti-GOC attitudes were not being created here. Nimetz informed Johanes that the Secretary is extremely busy and cannot meet with most Ambassadors. Nimetz added that, even when arrangements to return the Crown to Hungary were underway, the Secretary had been able to meet only once with the Hungarian Ambassador. Nimetz said Johanes should not take the Secretary's inability to meet with him as a slight.

Vance

105. Telegram From the Embassy in Czechoslovakia to the Department of State and Multiple Diplomatic Posts¹

Prague, August 11, 1978, 1110Z

2142. Subject: 10th Anniversary of Czechoslovak Invasion—Current Developments. Ref: Prague 1911.²

1. Summary: With the anniversary of 1968 Soviet intervention less than ten days away, the most prominent visible sign that Czechoslovaks are aware of it is in frequent references to 1968 events in regime propa-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780328-1038. Confidential. Sent Priority to the Department. Sent to Belgrade, East Berlin, Bonn, Bucharest, Budapest, London, Moscow, Paris, Rome, Sofia, Vienna, Warsaw, USNATO, West Berlin, USUN, and Beijing.

² Telegram 1911 from Prague, July 20, provided the Embassy's assessment of the situation in Czechoslovakia on the evening of the tenth anniversary of the 1968 Soviet invasion. The Embassy concluded that no "great change in Czechoslovak domestic or foreign policy or in bilateral relations" can be expected "during the rest of this year." (National Archives, RG 59, Central Foreign Policy File, D780310-0616) A similar assessment was provided by the Central Intelligence Agency on August 17, in an Intelligence Memorandum entitled "Czechoslovakia Ten Years After." (Central Intelligence Agency, Office of Support Services (DI), Job 80T00634A, Production Case Files (1978), Box 3, Folder 74, Czechoslovakia: Ten Years After)

ganda. Dissident activity appears to be confined to preparing statements for release and reviving underground cultural activities. End summary.

2. Activities of Charter 77 supporters. It still appears as if the main objective of human rights activists in marking the 10th anniversary will be issuance of declarations reaffirming fidelity to calls for greater freedom that distinguished the 1968 Dubcek regime. The declaration stemming from recent meeting of Charter 77 and Polish human rights activists near the CSSR-Polish border is a case in point (Prague 2096).³ But perhaps most interesting event this week has been commencement of so-called “living room theatre” production of the Shakespeare classic *Macbeth*, organized by playwright Pavel Kohout and starring Pavel Landovsky and Vlasta Chramostova—all of whom are denied the possibility of openly pursuing their professions as a result of identification with 1968 reforms and Charter 77. On August 7 and 8, “rehearsals” of the play took place in apartments of Charter supporters. Embassy P&C Admin. Secretary and wife of PAO attended first session; DCM and wife attended the second. In both cases, they were only non-Czechoslovaks invited. Kohout told DCM those involved in the play were trying to continue their professions in this way despite efforts of the regime to deny them work opportunities. Kohout added that there would be no more performances like these until after 10th anniversary. In September, he expects such living room performances to occur on a more or less regular basis. Meanwhile, as Embassy had expected (reftel) he and other Charter 77 proponents plan to depart Prague this week to remain in country homes until the end of the month.

3. Regime preparations. The Husak regime appears to be approaching the 10th anniversary with increased confidence of being able to cope with any contingency that may arise. Accent is on business as usual, with major attention at the moment to formal opening of new Prague metro lines on August 12. On the other hand, we hear security forces have been put on alert until the end of the month. Efforts are going forward to ensure that Charter 77 personalities will be generally dispersed on August 20–21. And MFA is tightening visa controls, particularly with regard to non-accredited foreign journalists, who will probably be few and far between here for remainder of August. Austrian DCM Karas say 3 Austrian correspondents have already been refused entry to cover the anniversary. NY Times correspondent Andelman,

³ In telegram 2096 from Prague, August 8, the Embassy reported that members of Charter 77 and the Polish Committee of Workers' Defense (KOR) drafted a statement on the ten-year anniversary of the Soviet invasion. The Embassy concluded that, while the document was primarily interesting as evidence of direct contacts between Charter 77 and KOR, it would “presumably cause security officials in both countries some additional heartburn.” (National Archives, RG 59, Central Foreign Policy File, D780325–0650)

who is accredited here, has just arrived from Belgrade but has been instructed to return there until New York strike situation is clarified. Time magazine stringer Stichova tells us EE correspondent Aikman, also accredited here, is expected to be in Prague next week and may prepare a cover story on the anniversary.

4. Media coverage meanwhile focuses on campaign to denigrate all aspects of 1968 policies, except the January Central Committee Plenum (at which Dubcek replaced Novotny) and repeat shrill accusations against the main actors in Prague Spring. Rude Prova tends to concentrate currently on alleged damage to the economy which resulted in 1968–69 from the Sik reforms and to praise subsequent policy followed under the Husak regime, which has brought Czechoslovakia to its present supposedly enviable state of prosperity and stability. Weekly Party press has moved increasingly from attacks on pro-reform individuals and organizations to accusations that 1968 reforms were stimulated and supported by the West in hopes of breaking Czechoslovakia away from its allies; Herman Kahn, Henry Kissinger and Zbigniew Brezinski are cited as chief proponents of this strategy. These latter pieces are extended versions of noteworthy Yuri Zhukov commentary that appeared in Moscow Pravda and was reprinted here August 8, showing Soviet approval and probably close coordination of this line. Comment: While the regime takes its precautions, the Czech masses seem to be paying scant attention to the approaching anniversary. Prague's Wenceslas Square, most likely site for any protest manifestation, is thronged with tourists and shoppers, but so far reveals no sign of any special security precautions. In spite of rumors of recent explosions at Party buildings in Bratislava, neither we nor our NATO colleagues have been able to find any significant evidence to suggest that August 20–21 will pass other than quietly.⁴ We think our FRG colleague is probably correct in his expectation that the regime will formally greet the anniversary, but have no clue yet as to the precise form this will take.

Byrne

⁴ In telegram 2256 from Prague, August 23, the Embassy reported that the anniversary passed without any significant event, describing the event as a "hard-liner affair." Official propaganda, the Embassy reported, used the occasion "to politic against any sort of economic reform." (National Archives, RG 59, Central Foreign Policy File, D780345–1196) In telegram 2282 from Prague, August 25, the Embassy reported that it received information that "four students marked the anniversary of the invasion by placing a bouquet of flowers on the monument in Wenceslas Square and observing a moment of silence. The bouquet was promptly removed by police and the students' identification cards were checked. This is the only such event on August 21 of which Morevec was aware." (National Archives, RG 59, Central Foreign Policy File, D780349–1036)

106. Telegram From the Embassy in Czechoslovakia to the Department of State and Multiple Diplomatic Posts¹

Prague, October 11, 1978, 1525Z

2811. Subject: Husak Regime Tightens Internal Control. Ref: (A) Prague 2595 Notal; (B) Prague 2782.²

Summary: Czechoslovak and Polish police have, for the first time, prevented a meeting of Charter 77 and KOR human rights activists. Moreover, Czech police have not only beaten and incarcerated Charter spokesman Sabata but have also begun generally to tighten surveillance over nonsanctioned cultural activities of Charter 77 supporters in Prague. This message reports developments symptomatic of the current crackdown. End summary.

1. Addressees will be aware of reports that Czechoslovak and Polish authorities prevented planned third meeting of Charter 77 and KOR (Workers Defense Committee) reps weekend of October 1–2 and Charter spokesman Jaroslav Sabata was detained and beaten.

2. We have obtained copy of bulletin no. 41 of Committee for Protection of Unjustly Persecuted (Prague 1339 Notal),³ small offshoot of Charter movement. Bulletin gives account of events based on report by Vaclav Havel, who was among Chartists attempting to meet with Poles, and other, unidentified, sources.

3. That account says meeting was supposed to take place October 1 on trail of Czechoslovak-Polish friendship in Krkonos mountains. (This is approximately same area as that where first meeting was held.) Area was full of uniformed and plainclothes police from both countries who checked papers of everyone entering area. Six Chartists, including Sabata and Havel, and a student attempted to reach rendezvous by various means. Some were detained by police, while others withdrew when they saw meeting was impossible. Chartist Jiri Bednar was

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780417–1198. Confidential. Sent to Belgrade, East Berlin, Bern, Bonn, Bucharest, Budapest, London, Moscow, Paris, Rome, Sofia, Warsaw, Munich, USNATO, and West Berlin.

² Telegram 2595 from Prague, September 22, reported the meeting between Czechoslovak Party Secretary Jan Fojtik and Polish First Secretary Edward Gierek in Poland. (National Archives, RG 59, Central Foreign Policy File, D780390–0706) Telegram 2782 from Prague, October 6, reported “unusual willingness of GOC to permit emigration, particularly of people who have evinced disaffection with system.” (National Archives, RG 59, Central Foreign Policy File, D780412–0226)

³ In telegram 1339 from Prague, May 24, the Embassy reported increased police brutality against Charter 77 members, either as a new hardening of the GOC line on dissidence, or as a result of the visit Soviet leader Leonid Brezhnev was scheduled to make to Prague. (National Archives, RG 59, Central Foreign Policy File, D780219–0272)

detained and questioned several hours in tourist kiosk, from which he says he saw Polish police round up KOR members Jan Litynski, Adam Michnik and Piotr Naimsky. Detained Czechs were held in various places for up to 59 hours and most then released. Sabata, however, was held first in village jail and punched about by uniformed police, then reportedly was transferred to Ministry of Justice jail in Hradec Kralove. There he is said to have been officially charged with violating two articles of penal code relating to using force and verbal abuse against public officials. This account leaves unclear whether Sabata still in detention, but rumors in Prague as of October 6 say he is. Account concludes by denying that Sabata in any way resisted police and stating he is being persecuted. It proclaims development of cooperation between Czechoslovak and Polish human rights supporters cannot be stopped.

4. Comment: Whether or not meeting of Polish and Czechoslovak Party Ideological Secretaries last month (ref A) led to this cooperative move against dissidents, such cooperation is obviously under way. Report cited above also says police were allegedly also watching other border tourist areas suitable for meeting, but we suspect police had enough information from Charter leaks to pinpoint actual rendezvous. Beating of Sabata could have been action of undisciplined rural police, but placing of formal charges against him almost certainly was directed from Prague. It suggests authorities have become sufficiently concerned about developing Charter-KOR ties to shift to heavyhanded efforts to intimidate potential participants in future border meetings. End comment.

5. In other Chartist activity, Pavel Kohout has renewed his quest for permission for self and wife to make short visit to Western Europe and the United States, but so far has received no travel documentation. His daughter Teresa tells us Kohout and wife would like to depart the week of October 16 for Switzerland (where Kohout may wish to visit another daughter presently studying in Geneva, as well as his Swiss publisher). Comment: Kohout has been telling friends he hopes to return to Prague after forthcoming visits to the West, but we doubt he will be able to do so in light of longstanding warnings from Party officials that if he leaves, he cannot return.

6. Teresa Kohoutova indicates police have begun to intimidate those involved in recent productions of *Macbeth*. She was taken from a family dinner party October 5 for three hours' interrogation, including threats to desist from further non-sanctioned acting. She reports Vlasta Chromastova, talented former actress who has been playing Lady Macbeth in Kohout's version of the Shakespeare classic, has also been interrogated at length. Moreover, police recently broke up a performance of the play, and when it was rescheduled, blocked would-be audience from attending it.

7. We understand artist Karel Havlicke and wife, who applied for emigration permission some weeks ago, have been told they will “never” receive exit documentation, but this appears not to have been a formal statement. If Havlickes are, in fact, refused exit permits, it will run counter to trend we thought developing (ref B) of regime’s increasing resort to emigration as one way to cope with dissidents.

8. Comment. We see numerous signs at present of increasing activism by internal security agents. The beating of Sabata and apparent overall tightening of controls over machinations of Charter 77 personalities are the most dramatic evidence of this trend. We believe it is mainly increased politicizing of the Charter 77 movement—especially the August 10th anniversary statement calling for withdrawal of Soviet troops and recent efforts to coordinate human rights appeals with Polish and other Eastern European activists—that has led to the current crackdown. We wonder whether much-publicized tightening of internal security controls over foreign representatives in Washington, resulting for example in protracted delay of visa issuance to GOC LOS delegate Richard Kral, may also be contributing to a strengthening of internal security measures here.

Byrne

107. Telegram From the Department of State to the Embassy in Czechoslovakia¹

Washington, June 9, 1979, 1741Z

148769. Subject: (C) Protest to Czechoslovak Ambassador Over Arrests of Dissidents. Refs: A) Prague 1850; B) Prague 1819 (Notal).²

1. (C-entire text)

2. EUR Assistant Secretary Vest called on Czechoslovak Ambassador Johanes on June 8 to protest the May 29 arrest of Czechoslovak dissidents. HA Deputy Assistant Secretary Schneider and Czechoslovak Desk Officer were present. Following is a summary of the discussion.

3. Noting that he was speaking in the context of our efforts to improve bilateral relations, Vest cited the recent arrests and protested them as violations of the dissidents' human rights and as inconsistent with the principles of the Helsinki Final Act. Vest said that, as publicity increases, these arrests will negatively affect congressional and public opinion and cannot help but have an adverse effect on bilateral relations.

4. Johanes said he was unaware of the arrests since local media had not yet carried anything about them, but he personally rejected the protest as constituting interference in Czechoslovakia's internal affairs. Johanes said only a person who violates the law is imprisoned in Czechoslovakia and that the law and the courts are an internal

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790262-0653. Confidential; Immediate. Drafted by Glenn; cleared by Schneider and Schmidt; approved by Vest. Sent for information to Belgrade, East Berlin, Bonn, Budapest, Moscow, Sofia, Vienna, Warsaw, Bucharest, Munich, and USNATO. In telegram 1724 from Prague, May 31, the Embassy reported the arrests of several prominent Charter 77 members, possibly preemptive to the Papal visit to Poland. (National Archives, RG 59, Central Foreign Policy File, D790245-1053) Following the arrests, the Department of State's Bureau of European Affairs tried to hold off any official protests pushed for by the Department's Bureau of Human Rights and Humanitarian Affairs, in the hope that dissidents would be released shortly after the end of the Papal visit. When formal charges were brought against the majority of dissidents arrested, the Department moved ahead with formal protests. (Telegram 140848 to Prague, June 1; National Archives, RG 59, Central Foreign Policy File, D790249-0810)

² In telegram 1819 from Prague, June 6, the Embassy reported the arrests of dissidents as "the GOC's most serious action against individuals connected with the Charter 77 movement since the beginning" and "a palpable change for the worse in the GOC's already deplorable policy toward dissidents." (National Archives, RG 59, Central Foreign Policy File, D790257-0002) In telegram 1850 from Prague, June 8, the Embassy reported that all arrested individuals were connected with the Committee for the Defense of the Unjustly Persecuted (CDUP), an offshoot of Charter 77, and that of the 16 people arrested 6 were released shortly after, while 10 remained in detention and faced charges. (National Archives, RG 59, Central Foreign Policy File, D790259-0925)

affair. The Czechoslovak Government does not like interference in Czechoslovakia's internal affairs. Johanes mentioned a number of letters he had recently received on behalf of a prisoner in Czechoslovakia serving a three-year sentence and wondered if this letter-writing campaign was not the concoction of persons interested in harming relations.

5. Vest noted that the signatories of the Final Act shared common objectives. When a country's laws and practices conflict with these objectives, all signatories are properly concerned. Such conflicts in Czechoslovakia will entail certain consequences in the United States. The point is that the Czechoslovak Government must act with these consequences in mind.

6. Schneider supported Vest's statement and added that the USG would be willing to examine closely any conflicts between its laws and practices and the Final Act which the Czechoslovak Government cared to raise.

7. Ambassador Johanes observed that none of the Charter 77 dissidents has been jailed for having signed the Charter or having exercised their right of free expression. If the Czechoslovak Government recently arrested some dissidents, they had violated the law.

8. Johanes said that the Final Act also provided for free trade, yet the US had not yet extended MFN tariff status to Czechoslovakia. The Final Act was intended to dispose of the remnants of World War II, yet the US still refused to return Czechoslovakia's gold. Johanes added that the US Government maintains relations with many countries around the world which have poor human rights records, in many cases much worse than Czechoslovakia's.

9. In response to Vest's request, Johanes said he would inform the Czechoslovak Government of our protest and inquire about the arrests.

10. Action requested: The Ambassador should make an approach along the lines of the above to the Ministry of Foreign Affairs.³

Christopher

³ Ambassador Meehan delivered the *démarche* to Jablonsky on June 13. Describing the meeting as "frank and brisk," Meehan reported that Jablonsky began their discussions by rejecting Vest's *démarche* to Ambassador Johanes, describing it as "an unsubstantiated attack and gross interference in [Czechoslovak] internal affairs." Meehan reported that he stressed that "human rights is a key feature of our foreign policy and a matter of great concern to Congress and the public." (Telegram 1958 from Prague, June 15; National Archives, RG 59, Central Foreign Policy File, D790270-0556)

108. Intelligence Assessment Prepared in the Central Intelligence Agency¹

PA 79-10354

Washington, August 1979

The Czechoslovak Leadership [*classification not declassified*]

Key Judgments

Gustav Husak has been strengthening his position and will probably remain the leader of the Czechoslovak Communist Party for at least the next several years.

Current trends within the party leadership appear to favor those with a relatively moderate, pragmatic outlook over their more conservative, ideologically minded counterparts.

These developments suggest that there will be a gradually increasing movement toward economic innovation and a tendency to bargain harder in economic dealings with the Soviet Union to the extent allowed by Czechoslovak dependence on Soviet oil.

Strict internal political controls will continue, however, and Czechoslovak foreign policy will remain closely aligned with Moscow.

[*less than 1 line not declassified*]

A Stable, Cautious Leadership

The top ranks of the Czechoslovak leadership have changed little since the years immediately following the 1968 Warsaw Pact invasion, which ended Alexander Dubcek's liberal experiment and left Gustav Husak with the task of reimposing strict Communist control. Husak has led the Czechoslovak Communist Party (KSC) since April 1969 and has served as President of the Republic since May 1975. The federal, Czech, and Slovak Premiers and the First Secretary of the Slovak Communist Party (KSS) have held office since January 1970 or earlier. All but one of the KSC Presidium's 13 members and candidate members have served on that body since May 1971 or before. [*classification not declassified*]

The paucity of personnel changes has been matched by a dearth of innovation in policy. The political composition of the leadership ranges from cautious pragmatists through conservative ideologues.

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 80T01330A, Production Case Files OPA (1979-1980), Box 2, Folder 10, The Czechoslovak Leadership: An Intelligence Assessment. Confidential. The report was prepared in the USSR-Eastern Europe Division, Office of Political Analysis, and coordinated within OPA and with the Offices of Scientific Intelligence, Economic Research, and Central Reference and the National Intelligence Officer for Soviet and East European Affairs.

Hobbled by internal rivalries, devoid of popular support, reluctant to risk Soviet displeasure, and presided over by a moderate conservative with neither the political strength nor the inclination to undertake bold new ventures, the regime ranks among the most cautious in contemporary Eastern Europe. [*classification not declassified*]

To characterize individuals within the leadership is a risky undertaking. Information on internal debate is scarce and often suspect. Individual positions on specific issues may reflect regional interests, personal rivalries, or momentary considerations, rather than basic political outlook. As in other East European countries, terms like “moderate,” “conservative,” “pragmatist,” and “ideologue” can be applied only in a relative sense. [*classification not declassified*]

With these qualifications, it is useful to distinguish between two basic points of view within the party hierarchy. One is more conservative, prone to think in terms of ideology and protective of the status quo. Its dominant concern is to avoid a repetition of 1968, when relaxation of controls permitted the growth of forces that threatened the party’s monopoly of political power. Adherents of this view regard with suspicion any inclination toward leniency, either toward current dissidents or toward those who supported the 1968 liberalization. Presidium members subscribing to this outlook include Vasil Bilak, Antonin Kapek, Karel Hoffmann, Alois Indra, and Milos Jakes. [*classification not declassified*]

Other Presidium members are believed to hold more moderate, pragmatic views. They are more open to innovation, at least in the economic sphere, and would probably not oppose some political relaxation if the overall political climate in Prague and Moscow were to allow it. Adherents of this view include Josef Kempny, Lubomir Strougal, Jozef Lenart, and Peter Colotka. [*classification not declassified*]

General Secretary Gustav Husak probably finds this division both a strength and a weakness as it affects his leadership: a strength because it tends to prevent any potential rival from amassing preponderant support; a weakness because it impedes the formulation of policy. Husak has faced challengers from both camps during the past decade, but the number of potential rivals is greater among the conservatives. Husak, accordingly, has tended to side with the moderates, and it is they who have benefited from the strengthening of his position in recent years. [*classification not declassified*]

Intraparty Debate: Husak Dominant

Gustav Husak was not the Soviet Union’s first choice in August 1968 to lead Czechoslovakia back to orthodoxy. As deputy premier from April through August, he had fully supported the reformers’ Action Program, which Moscow deeply distrusted. Immediately after the invasion, however, Husak began cultivating the confidence of the

Soviet leaders. His greatest service was to persuade the KSS to repudiate the clandestine KSC Congress of 22 August 1968, which had condemned the invasion, endorsed Dubcek, and otherwise defied Soviet wishes. Elected KSS First Secretary and a member of the KSC Presidium, Husak adopted positions designed to ingratiate himself further with Moscow. His longstanding espousal of federalization also assured him the support of his fellow Slovaks. By April 1969, the Soviet Union considered him sufficiently reliable to succeed Dubcek as KSC First Secretary. [*classification not declassified*]

Although Husak had won a degree of Soviet confidence, he was not given free rein. Aware that reprisals against supporters of the late reforms would be highly unpopular, he reportedly favored greater leniency than Moscow was willing to allow. As "normalization" proceeded, Husak's attempts at moderation were overruled, presumably with Soviet approval, by a coterie of conservatives, the most militant being Vasil Bilak and Antonin Kapek. The hardliners succeeded in securing the ouster of some 300,000 party members by the end of 1970 and have since managed—against Husak's publicly stated preference—to block any meaningful rehabilitation. [*classification not declassified*]

Discord between Husak and the more conservative Presidium members has not been confined to the issue of purges and rehabilitation. In recent years, debate over economic policy has moved increasingly to the fore. At the 15th Party Congress in April 1976, both Husak and Premier Lubomir Strougal called for innovation in this area. Their proposals disturbed ideological hardliners, one of whom, Milos Jakes, responded with a warning that the need to maintain effective party control must be paramount over other considerations. [*classification not declassified*]

The prospect of economic innovation is repugnant to the conservatives for two reasons. It raises again the issues of the early 1960s, which paved the way for Dubcek's liberalization, and it holds implications for cadre policy that the ideologues must regard as threatening: if the party is to preside over a major economic reorganization, then the criteria for evaluating members must be substantially revised. Instead of ideological orthodoxy and political reliability, which have prevailed since 1970 and have created the conservatives' political base, members must be judged primarily for their managerial efficiency and technical expertise. As these criteria are progressively applied, the position of the conservatives will weaken, to the benefit of Husak and the moderate pragmatists within the leadership. [*classification not declassified*]

Calls for economic innovation and exhortations to improve the performance of party cadres were conspicuously juxtaposed in statements by party leaders during the months following the 15th Congress, when strenuous behind-the-scenes debate apparently took place. The

issue came to a head at the KSC Central Committee plenum in December 1977, when Husak reportedly was again challenged by hardline opponents. Although information on the episode is sketchy, subsequent developments strongly suggest that the outcome represented a victory for Husak and the moderates. [*classification not declassified*]

The results of the plenum first became apparent in a series of personnel changes. Jakes, who had directed the purges of the early 1970s as chairman of the Central Control and Auditing Commission, was removed from that position and elected secretary of the KSC Central Committee and candidate member of the Presidium. Nominally, this represented an advancement. In real terms, however, Jakes's fortunes probably suffered. He lost his key role in cadre affairs and was made responsible for agriculture, where he has no experience and which could prove a perilous assignment. Moreover, two men whose views are unlikely to coincide with his were elected to the Secretariat at the same time: Mikulas Beno, an economist with close ties to Husak, and Jindrich Polednik, a youth leader who has stressed the need for economic improvement in a way that appears consistent with moderate thinking. [*classification not declassified*]

Developments continued to favor the moderates through 1978. In March, the Central Committee removed from the Secretariat Cestmir Lovetinsky, a hardliner who had led the party's cadre department since 1975. Lovetinsky's cadre duties were assigned to Beno, and another loyal Husak supporter, economist Josef Haman, replaced him as a member of the Secretariat. Husak also used the March plenum to endorse an experiment in economic management devised by Finance Minister Leopold Ler. This controversial movement toward economic reform had apparently been approved over conservative opposition at the December plenum. [*classification not declassified*]

Another indication of Husak's strength was a reaffirmation of support from Soviet leader Leonid Brezhnev during the latter's visit to Prague in May 1978. Brezhnev's increased esteem for Husak had already become apparent in May 1975, when Soviet Politburo member Andrey Kirilenko spoke of the "close and personal" relationship between the two. During the May 1978 visit, Brezhnev awarded Husak the Order of the October Revolution and referred to him as the "leading representative of Czechoslovak Communists." Brezhnev then presented the Order of Lenin to Bilak, whom he described as "a loyal colleague of Comrade Husak." The continuing role of the conservatives was thus acknowledged, but their subordinate position was made clear. [*classification not declassified*]

Most signs indicate that Husak will remain the dominant figure within the Czechoslovak leadership for at least the next several years. At 66, his health is good. [4 lines not declassified; classification not declassified]

Recent developments within the party continue to favor Husak and the pragmatists. The December 1978 plenum called for an exchange of party cards, the first since 1970, to take place this year. It stated that in evaluating members, "fulfillment of economic tasks" would be linked with the "assessment of political commitment." This represents a clear departure from the preoccupation with ideology that prevailed throughout the preceding decade. With Husak supporter Mikulas Beno directing cadre affairs on the Secretariat and Jakes removed from the Central Control and Auditing Commission, the conservatives will be hard put to prevent the exchange from being used to weaken their position in the party. [*classification not declassified*]

Political developments outside the party also favor Husak. By maintaining a relatively high standard of living, he has kept the population tranquil since massive arrests ended student demonstrations in August 1969. The public has adopted a mood of cynical materialism, refusing to involve itself in a political situation it is powerless to change. A hard core of dissidents remains active, causing the government some embarrassment, but the dissenters have so far failed to evoke a significant popular response. The regime has kept the dissidents off balance by encouraging selective emigration while maintaining strict repression at home—an example of the latter being the pending trial of 10 human rights activists arrested in May 1979. [*classification not declassified*]

Husak's success in limiting the effectiveness of the dissident movement has doubtless contributed to the strength of his position. He is unlikely to expose himself to conservative charges of laxity toward dissent or risk alienating his supporters in Moscow by adopting a more tolerant approach. In the near term the changes now under way could lead to tighter political controls as Husak and the moderates strive to keep the new policies in hand. [*classification not declassified*]

Two possible developments damaging to Husak would be a rise in popular discontent because of worsened economic conditions or a loss of Soviet support. Recent events have drawn increased attention to these possibilities. During a visit to Prague in May 1979, Soviet Premier Aleksey Kosygin criticized Czechoslovak "sluggishness" in planning and implementing cooperative projects. Premier Strougal countered with the complaint that the requirements Moscow was levying for the construction of nuclear power equipment represented a considerable burden to Czechoslovakia's engineering industry and would reduce its capacity to manufacture products for hard currency sales in the West. Strougal made the same point publicly during the June summit meeting of the Council for Mutual Economic Assistance (CEMA), where a cooperative agreement on the production of nuclear power equipment was signed. Implicit in his remarks was the warning

that diversion of resources to nuclear engineering will eventually adversely affect the Czechoslovak consumer. [*classification not declassified*]

These events suggest that the leadership in Prague has adopted a more assertive tone in its economic dealings with Moscow. They also underscore the problems the leadership will face in attempting to maintain a standard of living high enough to preserve the passive mood of the population. Nonetheless, the recent developments appear to pose no immediate threat to Husak. Although it will be increasingly difficult for the regime to continue to meet the rising expectations of consumers—a point underscored by recent steep increases in the price of gasoline and certain other goods—living standards are unlikely to worsen so abruptly as to provoke a sharp change in popular attitudes, so long as other factors influencing public opinion remain constant. Moreover, any sign of increased popular discontent would strengthen Prague's argument for economic concessions from Moscow. Husak could also take advantage of Czechoslovakia's high credit rating to alleviate the situation through hard currency loans, a course he has so far avoided.² [*classification not declassified*]

Moscow is unlikely to halt its support of Husak in the near future. Two days after Strougal's outspoken address at the CEMA meeting, a Soviet delegation visiting Prague praised Husak as "the acknowledged and esteemed leader of the Czechoslovak Communists." Even if Brezhnev were succeeded by a leadership ideologically more akin to the Czechoslovak hardliners, the new Soviet rulers would hardly wish to compound the uncertainties of their own transition by summarily ousting the leader of one of their most stable East European allies. The succession period in Moscow should tend to strengthen Husak's tenure, at least in the near term. [*classification not declassified*]

On the other hand, divisions within the Czechoslovak leadership are likely to sharpen further if, as seems probable, the moderates are behind the new firmness toward Moscow. To forestall conservative criticism and minimize tensions with the Soviet leadership, Prague's moderates are likely to continue espousing Soviet positions on noneconomic matters. This tendency could retard the improvement of relations with the West. [*classification not declassified*]

Contenders for the Succession

Husak's eventual successor will almost surely come from the current leadership. Factors influencing the selection will include to various

² Czechoslovakia has the lowest ratio of debt service to merchandise exports to non-Communist countries of any of the East European countries. In 1978, Czechoslovakia's debt service ratio was an estimated 20 percent, compared with 77 percent for Poland, roughly 40 percent for East Germany, and about 30 percent for Hungary. [Footnote is in the original.]

degrees nationality, performance in office, popular acceptability, Soviet preferences, and political trends at the time of succession. [*classification not declassified*]

Leading conservative contenders include Bilak, Kapek, Indra, and perhaps Jakes. Bilak, 62, ranks second in the KSC hierarchy and is believed to have the support of hardliners within the Soviet leadership, particularly in ideological circles. Nonetheless, most observers give him little chance of succeeding Husak because of his nationality. Born in Ruthenia, he would be considered a Slovak, and it is virtually a political necessity that the next KSC leader be a Czech. Moreover, Bilak is unpopular with Czechoslovaks of all nationalities because he supported the 1968 invasion and has pursued a consistently hard line on rehabilitation. [*classification not declassified*]

After Bilak, the most prominent conservative is Antonin Kapek. As first secretary of the Prague KSC committee, Kapek heads the party's most powerful regional organization. Like Bilak, he enjoys strong backing from Soviet conservatives, and he maintains close contacts with the Moscow municipal party organization. An ultraconservative, Kapek flaunted his pro-Soviet sympathies immediately after the invasion and has been associated with the most hardline elements of the KSC. His selection as Husak's successor would be unpalatable not only to the population at large, but to much of the present Czechoslovak leadership. [*classification not declassified*]

Alois Indra, 58, chairman of the Federal Assembly, was Moscow's choice to head a "revolutionary government" in August 1968, but the scheme failed in the face of Dubcek's massive popular support. Indra suffered another setback in December 1971, when he "resigned" from the KSC Secretariat to assume his present, largely ceremonial position. Indra is politically astute and could count on Soviet support, but his long absence from full-time party activity and his unpopularity stemming from 1968 are considerable obstacles to his becoming head of the party. [*classification not declassified*]

Jakes, 56, has been considered a potential rival to Husak since the early 1970s, when he directed the purges as chairman of the Central Control and Auditing Commission. His appointment as a party secretary and candidate member of the Presidium in December 1977 appeared to be a major step in a rapidly advancing career. As noted above, however, Jakes's loss of responsibility for cadre affairs may represent a considerable setback, and he will find it difficult to achieve distinction overseeing Czechoslovak agriculture. His best chance for the succession would probably be as a compromise candidate in the event of a deadlock among more senior conservative contenders. [*classification not declassified*]

If the trends described above continue, Husak's successor is more likely to be a moderate than a conservative. The foremost candidates

on this end of the spectrum are Josef Kempny and Lubomir Strougal. *[classification not declassified]*

Several factors give Kempny, 59, an edge over other contenders. He enjoys the confidence and support of Husak, who has secured his appointment to a succession of key party positions. Aside from Husak, Kempny and Bilak are the only full Presidium members who are also party secretaries. Kempny bears no stigma from 1968; as mayor of Ostrava, he managed to win Soviet confidence without antagonizing his own countrymen. He also boasts a wide range of experience. A construction engineer by training, he assumed responsibility for ideological affairs in 1969 as a KSC secretary and chairman of the party's ideological commission. He was intensively involved in cadre work as chairman of the Bureau for Party Work in the Czech Lands in 1970–71. Since then, he has been chairman of the Central Committee's economic commission, and oversight of the economy has also been his primary responsibility on the Presidium. Kempny's Presidium responsibilities may have increased after the December 1977 plenum. While losing some of his more specialized economic duties, which are now performed within the Secretariat, he retained general oversight of the economy and reportedly received in addition the key areas of defense and security. *[classification not declassified]*

Against these assets, certain liabilities must be counted. If the political tide were to turn, Kempny's close association with Husak could work to his disadvantage. Moreover, his longstanding responsibility for economic policy renders him vulnerable because of continuing problems in that sphere. Kempny reportedly was attacked along with Husak at the December 1977 plenum, and rumors of his imminent departure circulated in late 1978. There has been no subsequent evidence, however, that he is in trouble. *[classification not declassified]*

The other leading moderate contender for the succession, Lubomir Strougal, suffered a reverse similar to Indra's when he was appointed Premier in January 1970; the appointment cost him his position as KSC secretary and chairman of the Bureau for Party Work in the Czech Lands—a role to which Kempny succeeded. Strougal is still young (55), however, and politically adroit; like Indra, he has managed to retain considerable influence while having little day-to-day involvement in party affairs. As a contender to succeed Husak, he has two principal liabilities. Having been Premier for nearly a decade, he must, like Kempny, bear a large share of the blame for the poor state of the economy. He may also be less acceptable to Moscow than other candidates. As acting premier in August 1968, Strougal condemned the occupation, an act of defiance he later recanted. As noted above, he was host during Kosygin's visit to Prague in May when disagreements arose over economic issues, and he stated Czechoslovakia's grievances

publicly at the CEMA summit in June. Although this role will increase Strougal's popularity with the Czechoslovak public and enhance his stature among moderates within the leadership, Moscow may try to ensure that Husak's successor represents a viewpoint more amenable to Soviet wishes. *[classification not declassified]*

The possibility of a dark horse cannot be excluded. Sentiment must be strong in both Prague and Moscow for removing the shadow of 1968 from Czechoslovak political life. It is also highly desirable that the next party leader be competent in economics, an area where the current leaders have proved deficient. These considerations suggest the possibility of a younger contender with a technical background. One such candidate is party secretary Josef Haman, 46, who was elected to his present post in March 1978. A graduate of the Leningrad Institute for Finance and Economics, Haman was active in the party's youth movement before occupying a series of administrative posts. He served in the Central Committee's economic department and economic commission in 1971-73, then joined Husak's staff in the office of the KSC General Secretary. He became head of the office of the President in 1976. A recent indication of Haman's standing was his selection in May 1979 to deliver the keynote speech at the annual ceremony commemorating Czechoslovakia's liberation; in recent years this honor has been reserved for younger members of the leadership whose stars are on the rise. Haman, like Kempny, could eventually find Husak's patronage a liability, but in the event of a factional struggle over the leadership, his relative newness to the political scene would be a powerful asset. *[classification not declassified]*

Policy Implications

If these trends continue, Gustav Husak will probably remain the General Secretary of the Czechoslovak Communist Party for at least the next several years. Developments within the party will tend to lessen the influence of the conservative ideologues, while increasing that of the moderate pragmatists. When Husak relinquishes some or all of his functions, his successor will probably come from the latter group. *[classification not declassified]*

These developments within the leadership will have a gradual but significant effect on policy. Strict political controls will continue. Economic experimentation will proceed, probably at an accelerating pace. Czechoslovakia will continue to cultivate Western markets for its exports and will bargain harder in its economic dealings with Moscow. Overall foreign policy, however, will remain closely aligned with that of the Soviet Union. The pace of improvement in relations with the West will remain limited and, for the near term at least, may even slow down. *[classification not declassified]*

109. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 21, 1979

SUBJECT

Proposal to Negotiate a New Claims Settlement with Czechoslovakia

The Department of State has prepared a new proposal for an agreement with Czechoslovakia to settle the outstanding claims of American citizens and to effect the return of the Nazi-looted gold to the Czechoslovak Government as mandated in Presidential Directive 21.² We plan to present the proposal to the Czechoslovaks early this fall after consulting with interested Members of Congress and the claimants.³

We believe that moving now to resolve this longstanding issue is in the best interest of the claimants and our own foreign policy interests and has reasonable prospects for success. The several thousand American claimants who will benefit from the agreement have been waiting for just and adequate compensation for their nationalized properties for more than thirty years. Many of them are elderly and of limited financial means and, in their contacts with the Department of State, they have stressed their need. Representatives of Czechoslovak-American organizations also support the negotiation of a new claims settlement agreement as soon as possible. We do not anticipate significant domestic political opposition to such action and we will be able to defend the negotiation of a new agreement strongly since it is clearly in the interest of the claimants and in our own national interest.

We are also being urged to move promptly by the British Government which is understandably impatient to bring into force its own 1964 claims settlement with Czechoslovakia which is contingent on the return of the gold. On September 11, the British informed the Depart-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country Files, Box 17, Czechoslovakia: 1/77–1/81. Confidential. A copy of the memorandum indicates it was drafted in EUR by Johnson and Glenn and cleared by Nimetz, Vest, Barry, Walker (S/P), Crook (L/EUR), Schmidt (EUR/EE), Peters (EB/IFD/OMA), Weston (H), and in the Department of Treasury by Solomon and the Department of Commerce by Jenkins. (National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 1979–)

² See Document 16.

³ A meeting between Department officials and congressional staff members took place on Capitol Hill three days later. (Memorandum of conversation, September 26; National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950–1986, Lot 89D336, Box 11, Czech: Gold 1979–)

ment that they are seriously considering a proposal to return the portion of the Czechoslovak gold they hold to facilitate resolution of their claims, a development which would clearly weaken our bargaining position.⁴

In considering the timing of a proposal we have borne in mind the generally poor human rights record of the Czechoslovak Government and the May 29 arrests of the Charter 77 activists.⁵ We do not believe that we should defer making a proposal on these grounds. In fact, given the apparent differences within the Czechoslovak leadership on the issue of whether to proceed with the trials of the Charter 77 activists, we believe that prompt tabling of a claims/gold proposal might help to tilt the balance against those arguing for harsh punishment. In any event, we expect the claims/gold negotiations to drag out for a considerable time given our tough proposal, and we can adjust the pace—and even suspend the negotiations if necessary—in order to react to the outcome of the trials. We will of course make our disapproval of any trials of Charter 77 activists very clear to the Czechoslovaks in both the bilateral and CSCE contexts when and if such trials occur.

Section 408 of the Trade Act of 1974 directed that the 1974 *ad referendum* claims settlement agreement with Czechoslovakia be renegotiated and submitted to Congress for its approval. All of the Members of Congress with whom we have spoken or with whom the issue has been discussed, including Senator Long who was chiefly responsible for the Congressional repudiation of the 1974 agreement, clearly favor moving ahead to resolve this matter. We believe that we will be able to negotiate a new agreement providing enough compensation for the American claimants to be acceptable to Senator Long. Treasury and we plan to consult with key Members of Congress, including Senator Long, before tabling the new proposal and to continue consultations with them throughout the negotiations. Now that the US/PRC claims settlement agreement has been accepted by Congress and a US/PRC

⁴ The Department reported the British response to Senator Long's proposal to vest the Czechoslovak gold unilaterally in telegram 240364 to Prague, September 12. In its response, the United Kingdom stated: "After full consideration in London, we have concluded that this proposal, if carried out, would be illegal under the terms of the Paris Agreement as was explicitly recognized in 1974 by all three governments represented on the Tripartite Commission." The British stressed, "we very much hope that you will not try to proceed with this form of action and that it will be possible for you instead to make a renewed effort to resolve your claims against Czechoslovakia by negotiation." (National Archives, RG 59, Central Foreign Policy File, D790418-0244)

⁵ See footnotes 1 and 2, Document 107, for more information on the arrest of Czechoslovak dissidents.

trade agreement has been signed,⁶ we do not anticipate Congressional opposition to negotiations with the Czechoslovak Government. Given the substantial increase in the price of gold since 1974 and the more than \$175 million which will accrue to the Czechoslovaks with the return of the gold, we may nevertheless encounter the criticism that any settlement short of 100% is too low.

The Czechoslovak Government has recently expressed interest in renegotiating the 1974 *ad referendum* agreement. Premier Strougal informed our Ambassador on July 3 that his Government does not insist on the terms of the 1974 agreement and that “everything is possible” with regard to renegotiation.⁷ Acting Foreign Minister Knizka was more specific on August 15 when he indicated to the Ambassador that the Czechoslovaks might be willing to go as high as a fifty percent settlement.⁸ This new-found willingness of the Czechoslovak Government to consider a substantial improvement in the terms of the 1974 agreement suggests that we now have the best opportunity in five years to reach an agreement acceptable to all parties.

Our new proposal will be substantially more advantageous to American claimants than the 1974 agreement and even provides for a higher percentage return than the recent PRC claims settlement. It will provide for:

—A total settlement of approximately \$51 million, including the \$9 million we obtained from the sale of vested Czechoslovak steel mill equipment, or 70 percent of the outstanding principal of \$72.6 million.

—A down-payment of \$20 million and five annual payments of approximately \$4.4 million each.

—The return of the 18.4 metric tons of Czechoslovak gold in the custody of the Tripartite Gold Commission for the Restitution of Monetary Gold upon receipt of the down-payment of \$20 million. Approxi-

⁶ The U.S. Government and the Government of the People's Republic of China reached an agreement on the settlement of claims of U.S. citizens against the PRC on May 11. Under the terms of the agreement, the PRC paid \$80.5 million to settle all claims.

⁷ The conversation between Ambassador Meehan and Prime Minister Strougal was reported in telegram 2201 from Prague, July 3. (National Archives, RG 59, Central Foreign Policy File, D790302-0782)

⁸ Ambassador Meehan met Acting Foreign Minister Knizka on August 15 to follow up on the visit by Congressman Vanik's delegation to Prague. In telegram 2844 from Prague, August 16, the Embassy reported that the Czechoslovak Government was considering a settlement figure between CZK47-50 on the dollar. Knizka told Meehan “percentage is not all important; good relations with the US and trade and MFN were the important things to GOC.” He also stressed that the GOC was willing “to show goodwill” on cultural projects as well as planning to “propose an exchange of instruments of ratification of consular agreement.” (National Archives, RG 59, Central Foreign Policy File, D790372-1121)

mately 45 percent of the gold, worth about \$80 million at current prices, is physically in the United States.

—The retention of the 1974 *ad referendum* agreement's other provisions, including payment in full, in installments, of Czechoslovakia's surplus property debt to the USG of approximately \$4.9 million; the release of two blocked US bank accounts in Prague containing approximately 7.2 million Czechoslovak crowns; and the agreement of the Czechoslovak Government to begin negotiations with the US Foreign Bondholders Protective Council on defaulted bonds within six months of the effective date of the agreement. We will also continue to resist attempts by Czechoslovakia to link the agreement in any way to the granting of MFN or the extension of credits.

The 1974 *ad referendum* agreement provided for total compensation of \$29.5 million, or approximately 41 percent of the outstanding principal. Our new proposal would provide for compensation of 70 percent of the outstanding principal. For purposes of comparison, we have settled with other Eastern European countries as follows: Poland, 39 percent; Romania, 37 percent; Hungary, 41 percent; Bulgaria, 63 percent (Bulgarian assets vested in the US were substantial, and the Bulgarian cash payment was only \$4 million); and Yugoslavia, 91 percent (Yugoslavia also had substantial assets in the US and was looking for friends at the time of the settlement in 1948). The recent PRC settlement of 42 percent involved a total payment of \$80.5 million on an outstanding principal of \$190 million.

Treasury concurs in our proposal to negotiate a new claims settlement on these terms.

Peter Tarnoff

**110. Report Prepared in the Bureau of Intelligence and Research,
Department of State¹**

Report No. 1249

Washington, October 11, 1979

*THE HUMAN RIGHTS MOVEMENT IN CZECHOSLOVAKIA**Summary*

The Charter 77 movement—approaching the third anniversary of its establishment—has successfully focused attention on the human rights violations in Czechoslovakia and on the repressive policies of the regime. In doing so, it has gained considerable sympathy and support in the West, as well as among other dissidents in Eastern Europe and the USSR.

From the outset, the Charter movement has had to cope with formidable obstacles:

- constant harassment and intimidation from a regime taking its cue from Moscow;
- divisions within its membership over tactics and strategy; and
- difficulties in gaining popular support for its goals.

Despite recent efforts by the regime to suppress the movement, Charter activists vow to continue their human rights struggle. However, prospects for the future look bleak; there is little chance that Charter efforts, by and of themselves, will improve the human rights situation in Czechoslovakia.

Background

Charter 77 was established in January 1977. Its spokesmen asserted that there was no intention to constitute a political organization or to function as a political opposition to advance reforms or changes. The signatories of the Charter claimed to have banded together as a form of “citizens’ initiative,” which they said was common in both East and West. Its first manifesto, “Charter 77,” criticized the regime’s failure to honor the human and civil rights provisions in the Czechoslovak Constitution, the Helsinki Final Act, and three UN Human Rights Covenants which had been ratified by the government and had become part of Czechoslovak law.

¹ Source: Carter Library, National Security Affairs, Staff Material, Defense/Security—Molander, Box 77, Human Rights (Czechoslovakia) [10/79]. Confidential. Prepared by Stoddart and Costolanski; approved by Baraz. According to a stamped notation, the report was an “advance copy” for “personal use prior to approval for wider distribution.”

The Charter stated that the authorities had the duty to abide by international agreements and Czechoslovak law, and that many basic human rights existed only on paper. It sought to engage the regime in a "constructive dialogue" by drawing attention to specific violations of civil and human rights, suggesting solutions, submitting proposals to further and to guarantee those rights, and acting as a "mediator in conflict situations."

It claimed—correctly—that among the rights consistently violated by the regime were:

- the right to work at one's profession, regardless of political convictions;
- the right for children to be educated, regardless of the parents' political convictions;
- freedom of expression;
- freedom of religion;
- freedom of assembly;
- freedom to participate in public affairs;
- equality before the law; and
- freedom to travel abroad.

The Charter accused the Ministry of Interior and its police of illegal wire taps, physical surveillance and harassment, house searches, confiscation of personal property, mail censorship, use of networks of informers, and suborning of courts and employers. Investigative and judicial agencies were said to have repeatedly flouted Czechoslovak law and the Constitution in conducting politically-motivated trials.

Original signatories of the Charter numbered 244; at present, the movement claims more than 1,000. The three leading positions, those of designated spokesmen, have thus far been held by nine persons. Although this rapid turnover has been attributed to deliberate annual rotation, regime harassment and intimidation have taken their toll. One of the original spokesmen (Jan Patočka) died following intense police interrogation. Four spokesmen have been arrested. Another has been hospitalized after an assault by police thugs.

Since its establishment, the movement has issued 26 documents. The contents range from appeals to cease the harassment of Charter supporters to an analysis of problems of economic consumption and corruption in Czechoslovakia.

Charter Accomplishments

Despite unremitting harassment and intimidation, the movement has survived—no mean feat considering the overwhelming power posed against it. Charter leaders vow to continue their struggle for human rights, whatever methods the regime uses against them.

Charter activities have focused Western attention on the repressive character of the Czechoslovak regime and its violations of human

rights, as well as its economic problems. The regime's crackdown on the signatories has:

- opened a new breach—if only temporarily—between Moscow and its allies in Eastern Europe on the one hand and West European Communist parties on the other;

- set back Prague's attempts to gain wider international acceptability and to improve relations with various Western governments; and

- may have caused some embarrassment to Moscow during the latter's attempts to pursue detente with the West and, particularly, the US.

Western reaction may have also contributed to divisions within Czechoslovak leadership on how best to deal with dissidence—whether to moderate harsh policies to blunt Western criticisms or to charge Western governments and media with blatant interference in Czechoslovakia's internal affairs. This is the charge made by Moscow and other East European regimes in the debate over human rights.

Aware that they could not publicize their goals and documents within Czechoslovakia, Charter activists have sought to have their documents published or broadcast in Western media. They have hoped thus to have them receive maximum publicity both in Czechoslovakia and abroad. The Charter's success in gaining the support of Western governments and media has perhaps been its single greatest accomplishment.

The Charter movement has also enlisted support from other dissidents in Eastern Europe and in the USSR. For instance, in early 1977, dissidents in Bulgaria, Hungary, Poland, Romania, and the USSR sent messages of support for the aims and purposes of Charter 77.

Little is known about the contacts which the Chartists have carried on with other East European dissidents. However, formal contacts were established with the Polish Committee for Social Self-Defense (KOR). Meetings were held in August and September 1978, at which it was announced that efforts would be made to coordinate activities and establish permanent working groups to further human rights. A third meeting planned in October 1978 was broken up by coordinated action of the Czechoslovak and Polish police.

Recently, support from Polish activists has become apparent: a Krakow student group allegedly plans to stage a hunger strike in support of the ten arrested Chartists prior to the opening of their trials, while members of KOR plan to conduct similar strikes in Warsaw churches. In early July, KOR made public a letter by a group of Polish Catholics to Czechoslovak Cardinal Tomasek asking him to defend the ten Chartists, four of them Catholics.

Charter Failures and the Regime's Tactics

The Charter movement, however, has not been able yet to secure actual improvements in human rights in Czechoslovakia. In some

respects, the regime is more repressive today than it had been in late 1976. There has been no “constructive dialogue” or role for the Charter as “mediator in conflict situations.” At no time has the movement posed a threat to regime stability (although this was not, of course, its stated intention). The movement has also been troubled by internal divisions and lack of popular acceptance. Most important of all, however, has been the regime’s repression of the dissidents.

Although there may be disagreement among Czechoslovak leaders over how to deal with dissidence, there was never doubt that the regime would deny the Chartists any role in the political process. After publication of the Charter 77 manifesto, the regime immediately resorted to harassment and intimidation; it conducted a massive propaganda campaign denouncing the Charter and its signatories—without allowing the contents of that manifesto to be published or revealed at the “spontaneous” meetings of intellectuals, officials, and workers convened to sign anti-Charter petitions.

After a time, the intensive harassment and propaganda campaign abated somewhat—perhaps because the regime realized that its tactics served more to call attention to the Charter and to human rights than to discredit the movement. Nevertheless, Charter spokesmen and activists continued to be subjected to heavy surveillance and harassment. Their drivers licenses have been confiscated; telephones tapped or removed; and their homes have been searched and materials confiscated. They have been repeatedly detained and interrogated, denied employment, and exposed to kidnappings and assaults by police thugs. In addition, the regime has tried to weaken the movement by forcing or inducing Charter supporters to emigrate. Informers have been infiltrated into the movement, not only to keep the authorities informed about Charter activities, but also to sow dissension within the movement. Among the most repressive measures taken by the regime are:

- trials and imprisonment of four dissidents in October 1977 for terms of 14 months to 3½ years on charges of subversion (during the Belgrade CSCE review conference, while the subject of human rights was being debated at length).

- the round-up and preventive detention of some 40 activists on the eve of Brezhnev’s May 1978 visit to Czechoslovakia. Similarly, that summer—as the 10th anniversary of the invasion neared—the regime warned various Chartists to leave Prague or face detention.

- the late May 1979 arrests of ten activists of the movement on charges of subversion. The reasons for these arrests are not known, but perhaps reflect renewed determination by the police to wipe out political dissidence before the 1980 CSCE review meeting in Madrid. Two of the arrested are Charter spokesmen. All ten are activists in the Committee for the Defense of the Unjustly Prosecuted (VONS), a subgroup of the Charter, founded in May 1978. VONS has issued more than 100 statements, giving details about the arrests, trials, and sentences

of Charter 77 supporters. The trials of the activists were reportedly planned for July, but apparently have been postponed twice—to give the public prosecutor more time to prepare his case. The trials are now said to be scheduled for late October.

—the September 10 police raids carried out in several Czech cities against Catholic priests and laymen. Between six to twelve Catholic activists are reported to have been arrested and charged with circulating *samizdat* Catholic literature and with impeding state control of religious activity. There is yet no information that the Catholics are associated with the Charter movement, but the operation itself comprises perhaps the harshest measure against Catholics in some 25 years, and reflects the determination of the regime to crack down on all dissidents.

The Czechoslovak *samizdat* movement, the so-called Padlock Press, has not been subjected to nearly as much harassment as the Charter movement. The regime may view the underground literary movement as much less a threat than the Charter movement.

Popular Acceptance Lacking

The Czechoslovak population has avoided active commitment to Charter 77. While there is little doubt that the overwhelming majority of Czechoslovakia's 15 million inhabitants privately sympathize with the aims and goals of the Charter movement, few are willing to identify publicly with it—thereby inviting regime reprisals. The 1968 invasion apparently reinforced the belief that any political activity not sanctioned by the regime is fruitless.

Even among the 1,000 signatories that are claimed, a solid social base is lacking. There are only a few workers, peasants, or Slovaks. The vast majority appear to be intellectuals, with the movement itself concentrated in Prague.

The professions of some 750 signatories are known: two-thirds claim to be members of the intelligentsia; the remaining one-third are registered as workers, artisans, or manual laborers. Even these figures are misleading, since some manual laborers or workers are in fact intellectuals forced into menial positions in order to survive. Charter 77 is thus the product of the Prague intelligentsia—with a considerable number of this intelligentsia comprising communists ousted from the Party for their opposition to the present regime.

The Slovak Factor

The reasons for the failure of the Charter to obtain Slovak support may be more complex than mere communications difficulties or geographic distance from Prague. Traditional Czech-Slovak animosities evidently play a role: some Slovaks, reportedly reject any association with the Charter on the grounds that it is a Czech-conceived stratagem intended to weaken Party leader and President Husak, a Slovak. While

such a reaction is narrow and chauvinistic, the Charter's establishment in Prague undoubtedly is a factor in the Slovak reaction to it.

Political dissidence in Slovakia has not been as marked as in the Czech lands of Bohemia and Moravia—at least, as far as is known. This may reflect the somewhat more moderate treatment of former Dubcek reformers and supporters in Slovakia. Children of Slovaks purged from the Party since the invasion, for instance, appear to have more opportunities to higher education than those elsewhere, particularly in Prague. Given their minority status in Czechoslovakia, the Slovaks may also feel the need to band together against the Czechs and, therefore, Slovak officials may be less inclined to take harsh actions toward their bretheren. The purges which followed the 1968 invasion and the fall of Dubcek in April 1969 appear to have been less severe in Slovakia than in the Czech lands.

The Slovaks may also feel that their political and economic status within Czechoslovakia has improved since 1968, when federalization was enacted—the only surviving major feature of the Dubcek reform period. Accordingly, they would seem to have less reason to oppose a regime headed by a Slovak. On the other hand, many Czechs are known to resent bitterly the present federal structure, which they feel has the minority Slovaks in dominant Party-Government positions.

Other Shortcomings

Some non-communists reportedly question the motives of various leading activists in the movement. Particularly the ex-communists are distrusted and viewed as using the Charter movement as a vehicle from which to attack those communists in power. The ex-communists are criticized as opportunistic and insincere, since they now espouse the civil and human rights which they had ignored while holding Party positions.

Although some factionalism evidently existed within the Charter movement in its early stages (e.g., between ex-communists and anti-communists, Catholics and atheists), the divisions deepened as the membership grew and became more diverse. The first three spokesmen—philosopher-professor Jan Patocka, playwright Vaclav Havel, and former Foreign Minister Jiri Hajek—were well known in Czechoslovakia and abroad, and commanded respect and authority. (Neither Patocka nor Havel was communist; both in fact had been persecuted by the regime. Hajek, a professor, served as Foreign Minister under Dubcek; he was among the first of the reformers to be purged after the invasion.)

Factionalism became more of a problem for leaders of the Charter after Patocka's death in March 1977. Younger members were said to favor more aggressive, confrontational tactics, while Hajek and others

counselled that the movement should remain within the “strict confines of legality.” Disillusionment with increasing factionalism may have been a main factor in Hajek’s decision to resign as spokesman—although the view that the position should rotate annually was obviously a factor. Those spokesmen who later came to represent the movement have not been able to use their influence to resolve differences—in part, because of their lesser prominence at home and abroad. While acknowledging divisions, some Chartists dismiss them as of little consequence, underscoring instead the common goal of the struggle for human rights.

Organizers of the Charter clearly recognized that concentrating the movement in the capital city of Prague would be a disadvantage, but they had little choice. They sought to avoid police attention by limiting their contacts outside Prague; some who played a prominent role in the establishment of Charter 77 had been under police surveillance and any travel outside the city would have been duly scrutinized. Moreover, such travel would have given the impression that a “conspiracy” was underway or that attempts were being made to found an “organization,” for which Ministry of Interior approval is necessary and would never have been granted.

Prospects

Prospects that the movement will accomplish its goals remain as bleak as ever, since:

—The regime has all the necessary levers of power and coercion at its disposal, and will not hesitate to use them if threatened. It also sees no reason to consider any “dialogue” with the Chartists, since this could open a Pandora’s box. Prague takes its cue from Moscow, where the attitude toward human rights dissidents is also one of hostility and repression. As a result, Prague can feel confident it has Soviet support for its policies against dissent.²

—The failures that have plagued the Charter movement from the outset (above all, the lack of popular support) have not been reversed, with little prospect for improvement in the foreseeable future. The movement is likely to remain concentrated in Prague, with the intelligentsia its hard core and driving force.

Despite these bleak prospects, the movement deserves respect, admiration, and sympathy for its ability to survive thus far and for its willingness to confront the regime in the face of overwhelming odds.

² Prague would hardly have conducted the October 1977 trials of the four dissidents without Moscow’s approval—coming as they did at a most sensitive time during the CSCE review conference. Similarly, it is unlikely that Prague would try those Chartists now under arrest without informing Moscow beforehand and gaining its understanding and approval. [Footnote is in the original.]

111. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, October 22, 1979

SUBJECT

Trial of Czech Dissidents (U)

The trial of six of the ten Czech dissidents began today. Only family members of the defendants were allowed inside the courtroom. (C)

The beginning of the trial raises the question of how we should respond. You indicated on my Evening Report of October 16th² that you felt our Ambassador, Frank Meehan, should be called back for consultations. In principle, I agree; but I suggest that we wait until the end of the trial to see how it is conducted and what the sentences are before recalling Meehan. State concurs. (C)

There are two reasons for this:

- Our reaction will in part depend on the severity of the sentences;
- There may be other trials (either of the remaining Chapter 77 members or of the priests arrested several weeks ago. (C)

In the meantime, I would recommend that we do the following in response:

—Postpone the scheduled visit by Deputy Assistant Secretary Barry to Prague, planned for November 5–6;³

—Publically condemn the trials as a violation of the Helsinki Final Act;⁴

—Postpone the tabling of the Czech gold claims proposal and let the Czechs know privately the reasons for our decision.⁵ (C)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 17, Czechoslovakia: 1/77–1/81. Confidential. Sent for action

² In an Evening Report dated October 16, Larrabee informed Brzezinski that rumors were circulating in Prague that the dissidents would be put on trial October 22. Brzezinski marked the paragraph and wrote "Our Ambassador should come home *for consultations*" in the margin. (Carter Library, National Security Affairs, Brzezinski Material, Staff Evening Reports File, Box 24, 10/16–19/79)

³ Brzezinski wrote "Yes" in the margin next to this paragraph. The Department informed the Embassy in Prague of the decision in telegram 277453, October 24. (National Archives, RG 59, Central Foreign Policy File, D790488–0336)

⁴ Brzezinski wrote "Yes" in the margin of this paragraph

⁵ Brzezinski placed a question mark in the margin next to this paragraph

Again, we may wish to recall Meehan, but I recommend that we wait and see how the trial develops before taking any precipitous action. (C)

RECOMMENDATION: That the decision whether to recall Meehan be taken at the end of the trial.⁶

⁶ Brzezinski did not approve or disapprove the action but wrote in the margin "Wouldn't we be better off if he came home now—and then returned? I am not sure about the gold at this time."

112. Telegram From the Department of State to the Mission to NATO and the Embassy in Czechoslovakia¹

Washington, October 27, 1979, 0015Z

279993. Subject: (U) Dissident Trial—US Response. Ref: A) State 277357; B) Prague 3720.²

1. (C-entire text).

2. The following are the steps which we are taking in response to the outcome of the trial of the six dissidents in Prague.³ We believe these steps will impress the Czechoslovak Government with the seriousness of our concern.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790491–0026. Confidential; Immediate. Also sent for information to Belgrade. Drafted and approved by Barry; cleared by Larrabee, Gilmore (EUR/EE), and Gharrison (EUR/RPM).

² In telegram 277357 to Prague, October 24, the Embassy reported the comments made by Department Press Spokesman Hodding Carter at the October 24 press briefing regarding the trials of Czechoslovak dissidents. (National Archives, RG 59, Central Foreign Policy File, D790488–0250) In telegram 3720 from Prague, October 22, the Embassy recommended that the Department be prepared to take a position once the sentences were handed down. (National Archives, RG 59, Central Foreign Policy File, D790483–1159)

³ In telegram 3752 from Prague, October 24, the Embassy reported that the defendants were found guilty and sentenced to time in prison ranging between 2 and 5 years. The Embassy also reported that the sentences for Uhl, Havel, and Benda were lighter than requested by the prosecutor and an appeal by the prosecution was not excluded. (National Archives, RG 59, Central Foreign Policy File, D790487–0513) In telegram 3765 from Prague, October 24, the Embassy described the trial as "a new low in Czechoslovak jurisprudence" and that the defense lawyers had been timid and ineffective. (National Archives, RG 59, Central Foreign Policy File, D790487–1133)

A. Return of Ambassador Meehan for consultations. We are asking Ambassador Meehan to return to Washington at his early convenience for about one week of consultations to discuss US-Czechoslovak relations in light of the trial.⁴

B. Press statement. The Department spokesman issued a strong statement condemning the trials and the unreasonably harsh sentences on October 24.⁵

C. Protest to Czechoslovak authorities. DAS Barry called in Czechoslovak Ambassador Johanes on October 25 to express strongly held US views about the trial.⁶ Ambassador Meehan was instructed to follow up in Prague.

⁴ In telegram 279940 to Prague, October 26, the Department wrote to Meehan "We have decided that it would be useful to consult with you on where we go in our relations with Czechoslovakia in the wake of the dissident trial" and that, after delivering a *démarche* on the trial to Czechoslovak authorities, Meehan should return to Washington. (National Archives, RG 59, Central Foreign Policy File, D790490-1051) In telegram 3799 from Prague, October 29, the Embassy reported that the Ambassador briefly discussed the trials with Jablonsky on October 26 at the Austrian National Day reception and set up an appointment at the Foreign Ministry for October 30. (National Archives, RG 59, Central Foreign Policy File, D790495-0258) During the October 29 press briefing, the Department publicized that Meehan had been recalled for consultations. (Telegram 282873 to Prague, October 30; National Archives, RG 59, Central Foreign Policy File, D790496-0986) The next day, the Foreign Ministry canceled Meehan's meeting with Jablonsky and Meehan left Prague without making an official *démarche*. Embassy Chargé Morton was called to the Foreign Ministry on October 30, where Sixth Department Director Jancik stressed that cancelation of the Meehan-Jablonsky meeting was due to USG statements on dissident trials. Reporting on the conversation in telegram 3860 from Prague, November 1, Morton suggested that, based on the tone rather than content of the presentation as well as reports from other Western Embassies in Prague, the Czechoslovak "MFA is clearly unhappy about effects of trial." Morton also noted that while other Western diplomatic representatives "were out in less than 15 minutes," following their meeting at the Foreign Ministry, "drafters of protest to US obviously emptied their files in searching for grievances to repeat." (National Archives, RG 59, Central Foreign Policy File, D790500-0586)

⁵ The statement was sent to the Embassy in telegram 277357 to Prague, October 24. The statement condemned the trials and the sentences given the dissidents and stressed that the Department would continue to speak out against violations of human rights "wherever they occur." The statement concluded: "The human rights of Czechs and Slovaks and their freedom to exercise these rights have obviously been a matter of interest to some of Czechoslovakia's neighbors who have had more than a little influence over the 'internal affairs' of that country, in particular during the past eleven years." (National Archives, RG 59, Central Foreign Policy File, D790488-0250)

⁶ Barry called Ambassador Johanes on October 26 to deliver the U.S. protest on the dissident trials. The Department reported the conversation in telegram 279131 to Prague, October 26. Barry told Johanes that the harsh sentences given the dissidents would affect the consultations the Department was having with Congress on a new claims/gold proposal. (National Archives, RG 59, Central Foreign Policy File, D790490-0591) A week earlier Barry had cautioned Ambassador Johanes that Czechoslovak human rights behavior would affect the attitude in Congress toward any new proposal made by the Department on the claims/gold issue. (Telegram 274486 to Prague, October 19; National Archives, RG 59, Central Foreign Policy File, D790480-0963)

D. Visits. We cancelled the visit to Prague of DAS Barry scheduled for November 5 and 6 and informed the Czechoslovak Government in Washington and Prague that the cancellation was a result of the trials.

3. For USNATO. Please advise the NAC of the steps we have taken and report steps taken by others.⁷

Christopher

⁷ In telegram 3928 from Prague, November 7, the Embassy reported the reactions from other Western countries to the dissident trials in Czechoslovakia, noting that while some meetings were to go on as planned, several Western governments had canceled or postponed travel to Prague. The Embassy reported that visits were "hostage to likely reaction pending trial of four more dissidents. Consensus of NATO Chiefs of Mission is that regime has decided internal considerations heavily outweigh foreign policy." (National Archives, RG 59, Central Foreign Policy File, D790517–1106)

113. Telegram From the Department of State to the Embassy in Czechoslovakia¹

Washington, February 21, 1980, 1910Z

46720. Subject: Claims/Gold Proposal. Ref: (A) Prague 517; (B) 79 State 240364.²

1. (C-entire text)

2. Despite the generally inauspicious circumstances prevailing now, the Department is considering the desirability of moving on the Czechoslovak claims/gold question in the near future. We are contemplating tabling by next month in Prague the claims/gold proposal which has been under consideration with the following revisions:

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800091–0872. Confidential; Priority; Exdis. Drafted by Johnson; cleared in draft by Crook and by Schmidt and Larrabee; approved by Barry.

² Telegram 517 from Prague, February 11, is unrelated to the subject of this telegram. (National Archives, RG 59, Central Foreign Policy File, D800073–0665) Telegram 240364 to Prague, September 12, 1979, reported the U.K. Government position that Senator Long's proposal of vesting and selling the Czechoslovak gold was illegal. The Department also reported that the United Kingdom had become impatient with the length of time the United States was taking to resolve the claim issue and was interested in proceeding with its own settlement. (National Archives, RG 59, Central Foreign Policy File, D790418–0244)

—A 100 [percent] cash settlement of the remaining principal value of the claims (\$66.5 million);

—Simultaneous delivery of the gold (now worth \$420 million)

—Full cash settlement of the surplus property debt (\$8 million). (If a concession became necessary during the course of the negotiations to obtain a high settlement for private claimants, we would be willing to consider accepting some or all of this government debt in crowns.)

3. In the changed conditions of 1980, raising the ante to this level may not be unreasonable. We believe there is at least a slight chance the GOC would agree to negotiate on such a proposal. We considered Deputy Foreign Minister Jablonsky's reaction to the Ambassador's suggestion (ref A)³ a positive sign in this direction. A further indication of possible GOC flexibility was reported by Paul Lyet of Sperry Rand. Lyet said that at a February 12 dinner with Ambassador Johanes and other Embassy officers, Johanes informed Lyet that several American lawyers had asked him why Czechoslovakia refused to settle the claims. Johanes said that he told them responsibility for making a proposal lay with the State Department. He asked Lyet rhetorically what the American claims were—\$75 million? Then, with appropriately expansive gestures, he said, "we'll settle for 100 cents on the dollar." Even in the much more likely event they refuse, we would have at least attempted to carry out our responsibilities to the claimants and our mandate from Congress.

4. We believe the following factors argue for going ahead now:

—(1) The astronomical price of gold has unquestionably improved our bargaining position. Proposing a 100 [percent] cash settlement of the claims and having some reasonable expectation of achieving it is no longer unrealistic;

—(2) The prospect of having \$385–500 million in ready hard currency should be very appealing to the GOC with its troubled economy and the imminent prospect of increased hard currency energy expenditures;

³ Ambassador Meehan met with Jablonsky on January 30 to discuss the state of U.S.-Czechoslovak relations. The Department cabled the Embassy with some informal suggestions as to how the Ambassador might probe Czechoslovak willingness to settle the claims/gold matter in light of the growing value of the Czechoslovak gold. (Telegram 25629 to Prague, January 29; National Archives, RG 59, Central Foreign Policy File, D800052–0743) Ambassador Meehan reported his conversation in telegram 400 from Prague, January 31. Jablonsky, Meehan reported, did not immediately reject the suggestion that Czechoslovakia might need to pay \$64 million representing the full amount of claims, but rather he asked if MFN would be part of that package. (National Archives, RG 59, Central Foreign Policy File, D800059–0498)

—(3) The half billion dollar gold prize is again sparking interest in the U.S. in vesting—for example, the Merrigan investment initiative—and we can reasonably expect this pressure to grow;

—(4) The British are continuing to press for our agreement to the delivery of the gold so that they can get on with their own claims settlement. Unless we are able to demonstrate some movement in the near future, they may seriously propose that the Commission order the delivery of the gold held by the Bank of England to enable HMG to bring into effect the 1964 UK-Czechoslovak agreed minute (ref B).

—(5) Although we have legitimate reasons for failing to make a new proposal after Congress repudiated the 1974 Agreement, our position is vulnerable to attack from the interested parties. The claimants say we have done nothing to advance their interests since 1974, and that inflation has seriously eroded the value of any settlement. Congress can point to the clear mandate it gave in 1974 to renegotiate the 40 agreement. And the Czechoslovaks can say that they have demonstrated their intention to fulfill their legal obligation to the owners of the nationalized property by twice agreeing to pay compensation. They can also point to our failure to return to the bargaining table despite our unilateral repudiation of both ad referendum agreements;

—(6) It would be more difficult to prevent Congress from mandating the vesting of the gold than it was to defeat the 1976 lawsuit. If vesting legislation were enacted, we would have considerable difficulties with the French and British Governments, and our relations with Czechoslovakia would be poisoned for years to come; and

—(7) Assuming that the GOC did not reject the proposal out of hand, we would be able to point to continuing negotiations to deflect congressional proposals to vest the gold, as well as “separate peace” proposals from the British.

5. We see the following objections to proceeding as recommended above, but we do not believe any of them to be overriding:

—(1) The chances of achieving a 100 [percent] cash settlement in the very near future are admittedly not great. Only Yugoslavia, among the Eastern European countries, paid anything approaching this amount. (It is interesting to note, however, that the primary reason for the high percentage of the Yugoslav settlement, which was reached in 1948, was the fact that we held Yugoslav monetary gold valued in excess of our claims against the GOY);

—(2) Reopening the negotiations with the Czechoslovaks at this time could be seen as a signal that we intend to proceed with “business as usual”, despite Czechoslovak support for the Soviet invasion of Afghanistan and continued repression of dissidents;

—(3) Tabling this proposal could raise unrealistic expectations among the claimants. If these expectations are not fulfilled, they could

lead to increased pressures for Congress to vest the gold with the consequent adverse legal and political results; and

—(4) The Czechoslovaks could regard the proposal as insulting, and our already bad bilateral relations would become even worse.

6. Despite the problems and objections, we believe it prudent and desirable to move ahead at this time. If we are to do so, however, we need to get cracking now. We would appreciate the Embassy's comments/counter proposals on the foregoing.⁴

Christopher

⁴ In telegram 648 from Prague, February 22, the Embassy responded that it agreed fully with the Department's assessment of the situation and proposed next moves. (National Archives, RG 59, Central Foreign Policy File, D800093-0016)

114. Action Memorandum From the Assistant Secretary of State for European Affairs (Vest) to the Under Secretary of State for Political Affairs (Newsom)¹

Washington, April 30, 1980

SUBJECT

Circular 175 Authority: Claims/Gold Agreement with Czechoslovakia

ISSUE FOR DECISION

Whether to authorize our Ambassador in Prague to negotiate and conclude an agreement with Czechoslovakia settling nationalization claims and other financial issues.

ESSENTIAL FACTORS

Despite the more than 30 years which have passed since World War II ended and the Communists seized power in Prague, unresolved financial disputes from that era continue to bedevil our relations with

¹ Source: National Archives, RG 59, Office of the Assistant Legal Adviser for European Affairs, Country Files, 1950-1986, Lot 89D336, Box 11, Czech: Gold Working File. Confidential. Sent through Counselor Ridgway; drafted by Johnson; cleared by Schmidt and Barry and in E, H, EB, L/EUR, and Treasury. Barry initialed the memorandum for Vest. According to a stamped notation, Newsom saw the memorandum on May 5.

Czechoslovakia. We have not been able to conclude a satisfactory agreement on compensation for the claims of American citizens and corporations whose property was nationalized during the early post-war period or on several other related financial issues. The Foreign Claims Settlement Commission has adjudicated the value of the claims in 1958 as \$72.6 million in principal and \$41 million in interest. In return, we have refused to consent to the delivery to Czechoslovakia of the remaining portion (18.4 metric tons) of its share of the Nazi-looted monetary gold which the Allies recovered at the close of the war. We have also maintained blocking controls on approximately \$1.4 million of Czechoslovak assets in the United States and have refused to consider granting MFN status to Czechoslovakia.

The Gold

We are a member of the Tripartite (U.S., U.K., France) Commission for the Restitution of Monetary Gold, established by multilateral agreement in 1946 to marshall all monetary gold found in Germany and to allocate it among the countries whose gold was looted by the Nazis. Unanimity is required for the Commission to effect delivery of the remainder of the share it allocated to Czechoslovakia in 1947 and we have so far not consented to such action. The French would like to see the gold delivered, having settled their claims in 1950. The British are even more interested since under a 1964 UK-Czechoslovak agreed minute, settlement of British claims will begin only after the gold is delivered. The British have, in fact, been pressing us rather actively during the past year to get on with a settlement.

Past Claims/Gold Negotiations

Serious discussions with the Czechoslovaks on these issues have taken place intermittently since 1949 and twice we have reached *ad referendum* agreements. In both cases, however, Congress objected to the claims settlement as too low. Most recently, a 1974 settlement for \$29 million or approximately 40 cents on the dollar (typical of our settlements with other Eastern European countries) was repudiated by section 408 of the 1974 Trade Act added at the insistence of Senators Long and Gravel. The Trade Act also requires that any future agreement be approved by Congress. Our efforts to resume negotiations since that time have regularly been thwarted by a souring of the political atmosphere caused by repressive measures of the Czechoslovak Government against its dissident citizens. We had obtained interagency agreement last fall to propose a claims settlement of \$51 million (70 percent of the adjudicated principal with no interest).² We did not go

² See Document 109.

forward with the proposal at that time because of the trial of six dissidents in Prague in October.

With the rise in the price of gold to its present level (at \$500 per ounce the Czechoslovak gold is worth about \$300 million), our negotiating leverage has increased substantially as has the pressure on us from the claimants for a good and rapid settlement. It now should be within the realm of possibility to obtain a claims settlement which will be acceptable to the claimants and to Congress and to reach a satisfactory resolution of the other issues involving USG financial interests. Such an outcome would move our bilateral relations with Czechoslovakia out of their long stagnation and increase our policy options in dealing with that country.

Our Proposal

We intend to propose to the Czechoslovak Government that we renegotiate the provisions of the 1974 *ad referendum* agreement relating to the amount to be paid by Czechoslovakia in settlement of U.S. claims and that we leave the other provisions as agreed in 1974. We would initially propose that the Czechoslovak Government make a lump sum claims payment of \$105.1 million (100 percent of the outstanding principal and interest awarded by the Foreign Claims Settlement Commission). The central elements of the proposal are described in the attachment at Tab 2.³

Our initial proposal of \$105 million will be much higher than our opening position in the negotiations which led to the failed 1974 agreement (\$26 million), although commensurate with the increase in the value of the Czechoslovak gold. It also exceeds the settlement levels with other Eastern European countries. There are several reasons for a high opening position. Initially, it seems clear that Congress will not approve a settlement which is not much more favorable to American claimants than the failed 1974 agreement, particularly in light of the greatly increased value of the gold. Our proposal will give us negotiating room to reach an eventual settlement acceptable to Congress. Moreover, this proposal responds to Congressional suggestions that we should seek interest on the value of U.S. citizens' claims.⁴

³ Tab 2 is attached but not printed.

⁴ The Department of the Treasury suggested using the demand for interest as a means to improve the U.S. negotiating position and ensure that Congress would have its concerns about interest addressed when the agreement went to the Hill for approval. The Treasury position was reported in telegram 72571 to Prague, March 19. (National Archives, RG 59, Central Foreign Policy File, D8000140-0224) In telegram 1037 from Prague, March 24, Ambassador Meehan responded that such a position "verges on the unreal" and "could throw the previous basis of negotiation out the window." "We think" Meehan wrote, Czechoslovakia "would receive the 105 million figure as a naively exaggerated bargaining tactic or else as a signal we are not serious about negotiating." (National Archives, RG 59, Central Foreign Policy File, D800170-0605)

Because of the level of our proposal, there is a risk that the Czechoslovaks will not be willing to enter into meaningful negotiations; however, we believe that the substantial increase in the value of the gold provides an incentive for the Czechoslovak Government to consider our proposal seriously and to make a reasonable response. Moreover, the Czechoslovaks will expect us to present an initial position that will allow some bargaining room.

If the Czechoslovaks do reject our proposal to resume negotiations, we will have in any event sought to satisfy the mandate of section 408 of the Trade Act to renegotiate the 1974 Czechoslovak Claims Settlement Agreement. However, such an outcome could also result in increased pressure from the claimants and from Members of Congress for the U.S. Government to vest the gold to satisfy U.S. claims.

Congressional and Public Consultations

We consulted extensively last fall with interested Members of Congress on the terms of a settlement. With the important exception of Senator Long, all of the Members consulted indicated they would be willing to support a settlement in the range of 50%. Since our present proposal meets even Senator Long's expressed requirement for "100 cents on the dollar," we believe that he will not block a settlement at or near this figure. Similarly, we have discussed the terms of a possible settlement with a number of the claimants or their representatives. They would be delighted to receive anything close to 100% of the principal value of their claims. The claimants, many of whom are elderly, are anxious for a settlement, and many are disgruntled with our failure to obtain one since 1974. Individuals who were active in obtaining Congressional disapproval of the 1974 agreement are now lobbying for legislation to use the gold to compensate the claimants directly and we understand some Members of Congress are prepared to introduce such legislation.⁵ Taking such a step without the agreement

⁵ Congressman Lester L. Wolff (D-New York) introduced H.R. 7338 on May 13, which directed the Secretary of the Treasury to "take full possession of all Czechoslovak gold located in the United States, if a settlement agreement is not submitted to Congress or such agreement has not been approved by Congress, within 60 days of enactment of this act." The proceeds of the sale would be invested in U.S. and foreign securities, and all interest accrued from the investment deposited into the Czechoslovak Claims Fund for payment of claims. The bill also directed the Secretary of State to negotiate with the United Kingdom and France on the vesting of Czechoslovak gold in the United Kingdom, to be used in conjunction with the vested gold in the United States for payments to claimants. The bill was referred to the House Committee on Foreign Affairs. A joint hearing was held by the Subcommittee on International Economic Policy and the Subcommittee on Europe and the Middle East on August 19. In telegram 229046 to Prague, August 28, the Department reported: "most of the subcommittee members present were clearly sympathetic to the concerns of the claimants" and that "the administration's presentation regarding the desirability of a negotiated settlement and the legal and political problems which the bill presented did not appear to have had much effect." (National Archives, RG 59, Central Foreign Policy File, D800410-1048)

of the UK and France—who have told us unambiguously they would oppose it—would clearly violate specific U.S. international legal commitments.

If we can establish with the Czechoslovak Government that a basis exists for fruitful negotiations, we will conduct more comprehensive consultations with a broader range of the claimants. Immediately prior to tabling our new proposal, we will advise Senator Long and several other Members of Congress with particular interests in this issue of our plans. We will also consult with them periodically during the course of the negotiations. Such consultations will be critical, since the approval of Congress would be required under the terms of Section 408 of the Trade Act of 1974 in order for the agreement to enter into effect, and related legislation would be required to authorize the Foreign Claims Settlement Commission to adjudicate claims arising after 1958. A legal memorandum on the agreement is attached at Tab 1.⁶

RECOMMENDATION

That you authorize our Ambassador in Prague to negotiate and conclude a claims agreement with Czechoslovakia as described above, subject to concurrence by EUR, L, EB, H and other appropriate bureaus and agencies.⁷

⁶ Tab 1 is attached but not printed.

⁷ Newsom approved the recommendation on May 6.

115. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, July 21, 1980

SUBJECT

Revised Claims/Gold Proposal for Czechoslovakia

I. Background

State had planned to table a proposal for a settlement of the Claims/Gold issue in October 1979, but its efforts were suspended at that time due to the trial of 6 Czech dissidents. In May of this year State proposed renewing its efforts to settle the issue with a revised proposal which included:

—A 100 percent cash settlement of the remaining principal value of the claims (\$66.5 million);

—Simultaneous delivery of the gold (now worth \$420 million);

—Full cash settlement of the surplus property debt (\$8 million). (C)

At that time I sent a memo to Zbig informing him of State's intention, which was forwarded to Madeleine for comment. (Tab A)² After Madeleine looked into the Congressional situation, she recommended going forward, and Zbig approved the recommendation. (Tab B)³ (C)

II. Rationale

The main reason for moving forward now—even in an election year—is that a bill (HR 7338) was introduced into the House by Congressman Wolff on May 13 to vest the gold—despite efforts by State to head it off. The essence of the Wolff bill is that the Secretary of the Treasury would be instructed to sell any of the gold allocated to Czechoslovakia which is in the custody of the United States, invest the proceeds in interest-bearing securities, pay the American claimants from the interest, and return the principal to Czechoslovakia after the claims are settled. (C)

Such action would be contrary to the Tripartite Agreement signed with the British and French in 1946 which stated that the gold would

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 17, Czechoslovakia: 1/77–1/81. Confidential. Aaron forwarded the memorandum to Brzezinski with a handwritten note: "ZB—Note see p. 2."

² Tab A, a May 19 memorandum from Larrabee to Brzezinski is attached but not printed. The memorandum was forwarded to Madeleine Albright on May 20 by David Aaron.

³ Tab B, a May 22 memorandum from Albright to Brzezinski and Aaron, is attached but not printed.

be returned to Czechoslovakia upon agreement between the three partners. Moreover, under the Wolff Bill the claimants would have to wait 14–25 years to get their money, whereas under State's proposal, once the issue had been settled, they could get their money immediately. (C)

III. Domestic Implications

State's decision to move forward was taken after close consultation with Congress and the Czechoslovak-American community. Among those in Congress concerned with the issue, there was considerable sentiment that State should finally get the issue settled. The Czechoslovak-American community, particularly the Czechoslovak National Congress, also supported an equitable settlement of the issue because many of the claimants were getting old and were about to die. (C)

In short, while an election year is obviously not the most propitious time to table a proposal, our hand was forced by Wolff.⁴ However, unlike the return of the Crown of St. Stephen to Hungary, in State's view, this is not an issue which is likely to stir up a hornet's nest domestically.⁵ (C)

Our proposal envisages a settlement of about 160 percent of the original principal, thus allowing us to show firmness to any domestic critics. (It should be noted in this regard that claims settlements with China and other East European countries were considerably less: Poland—41%; Romania—39%; Bulgaria—63%; Peking—42%. Moreover, our present proposal with Czechoslovakia is considerably better than the 1974 proposal, which envisaged a 41% settlement.) (C)

No thought is being given to improving relations with Prague (though a settlement would clear the decks for such an improvement if and when it became politically desirable). Lastly, any settlement is far down the road. The Czechs have reacted negatively to our proposal because it is high and so out of line with other settlements, and they are not likely to agree even to begin negotiations for some time. (C)

⁴ See footnote 5, Document 114, for background on the Wolff bill.

⁵ Aaron highlighted this passage with an arrow in the margin. He wrote at the bottom of the memorandum: "ZB—Question is: Will Wolff bill pass this year? If not, why press it now? I think we should slow this down. DA." Brzezinski responded: "DA. Slow it down. I tend to feel the same way. ZB."

116. Telegram From the Embassy in Czechoslovakia to the Department of State¹

Prague, November 26, 1980, 1404Z

4344. USCINCEUR, CINCUSAFE, and CINCUSAREUR for POLADs. Subject: Czechoslovakia at the End of 1980—An Overview.

1. (C-entire text.)

2. This is a background report which may be useful in briefing the transition team. For more extensive discussion of certain areas we recommend reference to Prague A-4, "Czechoslovakia Isn't Working," and Prague A-16, "Czechoslovak Looks Inward."

3. The outstanding impression of Czechoslovakia today as it has been for a decade, is of an apathetic, disengaged population ruled by a nervous, unselfconfident regime. The regime, imposed by Soviet pressure in 1969, has never been able to convince the people, the outside world or, seemingly, itself of its legitimacy. The trauma caused by the crushing of the Prague Spring of 1968 has kept the regime fearful of innovation and unwilling to take any step that might cause Moscow to raise an ideological eyebrow. This attitude has contributed heavily to the stagnation which now afflicts the economy.

4. After the brief orgy of liberalization in 1968 the people have retreated into mass apathy, appearing to concern themselves entirely with consumer spending, recreation, and work avoidance. Politics, including the small manifestations of intellectual dissidence, leaves the masses cold and Party membership is seen by most simply as a means of advancing careers. The regime, fearing outbursts of popular resistance a la Poland, has been reluctant to raise the currently subsidized prices to world levels and has so far kept action on improving work discipline to exhortation. It has since the Polish disturbances chosen to give in to workers' demands in unpublicized local labor disputes rather than risk confrontation.

5. The Czechoslovak economy is sick. The strong industrial plant with which Czechoslovakia emerged from World War II is now by any standards obsolete and energy inefficient. Dependent almost entirely on imports for raw materials and energy, it has had to adjust to sharp rises in prices, even for goods supplied by the USSR, supplier of almost all of Czechoslovakia's oil and much of its other raw materials. At the same time its industrial products have become steadily less

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800566–1066. Confidential; Priority. Sent for information to Belgrade, East Berlin, Bucharest, Budapest, Moscow, Sofia, Warsaw, and USCINCEUR, CINCUSAFE, and CINCUSAREUR.

competitive in both world and CEMA markets. The above-noted fear of policy innovation, unmotivated work force, and obsolete plant create almost unsuperable problems for economic policymakers, made no easier by traditional GOC reluctance to borrow heavily abroad. Problems are such that as of this date neither the 1981 economic plan nor the 1981–85 five-year plan has yet been completed. A set of measures to invigorate management of industry within the scope of a central plan is to be put into effect in January 1981, but no observer expects any revolutionary improvement to result. On the agricultural side, it has had to turn to the West for feed grains in fairly sizable amounts and must scabble to fulfill demand for meat.

6. Czechoslovak trade, which accounts for over 30 percent of national income, is being sucked increasingly into the mire of the Comecon economies. The causes are Czechoslovak dependence on Soviet energy sources. Competitive inability to earn sufficient hard currency to diversify sources, and increasing Soviet success in promoting economic integration. Fifty percent of Czechoslovakia's exports of machinery and equipment (traditional hard currency earners) are already going to the Soviet Union and an additional 30 percent to other Comecon countries. This trend is not contrary to the wishes of many Czechoslovak planners, who would rather see their country as an equal partner in a second-rate economic grouping than a second-rate country in world markets. The consequence is a decline in Czechoslovak opportunity for economic maneuver, just as the country has already lost its opportunity for political maneuver in the international arena.

7. The economic slowdown of the past two years has been accompanied by stiffened internal political controls. The current leadership is intensely aware of the potential social impacts of economic decline and its self-imposed policy limitations. It is putting the people, especially real or potential dissidents, on notice that it is prepared to ensure its survival over the difficult times ahead.

8. In foreign policy Czechoslovakia continues to be the most fervent supporter of Soviet policies and frequent mouthpiece for Soviet views, as it has been at the Madrid CSCE review. It pursues an activist policy, marked by many exchanges of visits, acts as a Soviet surrogate in certain Third World areas, and has some foreign aid responsibilities, most notably in Indo-China and Afghanistan.

9. Our bilateral relations with Czechoslovakia remain basically deadlocked pending resolution of the longstanding claims/gold issue. Our refusal to grant Czechoslovakia MFN rankles. Scientific exchanges continue but cultural exchanges are down to a trickle; across the board, lack of an exchange agreement leaves us with no means of enforcing reciprocity. Arranging normal contacts with officials remains extremely difficult. Heavy-handed anti-American propaganda fills the media

almost constantly, poisoning the atmosphere. Seemingly pointless harassment, bureaucratic delay, and general obstruction of American tourists by Czechoslovak authorities led the Embassy in July of this year to request the Department to issue an advisory warning travelers of possible difficulties. On the positive side, however, the Czechoslovaks have worked steadily to resolve divided family cases, reducing the Embassy's list of immediate (nuclear) families awaiting reunification in the West to two cases involving three individuals.

10. While the Czechoslovak side must bear the brunt of the blame for the propaganda atmosphere, the US side is not blameless. Czechoslovak officials perceive statements by US officials as part of a discriminatory policy, which makes a scapegoat of this country to further US policy goals with other countries whose human rights practices seem no less worthy of criticism. Quite clearly at the Belgrade CSCE Review Czechoslovakia served as a surrogate for the Soviet Union in receiving criticism from US delegates. With some justice GOC officials point out that positive factors, such as family reunification progress, tend to be ignored.

11. The outlook for bilateral relations is not bright. We are attempting to negotiate a claims/gold settlement before pending legislation requires us to seize the gold we hold and invest it to pay the claims, but can have no great assurance of success.² Should that issue be resolved, some modest progress would be possible: The dormant Consular Convention would take effect, an exchanges agreement might be signed, permitting a modest increase in our information programs. As long as the Jackson-Vanik provisions of the Trade Act remain law, we foresee no early possibility of giving Czechoslovakia MFN and, failing that, no likely surge in agricultural trade. Our interests in Czechoslovakia are simply too few to provide an impetus for much improvement in bilateral relations.

12. The outlook is not, however, completely dark. In spite of 35 years of Soviet hegemony and an ever-increasing integration of the economy into the Soviet sphere, the Czechoslovak people remain Western oriented. The ties of emigration remain strong, with hundreds of thousands of Americans claiming Czech and Slovak ancestry. VOA and other Western radios, plus Austrian and West German TV, have large, regular audiences and any Western cultural attraction has a real sell out. In fact, this is a basic problem the regime faces—35 years of

² The agreement on Czechoslovak payment of claims for expropriated U.S. citizens was initiated on November 6, 1981, in Prague Congress passed a resolution approving the deal on December 15 and President Reagan signed it on December 29. As part of the deal, the Czechoslovak Government agreed to pay \$81.5 million to the claimants.

unremitting Communist propaganda have failed to change the Western orientation and basic values of the people.

13. Maintaining this Western orientation has over the years been our major policy thrust in Czechoslovakia. We have never been able to get any of post war regimes to exert independence of Moscow, but neither has Moscow ever been able to develop confidence in the loyalty of the Czechoslovak people to Soviet aims. Without such confidence the Kremlin cannot count on Czechoslovakia as a strong left flank for Warsaw Pact forces facing NATO forces in West Germany. We assume that future policies toward Czechoslovakia will be basically designed to deny it that confidence.

Morton

German Democratic Republic

117. Telegram From the Embassy in the German Democratic Republic to the Department of State¹

East Berlin, May 16, 1977, 1540Z

6051. Subj: US/GDR Relations: GDR Proposals for Major Expansion. Ref: Berlin 6050² (Notal).

Summary: During May 12 meeting with Charge, Foreign Minister Fischer expressed GDR readiness to expand US-GDR relations noting that CSCE Final Act provided solid basis for such expansion. GDR favored high-level periodic political consultations, increased trade, and cultural contacts. He asserted all humanitarian cases had been resolved, and urged "reciprocity" in granting of visas for journalists. Charge noted that "non-paper" aide memoire³ which Fischer handed over would be carefully studied and responded to as appropriate. We favored development of constructive relationships wherever possible. We were pleased by progress in humanitarian cases, although our records show that not all cases have been resolved, and hoped we could see progress also in emergency family reunification matters. On Consular Convention, our view was that we were waiting for response from GDR side, and we would also like to have some response from them to our suggestion for talks on claims negotiations. Fischer took issue with our view on status of Consular Convention negotiations, but said he would ask his Consular as well as claims people to be in touch with Embassy. He was opposed to double accreditation to US FRG-based journalists to GDR. End summary.

1. In meeting May 12 with Charge, GDR Foreign Minister began presentation by stating that there was a need to accelerate development of relations between the US and GDR. He noted that CSCE provided a solid basis for an expansion of contacts and that US and GDR had been in contact on some non-CSCE related issues. He asserted the GDR had made a variety of proposals to US, adding that the state of relations

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770174-0968. Confidential; Priority. Sent for information to Belgrade, Bonn, Bucharest, Budapest, London, Moscow, Paris, Prague, Sofia, Warsaw, West Berlin, and USNATO.

² The reference is in error. Telegram 6050 from East Berlin, May 16, addressed logistical and bureaucratic matters. The reference is likely to telegram 6040 from East Berlin, May 12, which also reported on the meeting with Foreign Minister Fischer. (National Archives, RG 59, Central Foreign Policy File, D770167-1049)

³ In telegram 6044 from East Berlin, May 16, the Embassy forwarded a translation of the aide memoire. (National Archives, RG 59, Central Foreign Policy File, D770173-0574)

at the present time was really not consistent with what seemed to be possible. He said a regular exchange of views at different levels would enable both sides to resolve problems and at the same time to draw "a balance" in relations. It was their desire to do whatever was possible to give "a constructive impulse" to the expansion of US-GDR relations.

2. Turning to the aide memoire, which he described as a "non-paper", Fischer read selectively from it. The GDR was proposing, [Fischer] said, regular political contacts between competent representatives of both countries; for example, it would be possible for the Foreign Minister to hold such consultations in the second half of 1977 in connection with the UNGA in Washington. The May 18 signing of the ENMOD Treaty⁴ could be another such occasion. Further steps could be taken in arriving at agreements, and Fischer asserted it would not be necessary to elaborate on this point.

3. Another area is trade relations, Fischer said, where the possibilities are much greater than the present levels would indicate. There were also possibilities for expanded commercial and business relations and an exchange of appropriate information. Along the same lines, the GDR still retained its interest in opening a trade office in New York.

4. One should not exclude the expansion also of cultural exchanges. Both sides know what has been done until now, and know more can be done. The GDR, Fischer said, is ready to do more, not only in "purely" cultural exchanges. There could also be exchanges on language training, textbooks, and an agreement between news agencies of both countries.

5. In humanitarian cases, the US knows the principled position and practice of the GDR. Each side of course is free to decide how it wishes to resolve such cases. As far as the GDR is concerned, as Ambassador Sieber had informed Under Secretary Habib,⁵ there were no open questions in this area.

6. Fischer suggested both sides might also consider easing the procedures for granting visas, and went on to say that activities of

⁴ The Environmental Modification Convention (ENMOD), formally known as The Convention on Prohibition of Military or any Other Hostile Use of Environmental Modification Techniques, which banned the use of military and hostile techniques for weather modification, opened for signatures in Geneva on May 18, 1977, and entered into force October 5, 1978. The United States signed the convention on May 18, 1977. The Senate ratified the convention on January 17, 1980.

⁵ In a meeting with Habib on April 26, Sieber conveyed a message for Vance from Fischer (on Honecker's behalf) that "requests made to GDR authorities by official representatives of the US for authorization of marriages between GDR citizens and US citizens, as well as for emigration (uebersiedlung), have been carefully examined. All these requests have been approved." (Telegram 94855 to East Berlin, April 27; National Archives, RG 59, Central Foreign Policy File, D770148-0715)

journalists could also be alleviated. In this regard, he asserted, the GDR is “generous”. It had granted accreditation to an AP correspondent in Copenhagen, and had given him a one year visa. Fischer suggested there should be reciprocal action in granting visas, which would apply first to accredited journalists.

7. Fischer concluded that there were further details and proposals in the aide memoire which he would not dwell on. In the interest of implementing CSCE there were a number of possibilities inherent in the situation that should make it possible for an expansion of relations; for its part, the GDR is prepared to do so.

8. Charge thanked Fischer for his presentation and said that careful attention and study would be given to the aide memoire. The US also favored the development of constructive relations wherever possible, and the Charge was pleased to hear the GDR desired to expand relations with the US. While we would respond later in detail to the aide memoire after we had had a chance to study it carefully, Charge said he wished to make several preliminary comments in response to the Foreign Minister’s remarks. First of all, it would be useful to know what the Foreign Minister meant when he referred to further progress in treaty or “agreement” matters. Fischer said he had in mind such things as the Fisheries Agreement, Postal Agreement, a Consular Convention, etc.

9. Charge noted that, with respect to the Consular Convention, it was our impression, as Charge had recently told Geyer (who was present), that the ball was in the GDR court. After the last round of negotiations, we had presented a counter-draft to the GDR side and had heard nothing official from them since. Conclusion of a Consular Convention would contribute significantly to the further development of our relations.

10. Fischer said, “You know our position.” We don’t feel we have to give you an answer because the US side has not responded to GDR proposals which, in the GDR’s view, represented a compromise between the positions of the two countries. However, since the US side wished to pursue the matter further, he saw no reason why responsible officials from the MFA’s Consular section could not meet with Embassy officials in the near future to see what possibilities might exist for the next round of negotiations. Charge said that while our viewpoint might be different about who owes whom a reply, we would be pleased to get together with the MFA’s Consular division.

11. Charge also noted he had suggested some time ago, in connection with our interest in a claims settlement, that a State Department lawyer would be willing to come to Berlin for the purpose of gaining a better understanding of pertinent GDR regulations and for informing GDR officials about US procedures and practices in claims matters.

Conversely, we would be prepared to receive an appropriate GDR official in Washington for such discussions. As of now, we have heard nothing about this suggestion. Fischer replied that the absence of any mention of claims in their aide memoire did not mean that they had intended to exclude the subject; but it was a matter of their "physical capacity" since they were involved in negotiating claims settlements with a number of countries. They remain interested in being in contact with us, Fischer said, and he would ask a responsible officer to talk with us about "preparations for negotiations." Charge said he thought this could be a useful step.

12. Charge went on to note that, since the Foreign Minister had mentioned the matter of journalists, he had a comment to make. As the Foreign Minister knew, US journalists had expressed an interest in being accredited to the GDR as well as to other countries where they might be resident. Until now, there had been no movement in this area.

13. Fischer responded, saying that the GDR wanted to facilitate the activities of journalists, but he wondered whether it would be right to grant double accreditation. The present arrangement, with accreditation for an AP correspondent in Copenhagen, is better than giving double accreditation to American journalists in Bonn or West Berlin. Were the GDR to do so, he was afraid that some FRG politicians would take it as a demonstration of the "Old Germany", and the GDR was not prepared to give anyone such an idea. They were ready to accredit US journalists who are in Western Europe but not those in Bonn or West Berlin. Perhaps the time will come one day when US correspondents in the FRG might also be accredited to the GDR, but both Fischer and the Charge would probably be older and grayer by then.

14. On humanitarian cases, Charge noted we were pleased by progress we had noted recently. It was a good step forward, as a result of Amb. Sieber's statement to Mr. Habib that all outstanding cases have been satisfactorily resolved, we had checked our files and our records were somewhat different and Charge had asked our Consular section to be in touch with the MFA's Consular section on the matter, and therefore Charge would not bother the Foreign Minister with the details. We would, at the same time, hope that cases involving emergency family reunification will also be resolved satisfactorily. Fischer made no comment on emergency family reunification cases and said that, as long as Embassy and MFA Consular section officers were in touch on other cases he saw no need to respond.

15. Meeting closed with Charge reiterating we would be in touch as appropriate with MFA once we had had opportunity to study "non-paper" thoroughly.

16. Embassy's comments on "non-paper" aide memoire follow septel.⁶

Polansky

⁶ In telegram 6127 from East Berlin, May 23, the Embassy commented that the aide mémoire was "tendentious and disingenuous," and contained nothing new. The Embassy recommended that, though prospects in the cultural area appeared to be improving, there was no reason to accede to East German desires for regular, high-level political consultations. (National Archives, RG 59, Central Foreign Policy File, D770183–0708)

118. Telegram From the Embassy in the German Democratic Republic to the Department of State¹

East Berlin, August 22, 1977, 1902Z

6885. Subject: Presentation of Credentials to Chairman of State Council Honecker. Ref: A. Berlin 6858,² B. State 196718.³

Summary: In a fifty-minute meeting following the presentation of my credentials today, Chairman of State Council Honecker repeatedly stressed the GDR's desire to move forward in developing good bilateral relations with the United States. In this connection he emphasized the need for good US-Soviet relations as a factor in developing US-GDR cooperation. He hoped the dialogue between the US and the Soviet Union on SALT and other such matters would continue. Honecker supported the Foreign Minister's forthcoming comments (ref A) on outstanding bilateral issues of interest to us, including humanitar-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770303–0045. Confidential; Immediate.

² The reference is in error. Telegram 6858 from East Berlin, August 22, reported the status of the grain harvest in the German Democratic Republic and the challenges faced by the East German Government. (National Archives, RG 59, Central Foreign Policy File, D770301–0794) Reference is likely to telegram 6855 from East Berlin, August 19, which reported the conversation between Bolen and Foreign Minister Fischer. See footnote 6 below.

³ Telegram 196718 to East Berlin, August 18, provided the text of the oral presentation to be made by Bolen in his meeting with Honecker. Bolen was instructed to stress, among other things, that progress in bilateral relations depended on a fruitful and quick resolution of the Consular Convention between the two countries. (National Archives, RG 59, Central Foreign Policy File, D770316–1129, D770298–1285)

ian cases, claims and Consular Convention. The Chairman raised the issue of the substantial US trade surplus with the GDR, alluded to Jackson-Vanik and expressed hope ways could be found to increase GDR exports to the US. Honecker was pleased about the Secretary's willingness to meet with Foreign Minister Fischer at the UNGA and agreed that this meeting could be helpful in bringing about progress on a range of issues of interest to both countries. End summary.

1. I met with Chairman of State Council Honecker August 22 to present my letter of credence and letter of recall of Ambassador Cooper. In a brief formal ceremony I expressed appreciation for Honecker's kindness in receiving me so soon after my arrival three days ago. I conveyed greetings from the people and Government of the United States. I expressed our hope and expectation that relations between the United States and the GDR will be broadened and deepened in the months and years to come. I told Honecker it would be my task and my pleasure to work toward that goal. I expressed appreciation for the warm welcome I had received and indicated my desire to work with him and other leaders to move our relations forward.

2. Honecker in a brief response welcomed me to the GDR and requested that I convey greetings to the people and Government of the United States. He said the GDR wanted to develop good relations with the United States. He wished me success in my missions.

3. After the formal ceremony, Honecker invited me to his office for a private chat which lasted about fifty minutes. Also present were Secretary of Council of State Eichler and Deputy Foreign Minister Grunert. Honecker began the meeting by reiterating the GDR desire to develop good relations with the United States. He noted that such relations would be mutually beneficial to our countries and would contribute to better overall East-West relations. He also commented on US-Soviet relations, CSCE, the GDR May 12 aide memoire on US-GDR bilateral relations, trade imbalance, and cultural cooperation.⁴

4. US-Soviet relations. Honecker emphasized repeatedly the need for good US-Soviet relations. He hoped a peaceful dialogue between the US and the Soviets on SALT and other matters would continue in the interest of peace. He said there was no point in debating the merits of capitalism vs. socialism. There was "simply no alternative to peaceful coexistence." US-GDR relations would flourish better in an atmosphere of detente. He saw this as very important.

⁴ See Document 117 and footnotes 2 and 3 thereto.

5. I called Honecker's attention to President Carter's July 21 speech on US-Soviet relations.⁵ I noted our desire for strategic arms limitations, reduction in and freeze on new technology which would provide balanced security for both sides. I told Honecker we were seeking a comprehensive test ban on nuclear weapons and desired to move forward on MBFR. I also mentioned the Indian Ocean talks and the Secretary's forthcoming meeting with Foreign Minister Gromyko on SALT. I told Honecker we welcomed President Brezhnev's depiction of President Carter's speech as positive, and his willingness to seek solutions. I expressed the belief there was good reason to hope for continued development of detente.

6. I also told Honecker we recognized the difference in political systems which stems from history, different beliefs and values; certain competition would continue between the two systems. Nevertheless, there were overlapping interests; it was important for both sides to build on these common interests in order to develop cooperation between East and West based on mutual respect and equality.

7. US-GDR bilateral relations. Honecker mentioned the GDR May 12 aide memoire containing his government's proposals for further developing relations with the United States. I noted that Foreign Minister Fischer had called this aide memoire to my attention in our meeting on August 19.⁶ Honecker said the GDR wanted to move forward in implementing these proposals, which were consistent with the Helsinki Final Act.

8. I told Honecker that I had discussed overall US-GDR relations with Ambassadors Cooper and Sieber, senior officials in the Executive Branch, and Members of Congress. I was aware there had been important step by step developments of our relations. I reiterated the administration's desire to build on this record and to broaden and deepen relations. This desire for better relations was grounded in our wish to develop more stable and beneficial relations between the peoples of the East and West and to move forward on the current agenda on

⁵ Carter spoke on July 21 at the 31st Annual Meeting of the Southern Legislative Conference in Charleston, South Carolina. While acknowledging the deep philosophical and cultural differences between the Soviet Union and the United States, Carter expressed his conviction that the Soviet Union and the United States would continue to reach agreements in areas of mutual interest. If the Soviet strategic buildup could be controlled, Carter said, "then we are prepared to limit our own strategic programs." The President also stressed that the administration's commitment to human rights was neither a ploy, nor targeted at any one country, and that U.S. policy remains the "sincere expression of our deepest beliefs as a people." (*Public Papers: Carter, 1977, Book II, pp. 1309–1315*)

⁶ Bolen reported on his conversation with Fischer in telegram 6855 from East Berlin, August 19. The discussion covered human rights, the issue of claims between the two countries, as well as progress on the cultural convention. (National Archives, RG 59, Central Foreign Policy File, D770300–0700)

East-West relations. I told Honecker that good US–GDR relations are an essential ingredient in this effort.

9. I informed Honecker that I had given my views on ways to move our bilateral relations forward in an earlier conversation with Foreign Minister Fischer. However, in view of their importance, I felt it necessary to repeat them in part.

10. Humanitarian cases. I expressed appreciation for the progress in resolving humanitarian cases involving American citizens and their relatives in the GDR.⁷ I told Honecker this progress had been noted with favor in the Congress and among the American public; it had created a better atmosphere for the future development of our relations. I stressed the importance American people attach to ethnic and family ties and expressed the view that emergency visitation cases to the US involving GDR citizens should be processed quickly. This would be helpful in maintaining the favorable impression already created and support further development of our relations. Honecker indicated he understood the importance the US attached to this matter. The Foreign Minister's views on the handling of cases of this kind had his total support. The GDR was prepared to cooperate. Honecker added that he would like to see more Americans visit the GDR; "we need more American tourists."

11. Claims. I told Honecker about my conversation with the Foreign Minister on claims settlement and my proposal that officials meet to discuss claims procedures in our respective countries. The central purpose of this proposal would be to work out principles and procedures which would facilitate future negotiations. Honecker said he agreed with this proposal.

12. I also raised the Jewish claims issue with Honecker. I told him that talks with the Conference on Jewish Material Claims should continue with a view to finding a solution. Such talks would find a favorable echo in the Congress and the public. Honecker said the GDR had not broken off the talks. Perhaps the earlier GDR offer to the conference had been misunderstood. He noted that talks had been conducted with the Committee on Anti-Fascist Resistance Fighters and suggested that they should continue. He then launched into a long historical review of his persecution by the Nazis, noted that he had witnessed the persecution of Jews, and asserted there was no discrimi-

⁷ In a meeting with Habib on April 26, Sieber delivered a message from Fischer to Vance stating that "all requests made to the GDR authorities by official representatives of the U.S. for authorization of marriages between GDR citizens and U.S. citizens, as well as for emigration (uebersiedlung) have been carefully examined. All these requests have been approved." (Telegram 94855 to East Berlin, April 27; National Archives, RG 59, Central Foreign Policy File, D770148–0715)

nation of Jews in the GDR; they were free to practice their religion. He commented on the post-war difficulty in developing the GDR economy and said the creation of the GDR was a form of compensation. Comment: I gained the impression that Honecker was prepared to continue the dialogue with the conference, but was concerned about limited GDR means to meet the conference request.

13. Consular Convention: I emphasized that the Consular Convention was of key importance. I wanted to underscore this issue. I told him we see the Consular Convention as basic for good relations between states. Conclusion of a Consular Convention would contribute to positive development of our relations. As I had indicated earlier we seek positive development; since the American public and the Congress attach great importance to consular protection, it was necessary to have a Consular Convention. I noted this matter had been discussed with the Foreign Minister and stressed the importance of putting this matter behind and providing a basis for regularizing our relations. One possible compromise solution to the nationality question had been presented to the Foreign Minister. Honecker said he supported the Foreign Minister's comments and hoped for an early conclusion to a consular agreement: "We should devote our best efforts to finding a solution."

14. Trade. Honecker raised the question of the trade imbalance between the US and the GDR. Imports from the US amounted to 1.4 billion mark; US imports from the GDR totaled only 50 million mark. Honecker referred to the "legislation" and expressed the hope that our economic counselors would find a way to expand trade. I noted the current growth in the expansion of trade between the US and the GDR. We appreciated the grain trade and would remain a reliable supplier. I referred to my talks in New York with American business firms, including banks. I informed him that the GDR enjoyed a good reputation in the American business community. Contacts between the GDR trade organizations and American firms were increasing. We encourage these developments as the best way to proceed at this time. I noted the GDR trade and economic councils were operational. I mentioned my talks with the Department of Commerce and our desire to continue private and official participation in the Leipzig Fair, and to send technical sales seminars to the GDR to discuss sales potentials. I also mentioned that we were prepared to review GDR requests for representation of other trade organizations in the United States, depending on the state of our relations.

15. Cultural. Honecker also took the initiative in expressing the desire for expansion of cultural exchanges with the United States. In this connection he noted that the GDR was sending the world-famous Dresden art exhibit to the United States at great expense to the GDR. I told him we favor expanded exchanges in academic, scientific, cultural

and sports fields. I expressed regret that some of our proposals for cultural presentations in the GDR in 1977 had not materialized. I hoped we could implement these proposals in early 1978. In the meantime, our officials could work toward a cultural agreement that would stimulate future exchanges in the cultural field.

16. Secretary's meeting with Foreign Minister Fischer. I informed Honecker that Secretary Vance is prepared to meet with Foreign Minister Fischer at the UNGA if this could be worked out on their respective schedules. I stressed the importance of progress in the next few weeks in developing our relations to insure a fruitful meeting between the Secretary and Foreign Minister Fischer and to provide a backdrop for further development of relations. Honecker agreed and said he was pleased to have such a "dynamic Ambassador from the United States." He stressed his willingness to cooperate in developing our relations. He wished me a successful mission and said his door was always open. He concluded the meeting by reiterating the GDR desire for good relations with the United States and the importance of continuing the detente process between the Soviet Union and the United States as a factor in the development of US-GDR relations.

Bolen

119. Telegram From Secretary of State Vance to the Embassy in the German Democratic Republic¹

New York, October 1, 1977, 1948Z

Secto 10027. Subject: Fischer Bilateral With Secretary.

1. Centerpiece of 45-minute bilateral between GDR Foreign Minister and Secretary September 30 was a US-GDR Consular Convention, with Fischer proposing a cultural agreement, too. They also touched upon US-Soviet relations, which both agreed had improved over the past ten days, and GDR-FRG relations, which Fischer, claimed were "better than their reputation".

2. Referring to the Consular Convention as "the rock that might be moved from the road", Fischer said that nationality was the key

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770359-0487. Confidential; Priority. Sent for information to the Department of State and Bonn.

problem. “We cannot,” he said, “have dual nationalities without citizenship.” Recognizing, however, that we had made a Consular Convention “a prerequisite for other relations,” he said that he found the Secretary’s proposal of an agreement with a separate exchange of letters on the difficult nationality question “reasonable and workable”. Such “separate papers that would be a constituent part of the agreement” offered the possibility of success. Both agreed to ask their staffs to work out the details.

3. In closing, Fischer volunteered that his meeting earlier in the day with FRG Foreign Minister Genscher had “not been the first but the first of a constructive nature”. The two, he said, had discussed seeking accommodation on outstanding issues in a “businesslike manner”.² The GDR, he concluded, will do all it can to improve its relations with the FRG because of their importance to Europe as a whole, but, he warned, “this does not mean that the GDR will change the priorities of its foreign policy”.

4. Full memcon follows septel.³

Vance

² In telegram 16595 from Bonn, October 5, the Embassy reported the information received on the bilateral meeting from the West German representative to the Group of Four. (National Archives, RG 59, Central Foreign Policy File, D770363–0936)

³ No separate memorandum of conversation or telegram was found.

120. Telegram From the Department of State to the Embassy in the Federal Republic of Germany¹

Washington, October 5, 1977, 2142Z

240076. Subject: Consular Convention With GDR.² Ref: A) Secto 10027 (Notal);³ B) State 211371 (Notal);⁴ C) Bonn 16114;⁵ D) State 227612 (Notal).⁶

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770363–0861. Confidential; Immediate. Drafted by Gray; cleared by Woessner and in L/M, L/EUR,

1. On basis of broad agreement reached on separate repeat separate exchange of letters on nationality issue (ref A) Department is prepared

and SCA/SCS; approved by Goodby. Sent for information to West Berlin, East Berlin, London, Moscow, Paris, and USNATO.

² The negotiations on the Consular Convention between the United States and the German Democratic Republic reached an impasse on the handling of consular access to German nationals and the definition of German nationals. Dubbed the "nationality question," it sought to preserve West German access on consular matters in the United States to all German nationals, including those from East Germany. The West German Government maintained that there was one German citizenship—not East and West German citizens—and that Bonn's representatives retained the right to represent German nationals abroad. In an oral message delivered to Vest on October 31, Von Staden stated "We have never had any doubts that the United States will support us in the questions pertaining to German citizenship" given that "the continuation of German citizenship is one of the elements of the unsolved German question." The Federal Republic of Germany's concern, Van Staden continued, was that Washington not commit, during Consular Convention negotiations, to the thesis of two German nations. (Telegram 261674 to Bonn, November 2; National Archives, RG 59, Central Foreign Policy File, D770402-0620)

³ See Document 119.

⁴ In telegram 211371 to East Berlin, September 2, the Department instructed Polansky to approach Klobes and discuss draft language for separate statements on the question of German nationality as well as possible dates to begin negotiations on other issues concerning the Consular Convention. (National Archives, RG 59, Central Foreign Policy File, D770320-0268) The nationality question revolved around East German attempts to define, within the Consular Convention, a separate East German nationality. In his inaugural address to the Bundestag, West German Chancellor Brandt coined the "two states, one nation" policy to deal with the nationality question. The U.S. Government adopted the same policy after it recognized the German Democratic Republic on September 4, 1974, and supported the Federal Republic of Germany as the sole legitimate successor of the German state.

⁵ In telegram 16114 from Bonn, September 29, the Embassy reported the reaction of the West German Government to the proposed unilateral declarations on nationality to be delivered at the signing of the Consular Convention between the United States and the German Democratic Republic. Von Braunmuehl, the West German representative in the Bonn Group, stressed that the U.S. position on the nationality question was critical to the West German Government, and asked that the U.S. Government find a way to stress that the Consular Convention did not represent U.S. acquiescence to the East German position (i.e. two German nations). The declaration, Von Braunmuehl stressed, should be drafted in such a way as to prevent its use by the German Democratic Republic in arguing that the United States had accepted its position and, consequently, facilitate its use by the Federal Republic of Germany to argue the contrary. (National Archives, RG 59, Central Foreign Policy File, D770355-0541)

⁶ In telegram 227612 to East Berlin, September 21, the Department provided the Embassy with draft language on the nationality question. The proposed language, which was for "background purposes only and is not repeat not authorized for release to GDR" stressed that nationality cannot be defined in a Consular Convention, that it is a matter for each state to decide who are its nationals, and that any such definition would have no binding effect on a third state which may hold different views. (National Archives, RG 59, Central Foreign Policy File, D770344-0105)

to proceed with initial Polansky approach to Klobes on Consular Convention (ref B). Before doing so, however, Embassy Bonn should inform Von Braunmuehl of broad agreement reached between Fischer and Secretary and of our intent to proceed with approach to Klobes and, with reference to his earlier expressed concerns (ref C), should reassure him along following lines.

A. We will provide the FRG a separate bilateral assurance (preferably oral), as requested by Genscher in his September 30 breakfast with Secretary, that U.S. practice respecting rights of FRG Consuls in providing protection for German nationals will not change as a result of the Consular Convention.⁷ This assurance will not repeat not provide a right of first access by FRG Consuls to persons present in the U.S. on the basis of GDR documentation. A request by the FRG for a USG assurance on this latter point has previously been rejected.

B. Recognizing the FRG's concerns that we not give the GDR ammunition that it could throw back at the FRG, we will delete all but the first sentence of para. 6A of the draft US statement (ref D).

C. With regard to the concerns expressed in paras. 5 and 6, ref C, we will reserve our position to the extent of adding "and cannot be taken as representing, in whole or in part, the views of my government on this issue" to the end of para. 7, ref. D.

2. FYI. Department agrees with EmbOff's position para. 5, ref. C and does not believe reservation on nationality can be linked to retained responsibilities for Germany as a whole. In general, Von Braunmuehl's contention that nationality is an essential element of statehood is unpersuasive, since there are numerous contemporary examples of multinational states (e.g., UK, Soviet Union, CSSR, Yugoslavia), nations that are divided into two or more states (e.g., China, Korea) and nations that are stateless (e.g., Macedonia). In particular, such a linking of nationality and statehood seems to fly in the face of past German

⁷ In a meeting at the United Nations on September 30, Vance and Genscher discussed the situation in the Middle East, SALT, MBFR, U.S.-Soviet relations, FRG-Soviet relations, and the ongoing U.S.-GDR negotiations on a Consular Convention. Stressing that the United States had a special responsibility for Germany, Genscher asked Vance that the United States make "the most unequivocal statement by the US endorsing the FRG concept of German sovereignty." Vance agreed and told Genscher that the United States would provide the West German Government with a separate assurance that the exchange of notes between the United States and the German Democratic Republic would not affect the West German concept of sovereignty. (Memorandum of Conversation, September 30; Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, Vance NODIS MemCons, 1977)

argumentation on behalf of the “concept of the nation” which clearly differentiates between the two in order to preserve a rubric for the unity of the German people. End FYI.

3. Report Von Braunmuehl’s reaction ASAP.⁸

Christopher

⁸ Von Braunmuehl’s reaction was reported in telegram 16784 from Bonn, October 7. Referencing the Vance-Genscher bilateral meeting at the United Nations, Von Braunmuehl told the Embassy that the West German Foreign Ministry prepared a statement with suggestions for the U.S. unilateral declaration to be delivered at the signing of the U.S.–GDR Consular Convention. The West German draft stressed that the German nationality question remains an unresolved issue between the Federal Republic of Germany and the German Democratic Republic and that the U.S. signing of the Consular Convention with the German Democratic Republic did not prejudice the FRG position. (National Archives, RG 59, Central Foreign Policy File, D770370–0454) In telegram 246330 to multiple posts, October 13, the Department informed the Embassy of a revised draft that would be submitted for discussion in the Bonn Group. The draft stressed that the signing of the Consular Convention between the United States and the German Democratic Republic “cannot affect the dispute regarding the issue of German nationality.” (National Archives, RG 59, Central Foreign Policy File, D770376–1168)

121. Report Prepared in the Bureau of Intelligence and Research, Department of State¹

Report No. 954

Washington, April 11, 1978

THE PROSPECTS FOR DOMESTIC STABILITY IN THE GDR

Summary

During 1977 the East German leadership moved with fair success to counter the popular unrest and intellectual dissent that made 1976 a rough year. The flood of requests to emigrate to West Germany was halted, critical intellectuals were largely silenced, and church-state relations were restored to a reasonably normal condition. The regime’s

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Lot 92D468, Office Subject Files, 1958–1978, Box 5, Ceausescu and Kadar: A Contrast in Personalities and Policies 1978. Secret; Noform. Prepared by Robert Rackmales; approved by Paul K. Cook.

demonstrated capacity to react to challenges with a shrewd mixture of toughness and flexibility makes it unlikely that the GDR will be unable to handle domestic problems in the future.

Domestic tensions in the German Democratic Republic gradually subsided last year. The confrontations of 1976—with church authorities, critical intellectuals, the increasing number of GDR citizens submitting requests to emigrate to the West—were mitigated. The tactics used by the Honecker regime to suppress or disperse its critics at times aroused international censure (in October 1977, Amnesty International issued a report sharply critical of the GDR²). On the whole, however, the East German leadership could feel at year's end that its international image had not suffered irremediable damage and that its relations with the West had remained on a more or less even keel.

The basic question posed by the events of the past two years is: did 1977 see merely a temporary halting of a tendency toward increasing domestic instability, or did the reduction in tensions reflect the continuation of a long-term trend toward a more stable East Germany?

While domestic instability in any of the East European Warsaw Pact states could hamper prospects for continued East-West detente, nowhere would the threat of serious international repercussions be greater than in the case of the GDR. The carefully crafted accommodations regarding Berlin and inter-German relations that made possible the Helsinki accords and have reduced international tensions in Central Europe to their lowest level since the early 1930s would be unlikely to survive a major upheaval in East Germany.

Changing Perceptions of GDR Stability

Several months after the construction of the Berlin Wall in 1961, the consensus of Western observers was that the strength of the latent anti-regime forces in East Germany was on the increase. Nevertheless, the decade that followed turned out to be one of relative economic, political, and social stability in the GDR. By 1970—the last full year of Walter Ulbricht's rule—US observers noted, in contrast to the earlier view, that the average East German seemed to have become resigned to the system imposed on him and had developed a certain sense of pride in the economic development of East Germany.

The impression of a growing and more broadly based stability—one resting on more than an efficient security apparatus and the ultimate threat of Soviet intervention—was further strengthened following

² In its 1977 report (accessed online), Amnesty International alleged that there were several thousand political prisoners in East Germany in the 1976–1977 period covered by the report, many of whom were being released to West Germany in exchange for goods.

the smooth political succession from an aging and increasingly nationalistic Ulbricht to Erich Honecker. Honecker, while working within a leadership group virtually identical to that over which Ulbricht had presided, introduced some notable changes of emphasis. Honecker's less strident, more down-to-earth, and increasingly consumer-oriented approach proved to be reassuring to both his domestic and his foreign audiences. While many of his changes were more of style than of substance, a further lowering of tensions was evident. After several years of Honecker's leadership, US observers noted further improvement in the GDR's domestic stability—most East Germans had come to terms with the Communist regime and accepted the reality of Communist rule. Political analysts saw the trend of recent years toward accommodation between the ruled and the rulers as having given the regime increased confidence in its legitimacy and as having strengthened the faction in the party which favored securing the cooperation of the people by tactics of persuasion and reward instead of relying on the discredited policies of coercion and arbitrary rule.

New Challenges Arise

In the mid-1970s, however, signs of new strains in the East German body politic began to accumulate. While the results of West Germany's *Ostpolitik*, superpower detente, and the series of international agreements that followed in their wake permitted the GDR to achieve its long-sought goal of diplomatic recognition by the Western powers, the ferment that they caused within East Germany turned out to be substantial. The developments that appear to have had the strongest domestic impact included:

- the GDR's heavily publicized adherence to the Helsinki Final Act and to other international human rights covenants;
- the vast increase in West German travel to the GDR and in the audience for FRG television broadcasts in East Germany following the conclusion of the Basic Treaty between the two German states in 1973; and
- the ideological challenge to orthodoxy posed by the Eurocommunist parties.

By the summer of 1976 the symptoms of the unrest provoked by these events and trends were unmistakable:

- Requests by East Germans to emigrate to the FRG, many explicitly citing the Helsinki Final Act, reached more than 100,000.
- Critical intellectuals, such as physicist Robert Havemann and songwriter Wolf Biermann, became more outspoken and received greater attention in Western, including Eurocommunist, media.
- Church-state relations underwent their sharpest decline since the 1950s after the suicide of an East German clergyman.

The political tensions raised by these developments did not constitute an immediate threat to the GDR's internal stability. Even before

the regime's countermeasures (see below), there was no evidence to suggest that collective political protest—violent or otherwise—was in the offing. Summing up the situation during its most acute phase, an East German writer told a Western journalist: "There isn't going to be an explosion here. But there is tension now and a feeling that something is going on that has not yet run its course."

The Regime Responds

Employing a broad range of tactics, from repressive to conciliatory depending on the nature of the perceived threat, the Honecker regime, beginning in late 1976, attempted with considerable success to dampen the effects of these developments. At one extreme, the expatriation of Biermann and the placing of Havemann under house arrest gave notice of the limits of official tolerance. Dozens of members of the GDR's cultural elite followed Biermann into exile during 1977. On the other hand, the regime's stance vis-a-vis the church was far more conciliatory. The West German *Frankfurter Allgemeine Zeitung* noted in late 1977 that "relations between the state apparatus and the church have calmed strikingly" and attributed the change to a desire on the part of the regime to "relax tensions." Somewhere between those two tactics were the selective harassment and denials of applications of prospective emigres who cited the Helsinki Accords as the basis for their requests (family reunification requests continued to be processed at the same rate as in previous years).

As a result of the regime's counter-campaign, the ferment that characterized 1976 was reduced in scope and intensity. A Western journalist noted that the tensions that had gripped East Germany in 1976 "appeared spent" by late 1977, leaving behind an impression of "lethargy and gloom." There was such continued evidence of unrest as antisocial behavior by youth; a serious clash between youth and police during GDR national day celebrations in East Berlin was the most striking exception to the generally quiet domestic scene in 1977. There was also an apparent deterioration of labor discipline; some workers reportedly demanded a portion of their salaries in hard currency. But the dominant mood of the populace at the beginning of 1978 was one of political apathy and of seeking refuge in material compensation and private family interests.

The "Manifesto" Episode

Although its direct relationship to GDR domestic stability is moot, the purported opposition "Manifesto" recently published in West Germany sheds some light on the two external factors that most impinge on the GDR's internal stability—the Soviet Union and West Germany.

The document was published in two installments by *Der Spiegel* in its first two issues of 1978. The magazine reported that the "Mani-

festo" had been compiled by members of a "League of Democratic German Communists," supposedly consisting of "middle and senior level" party members. The existence of such a group, either inside or outside the party, was termed "extremely doubtful" by the West German Foreign Office, a view shared by the vast majority of Western observers.

While the impact of the "Manifesto" within East Germany appears to have been minimal, the controversy following its publication and the retaliatory closure of *Der Spiegel's* office in East Berlin threatened, for a time, to disrupt FRG–GDR relations. Both sides, however, tried to head off that outcome and to underline their determination to continue a policy of cooperation. Thus, when Chancellor Schmidt offered to send a personal emissary, State Secretary Hans Jurgen Wischnewski, to East Berlin in late January for talks with top GDR officials, Honecker promptly accepted. While the details of Wischnewski's discussions are not known,³ he appears to have succeeded in restoring inter-German relations to their *status quo ante*.

Conclusions and Prospects

During the decade after the Berlin Wall, Western observers initially tended to overstate the dangers to the GDR regime of popular opposition. Gradually, they began to minimize the continuing vulnerability of the regime to internal unrest. The events of the past two years suggest that neither approach is necessarily a guide to estimating the prospects for the continuing stability of the GDR in the 1980s.

The GDR has special vulnerabilities but also certain advantages in dealing with them.

East Germany's vulnerabilities are well known:

—The absence of a firm national identity makes the goal of regime legitimacy more difficult to achieve in the GDR than elsewhere in East Europe.

—The constant contrast with West Germany is damaging to the regime's image and to popular morale.

—The GDR is the most exposed of the East European states to Western media influence because most East German citizens regularly watch FRG television.

—The highly visible Soviet military and political presence constantly nourishes strong anti-Russian popular sentiments dating from World War II and before.

Tending to offset these vulnerabilities are the advantages that the GDR derives, in many cases, from the same set of circumstances:

³ A report of Wischnewski's conversations in East Berlin is in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1978*, 1 Januar bis 30 Juni, Document 37, pp. 210–218.

—The lack of national legitimacy forces the regime to compensate by closely monitoring popular attitudes and by seeking—when it is not constrained by ideological or domestic security considerations—to be responsive to popular grievances.

—The competition with the FRG has induced the regime to cater to the consumer (the country already has the highest standard of living in Eastern Europe) and to emphasize economic incentives and productivity.

—East Germans recognize that their access to millions of West German visitors and to Western television are benefits that are not enjoyed by other East Europeans and that could be cut off if the regime felt greatly threatened by internal unrest. Thus, they have a considerable stake in not “rocking the boat.”

—The Soviet presence is a reminder both of Moscow’s ability to intervene in the event of serious internal disruption in East Germany and of the threat that instability in the GDR would pose to the balance of power and peace in Europe.

These two sets of factors, combined with the GDR leaders’ demonstrated capacity to react to challenges with a shrewd mixture of toughness and flexibility suggest that the regime will continue to be able to handle domestic problems.

Political control, however, will not narrow the psychological chasm which separates the leadership from the populace. Only a major reduction in restrictions on travel to the West or a dramatic loosening of ideological controls—neither of which the leadership feels secure enough to undertake—could reduce the mistrust with which regime and citizenry view each other. Popular disaffection will probably continue to surface from time to time in the form of youth disturbances or sporadic worker unrest.

122. Memorandum of Conversation¹

Washington, June 6, 1978, 11 a.m.

SUBJECT

US-GDR Relations

PARTICIPANTS

GDR

Foreign Minister Oskar Fischer

Ambassador Rolf Sieber

Ambassador Harald Rose, MFA

Manfred Niklas, MFA

Paul Ringleb (interpreter)

US

The Secretary

Assistant Secretary George Vest

William M. Woessner, Director, EUR/CE

Victor Gray, EUR/CE (notetaker)

Harry Obst (interpreter)

After initial pleasantries concerning the Dresden exhibit,² the Secretary raised the subject of the consular convention, saying that without progress in this area, meaningful progress in our general relations would be very difficult. He reminded Fischer that, when the two last met in September, he (the Secretary) had proposed separate statements on the nationality question and was now puzzled by the lack of progress, given Fischer's agreement to that proposal.³ Fischer replied that he too was puzzled. Separate statements were indeed a good idea but should not present the other party with a problem it could not digest. Fischer said that he had understood in September that each party would address its own problem. He had also understood that the U.S. had no treaties with other countries containing nationality clauses. Since then, he said, he had learned that the U.S. had such treaties with the U.K. and Japan. He then produced a text,

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1967-1985, Lot 92D404, Box 8, GDR-US (Political) 1977-1978. Confidential. Drafted by Gray on June 8; cleared by Vest and Woessner; approved by Anderson on June 16. The meeting took place in the Secretary's office.

² Fischer was in New York for the UN Special Session on Disarmament and traveled to Washington to meet with Vance. On June 1, the Smithsonian's National Gallery opened an exhibit entitled "The Splendor of Dresden: Five Centuries of Art Collecting." (Telegram 3590 from East Berlin, May 26; National Archives, RG 59, Central Foreign Policy File, D780223-0261)

³ See Document 119.

which, he said, was based on the language in those treaties, saying that it was “a compromise but acceptable.” Fischer hoped that the Secretary would also find this text acceptable and said it was a propitious date for reaching a solution on this issue, since it was the anniversary of the UK–GDR consular convention. The “compromise,” he said, would involve the GDR’s acknowledging that the U.S. maintains its position on nationality. (Comment: A later reading of the “compromise” text indicated that Fischer meant here U.S. nationality not German nationality.) “We would not,” he said, “want to hurt your ally and we would not want to be embarrassed ourselves.” The Secretary said that he would study the proposal “promptly” and would provide the GDR with an answer “before he left next week.”

Turning to Africa, the Secretary said he had noticed in the press that GDR Minister of Defense Hoffmann had recently visited Africa. He asked Fischer for his views of developments in Zaire. Fischer said that Hoffmann’s visit and the events in Zaire were two different things having nothing to do with each other. He noted that the events in Zaire had started while he (Fischer) was in Belgium. He had received many questions there about whether there were GDR troops in Zaire. It was obvious, he said, that he would not have wanted to have his official visit to Brussels harmed by having troops in Zaire at the same time. Fischer said that he “assumed” that the Secretary receives his information not only from the press and added that events in Zaire are “an internal affair in which the GDR is not involved.” Nobody from outside, he said, should be involved in Zaire. “That goes for us and for others.” Claiming that he could not tell the Secretary what is happening, he repeated that, if there is trouble in Zaire, it is internal. External activities can only hurt. He reminded the Secretary that GDR has no official relations with Zaire but that that fact is not related to recent events. The Secretary then referred specifically to reports that the GDR was involved with the training of Katangan Gendarmes who had invaded Shaba. Fischer responded with: “These reports will not gain truth by their being repeated.” “We have trained nobody and will not,” he added. “In general,” he said, “we have been concentrating on economic assistance and the training of cadres in the economic and education areas.” This he said “applies to all of Africa and to other third world countries.” “You may, he concluded, “take that as authentic.”

With regard to CSCE and human rights, the Secretary said that he was pleased with recent progress concerning divided families. We hoped, he said, that this progress will carry over to other cases, specifically those of the Wilhelmi family and Gundrun Koch. The Secretary also said that he would welcome consultation that would lead to progress and less acrimony. He proposed, therefore, that Assistant

Secretary Derian meet with her counterpart in the GDR. In this regard, the Secretary noted that Derian would soon be in Europe and that such a meeting would be helpful. Fischer said that he had absolutely nothing against such a meeting and was, in fact, for it. Fischer allowed that he was not a consular officer and was only interested in divided family cases to the extent they cause "problems." So far, he said, these cases had "lacked sufficient mass" to attract his attention. His consular officers are addressing and solving these cases and, he added, "work on the basis of binding political decisions." In closing, Fischer noted that the Secretary had raised only two names.

Returning to the consular convention Fischer said that he is against linkages that "bind our legs so that we can not walk." He was mentioning this, he said, in relation to the consular convention, since, if we were linking problems, he would hope that the Secretary would carefully examine his "compromise" proposal on this problem. Saying that he owed it to himself and to the Secretary, he added that he had the feeling that their talk in September had not been understood by their staffs. He had, he said, left in September with the feeling that they had "found a solution that would not involve one party expecting the other party to do something it could not do." That solution, which he termed "a face saving solution," would have involved both sides doing what was "feasible." Unfortunately, he said, things had then broken down. The Secretary said that he, too, had thought they had a solution, according to which each side would state its position on nationality. He hoped that, after examining Fischer's compromise proposal, we would put "this matter aside once and for all," to which Fischer replied: "We are not treading on your feet, please don't tread on ours."

In response to the Secretary's question as to whether he had any other issues to raise, Fischer brought up the matter of a cultural agreement. In the cultural area, he said, we have a "vivid exchange." He asked why this could not be carried forward on a "contractual basis."

The volume of our trade compared to our overall relations, Fischer said, is almost negligible. In the trade area, he claimed, there were lost opportunities. Foreign Trade State Secretary Beil, he said, had confirmed to him there are great opportunities not only in grain sales but in general. There were, however, some barriers, namely MFN, credits and the GDR's fishing quota. That quota Fischer noted was "zero point zero." Removal of such barriers and expansion of trade would have good effects on our bilateral relations and in the European context. We had to consider, he concluded, not only our bilateral relations but the "radiance" of those relations in Europe where we have "greater responsibilities than normal." "Frankly," Fischer said, "you could get along without relations with us and so could we. But that would be irresponsible because of the impact on the European

climate.” “I have tried to be as precise as possible,” Fischer concluded, “perhaps a bit brutal but nevertheless realistic.” The Secretary responded that we, too, believe in realities and realize that our relations can have a positive or negative effect on Europe. We hope, he said, that that effect will be positive, since we favor detente. We realize, he said, that we have differences but we should seek more common ground in the future.

Fischer then said that he wanted to raise two additional economic items. To be in a better position to realize the trade opportunities about which he had just spoken, Fischer said that the GDR needed a trade post in New York. Beil, he said, had left the U.S. with that very strong impression. Fischer then asked about the possibility of long-term multiple-entry visas for business and commercial travelers. At the Secretary’s request, Assistant Secretary Vest informed Fischer that the question of trade offices had been under review for some time.⁴ At the moment, he said, we were not in a position to allow the opening of new offices, since our general relations have “not sufficiently developed.” Vest then told Fischer that we had recently begun the process which would lead to the granting of six-month multiple-entry visas to GDR business travelers. Fischer asked if that process might be carried out faster.

Concluding their conversation, the Secretary said that it had been useful to talk directly. He said he would again examine Fischer’s proposed text and review the other matters raised by him. He also said that he looked forward to Assistant Secretary Derian’s visit to Berlin.⁵ Fischer told the Secretary that he proposed to characterize US/GDR relations to the press as “normal but capable of development.” The Secretary did not disagree.

⁴ The idea of the East German Government opening a trade bureau in New York was brought up during Beil’s visit to Washington. Cooper told Beil that the United States was unwilling to consider allowing the German Democratic Republic to open an official trade representation without an agreement on the Consular Convention. However, the Department was willing to consider allowing East German companies to open trade offices. (Telegram 140489 to East Berlin, June 16, 1977; National Archives, RG 59, Central Foreign Policy File, D770215–1088)

⁵ See Document 123.

123. Telegram From the Embassy in the German Democratic Republic to the Department of State and Multiple Diplomatic Posts¹

East Berlin, October 7, 1978, 1421Z

6566. Subject: Visit of Assistant Secretary Derian to East Berlin: Meeting With Deputy Foreign Minister Nier. Geneva Pass Assistant Secretary Derian.

1. Summary: Assistant Secretary Derian's October 6 meeting with GDR Deputy Foreign Minister Nier fell into three categories: (1) a general discussion of US and GDR policy approaches to human rights; (2) US-GDR relations, with Nier providing some answers to issues raised by Ambassador in September 19 meeting with GDR Foreign Minister Fischer, and (3) a brief discussion of preparations for 1980 Madrid CSCE meeting. On human rights, Assistant Secretary Derian outlined to Nier the domestic basis and reasons for the importance of human rights in US foreign policy; she noted it was not directed against any government or form of government and that it was not intended to interfere with detente. It should be seen as an effort to discuss humanitarian problems rationally. Nier welcomed Ms. Derian's visit, expressed the GDR's hope for better US-GDR relations, and stated that, with respect to human rights, the yardstick for measuring performance must be determined in each country. On US-GDR bilateral relations, Nier said (1) the GDR would receive Congressman English to discuss narcotics issues, (2) preparations were underway to hold "Reflections USA" in Leipzig in the fall of '79 and that they would look favorably on a 1980 showing at the Berlin TV tower, (3) the GDR would be prepared to hold claims discussions next January-February, and (4) the GDR had gone as far as it could on the Consular Convention but would look at any new US counterproposals. The Ambassador noted that Ms. Derian's visit was an expression of US interest in developing better relations and welcomed Nier's remarks on specific items of US-GDR business. Nier, in conclusion, referred to the "constructive atmosphere" which had prevailed during the talks and expressed the hope Ms. Derian could come back to Berlin. We think Asst Sec Derian's visit was positive in tone and content, and useful to both sides. End summary.

2. Asst Sec Derian, accompanied by the Ambassador, DCM, Political Section Chief and Staff Assistant Heaphy, met with Deputy Foreign

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780411-0170. Confidential; Immediate. Sent to Warsaw, Belgrade, Bonn, Bucharest, Budapest, Geneva, London, Moscow, Paris, Prague, Sofia, West Berlin, and USNATO.

Minister Nier, Krabatsch and Geyer at the MFA October 6 for approximately 1½ hours.

3. Nier opened the meeting by welcoming Ms. Derian to Berlin and stating that such meetings could contribute to promoting and developing bilateral relations. He said the GDR attaches great importance to developing relations with the US; in that connection he noted with satisfaction President Carter's comments about the US interests in developing relations during the presentation of credentials by Ambassador Grunert on October 2.² We have made progress in past years, Nier stated, but not all possibilities in the bilateral field have been exhausted. The development of US–GDR relations will contribute to detente and peace and security in Europe.

4. Ms. Derian replied, stating that the US shared many of these same values—we are making progress in the development of our relations and noted President Carter's expressed interest in developing these relations. Ms. Derian said that she had a new task to fulfill in the State Department in her present capacity; there are many misunderstandings about this US human rights policy. She said that it might be well to note first of all what US human rights policy does not mean: It is not directed at any government or type of government. We are concerned with human rights because the United States is a signatory of the UN Charter, the Declaration of Human Rights, and the Helsinki Final Act, and because American values must be reflected in US foreign policy.

5. Ms. Derian stated that we have held discussions with all countries [with] which we have diplomatic relations, such talks were always held in the strictest confidence. Only in one instance had there been a breach of confidence, and that had not come from the US side. Ms. Derian stated that the US recognizes that the issues involved are delicate and complex, there will always be difficulties. She noted that the US has problems at home, citing such examples as unemployment, appearance of injustice (Wilmington Ten). She stated that she would be interested in any GDR views on the situation in the US. The US human rights policy stems from the American people and it is vitally important to have a clear understanding in all countries of our basic policy. This policy is complex in application. The central theme is simple: it is based on honest humanitarian concerns; it is just what it claims to be. It is

² After Grunert presented his credentials on October 2 at the White House, Carter expressed his support for finalizing a Consular Convention and with the German Democratic Republic and mentioned the issue of the flow of narcotics from East Berlin to the West, stressing his interest in cooperating on the issue. (Telegram 250621 to East Berlin, October 2; National Archives, RG 59, Central Foreign Policy File, D780403–0504)

not an interference with detente and we have no intention of misusing this policy.

6. Turning to US-GDR bilateral relations, Asst Sec Derian stated that we have a hopeful feeling and that we share Nier's expressed views. She noted developments in the cultural field, meetings between Foreign Minister Fischer and Secretary Vance, and the recent meeting between President Carter and Ambassador Grunert. Ms. Derian stated that she is pleased with the progress on divided families, adding we need to speed up the process so that in emergency cases these can be resolved more quickly.

7. Nier expressed thanks for Ms. Derian's comments. He stated that when the representatives of two governments sit at the same table, they must operate on the basis of principles which govern the relations between governments. One must distinguish in this connection between internal questions and international questions. The Helsinki Final Act constitutes an important basis for these relations: it contains a number of norms which guide relations between nations with different social systems, including respect for the sovereignty of nations and non-interference, including in the matter of human rights. The GDR considers the Final Act as a unified whole, and treats it as such. The aims and results of the Final Act should be to ensure peace and detente and to guarantee security of nations. The Final Act must be treated as a whole and as the basis for bilateral relations.

8. Nier stated that human rights are embodied in the laws and other documents of the GDR. The principal human right is the right to peace. If peace is not secured, then the other rights have no value. Such questions as the right to work, equality of women, minority rights are of course important in daily life. "Some circles," Nier continued, argue that the US has declared human rights as the only guideline for its foreign policy without taking other factors into consideration. This could result in one country defining what is just and unjust. That is a matter for each nation's own decision. As soon as it relates to relations between two countries, then the suspicion will be raised that you are attempting to interfere in the internal affairs of other countries, and this is not in the spirit of the Final Act. This could only lead to a situation which would threaten detente. The yardstick for measuring performance must be determined in each country. An essential element of human rights is peaceful coexistence among nations.

9. Nier stated that the GDR's relations with other countries does not depend on whether there is unemployment in the other country or whether someone has been convicted. That does not mean, he said, that the GDR is indifferent to such problems, only that it is an internal matter and intervention on such matters is inadmissible. The situation is different of course, he continued, in cases where there are massive

violations of human rights such as Chile, Nicaragua, South Africa, and other countries (Ms. Derian added Argentina to the list), and these cases violate concrete provisions of the UN Charter, the Human Rights Declaration and other documents, and it is a vital concern for other nations to take joint actions to insure that human rights are protected.

10. Ms. Derian stated that she finds the remarks of Mr. Nier very interesting. On the question of peace, she stated that technology had made our world very small and that we must all strive for peace. We need good communications and understanding among nations and that is why we are pleased to be able to discuss an important aspect of our policy, one about which there is misunderstanding. Ms. Derian stated that human rights is not the only policy of the United States, it would be naive and arrogant if a country should base its policy on a single concept. It would also be arrogant for a nation to believe that it alone had the knowledge and ability to discuss issues relating to human rights. That would mean that such a country had no right at all. Such a policy would be suspect and dangerous. The world has grown so small, people move so much today and ideas flow from one country to another, that all nations are bound together through trade, marriage, etc. We must consequently talk about human problems as well as those relating to commercial, political and military issues. We now have the framework in which we can discuss these problems without anger or rancor.

11. Nier replied that he could agree with many of the points Ms. Derian had made, it is a small world and because of technological, economic and other developments, countries cannot exist by themselves and cooperation is necessary. Just because of the close interconnection of nations, it is especially important to exercise the utmost caution in relations among peoples. It is necessary to take into consideration national differences and the rules that govern relations between governments and peoples. We must be able to discuss these points without giving offense to one another. We wish to be able to live with nations with different systems. So long as there are nations with different systems, we must try to live with one another.

12. Ms. Derian replied that this had nothing to do with human rights: The GDR has its system, the US its own. Nier responded that it is not sufficient only to take note of different systems but also to respect them. We must take into account that each nation has a right to self-determination.

13. Ms. Derian noted that in preparing to come to East Berlin, she had been informed that the constitutions of the US and the GDR contain many of the same provisions. She noted that she had become somewhat of an expert on aspects of the Argentine constitution and this provides for more rights than the constitution of either the GDR or the US. Nier

observed that there is a difference between a constitution reality. Ms. Derian continued that the point is all govts recognize the need for these statements.

14. Ms. Derian referred to Nier's distinction between internal matters and external matters and gave the example of a neighborhood in which everyone kept a neat garden in front of their house. She stated that if someone wanted to keep goats in their garden, or dump their garbage there, the people in the neighborhood would have to get together and talk about the problem peacefully. Nier replied that relations between nations are not the same as relations among neighbors. However, accepting Ms. Derian's vivid example, Nier said that the GDR tries to keep its own garden neat, but that if its neighbor wants to raise goats in his garden or dump garbage in it, that is none of the GDR's business. Ms. Derian said that he should know that goats will go into the next garden to which Nier replied then they would have to build a wall.

15. Nier at this stage changed the subject and said he would like to raise some bilateral issues in connection with some questions raised by the Ambassador in his September 19 meeting with Foreign Minister Fischer.³ Ms. Derian might also find his comments of interest: Narcotics problems—Nier stated that the GDR has no narcotics problem of its own and it was up to the US to judge whether it had one. He stated that the GDR is ready to cooperate in this area and is prepared to exchange information. Experts in the Ministry of Health are prepared to discuss these matters with US experts. Ms. Derian noted that Congressman English was planning to visit East Berlin to discuss these matters.⁴ Nier replied that his government had nothing against this. Consular Convention—Nier stated that he would only like to recall the remarks Foreign Minister Fischer had made to the Ambassador and that Grunert had made to President Carter on this question: The GDR is in favor of concluding a Consular Convention with the US. The GDR's interest and willingness to sign such an agreement has been demonstrated through the several compromise proposals that it had made. "We have gone to the limit of what is possible." In order for

³ In telegram 6144 from East Berlin, September 20, Bolen reported that he had advised Fischer of White House and congressional interest in drug trafficking from East Berlin. Other issues discussed included cultural exchanges, the visit of Assistant Secretary Derian, the Consular Convention, trade, and the settlement of claims. (National Archives, RG 59, Central Foreign Policy File, D780390-0160)

⁴ During his November 14 visit to East Berlin, English stressed the importance Congress and the administration placed on stopping drug trafficking and pressed the East Germans on establishing an informal information exchange on known traffickers. (Telegram 7417 from East Berlin, November 17; National Archives, RG 59, Central Foreign Policy File, D780473-0704)

there to be any progress, Nier stated, we should not have proposals merely turned down with no counterproposals. "If the US side has any proposals of its own, we are prepared to consider them."⁵ Claims—Nier began by noting that it was not the GDR's fault that it had taken 30 years from the end of WWII to begin discussing these problems. The GDR experts had considered this matter, he continued, and Professor Kleier, the Chief of the Office for the Protection of Property, is prepared to continue the talks with US experts at the end of January or the beginning of February 1979. Culture—Nier stated that cultural relations between the US and GDR had developed favorably. Ms. Derian noted the beauty of the Dresden exhibit. Nier replied that the GDR could not send such an exhibit each year but was pleased at the good reception the exhibit had had. Nier noted that the Ambassador had made several suggestions for cultural activities. He agreed to the performances of the Jubilee Singers for May 1979 and also at the Dresden Music Festival and in Karl Marx Stadt. He said preparation was underway for the exhibition of "Reflections USA" in Leipzig in the fall of 1979 and that they would view "positively" having "Reflections" exhibited at the TV Tower in Berlin in 1980 but that they needed detailed proposals. In conclusion, he said that there are new possibilities for developing relations between the GDR and the US.

16. The Ambassador stated that the presence of Asst Sec Derian was an indication of our interest in developing better understanding and cooperation with the GDR in a bilateral and in a CSCE context. He stated that such consultations can lead to better understanding, point up problems, identify common interest which can contribute to bilateral cooperation, peace and security. Ambassador expressed appreciation for the responses to questions he had raised with Foreign Minister Fischer. He noted in particular the offer of cooperation in narcotics control, the importance of this issue had been highlighted by the fact that the President had raised it during the presentation of credentials of Ambassador Grunert. We are pleased about GDR willingness to receive Congressman English as this could contribute to solving the drug problem and to development of bilateral relations as well. On the Consular Convention question, the Ambassador acknowledged that this is one of the unresolved issues impeding the normalization

⁵ Meeting with East German officials in East Berlin on June 16, Woessner stressed that including a definition of nationality in the Consular Convention "caused us difficulties not only in and of itself, but also because of the question it raised concerning Berlin." The East Germans responded that a Consular Convention could only be signed when "both parties recognized that both have citizens and could represent their interests." (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Lot 92D404, Office Subject Files, 1967–1985, Box 8, GDR-US (Political) 1977–1978)

of relations. He said the US appreciates the GDR's positive approach to this problem and stated that the US would continue to study the problem and would "go back to the drawing board." He added that with good will and determination it should be possible to resolve the nationality question, preferably without referring to it at all in any exchange of letters.

17. The Ambassador stated that the claims issues are important to us and their solution would contribute to bilateral relations. The US had positively assessed the March meeting of experts, the Foreign Claims Settlement Commission is working within a short time frame and negotiations should start in 1980. Ambassador said that he would convey the offer of a meeting to hold talks to authorities in Washington but, as an informal comment, expressed the hope that these talks could be held earlier. The Ambassador agreed that bilateral cultural relations had broadened and deepened, and he expressed appreciation for the fact that the Jubilee Singers would be able to perform in May next year. He expressed the hope that the photographic exhibit, "Reflections, USA" could be held in the Berlin TV Tower as well.

18. Nier said that he wanted to make a comment in the support of frankness that had so far prevailed. He stated that one must not give an opportunity to the mass media to poison the "constructive atmosphere" which had prevailed during the talks. This would not serve either detente or the solution of problems. Nier noted that there had been some speculation in the mass media and that the GDR had had experience with abuse of this nature. He stated that he had no objection to informing the media of the fact that the US and the GDR had discussed matters of mutual interest. Ms. Derian stated that if she is obliged to make any statement to the press at all, it is to the effect that she had had frank discussions on matters of mutual interest. Ms. Derian stated that as we prepare for the Madrid Conference, we must talk and that such discussions can ease tensions. Nier replied that the GDR was prepared to contribute to the preparations and hopes to find useful ways to develop cooperation among nations. He noted that he had just returned from Madrid and the Spanish Government had already started its preparations for the conference. In conclusion, Deputy Foreign Minister Nier expressed the hope that Assist Sec Derian could come back to Berlin when the weather was better.

19. Cable has been cleared in draft by Ms. Derian.

Bolen

124. Telegram From the Department of State to the Embassy in the German Democratic Republic¹

Washington, January 22, 1979, 1638Z

17173. Subject: U.S. Goals and Objectives in the GDR. Ref: (A) 78 Berlin 7741;² (B) 78 State 287307.³

1. (S-entire text) Summary: The GDR Interagency Group met January 9 to assess the present state of our relations with the GDR and to consider the statement of U.S. goals and objectives in the GDR submitted by the Embassy (ref A). This cable contains a report of the general policy discussion, which centered on the pace of the development of our relations, the maneuverability of the GDR vis-a-vis the Soviet Union and CEMA, the value of and prospects for trade, GDR activities in Africa, and the paucity of our knowledge about East German society. It was agreed to continue the present measured pace of our relations, with a slight increase in cultural and exchange activity aimed at increasing the “transparency” of East German society. It was also agreed that further movement in the trade and cultural areas would be possible after the conclusion of a Consular Convention, the prospects for which appear improved. The Embassy-submitted goals and objectives statement was approved with some modifications. The revised, interagency approved goals and objectives statement, the format for which was revised January 17, will be sent septel. End summary.

2. Deputy Assistant Secretary Goodby, who chaired the meeting, opened by commending the Embassy for its excellent goals and objectives submission (ref A) and outlining the current state of US–GDR relations and the prospects for their development. Berlin, he said, remained the key albeit unspoken factor in those relations. Other important factors are our concerns for security and stability in Central Europe and for humanitarian improvements within the GDR. There are no immediate prospects for MFN, but, even in its absence, there should be a modest growth of trade. Following a Consular Convention, for

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790045–0942. Secret. Drafted by Gray; cleared by Larrabee, Kaplan, Brown, and in HA, EUR, L/EUR, INR, H/EUR, EB, DOD, ICA, CIA, DOE, Agriculture, Treasury, and the FBI; approved by Goodby. Sent for information to Bonn, Budapest, Bucharest, Belgrade, Moscow, Prague, Sofia, West Berlin, and USNATO.

² In telegram 7741 from East Berlin, December 8, 1978, the Embassy reported on U.S. goals and objectives in the German Democratic Republic for the 1981 fiscal year. (National Archives, RG 59, Central Foreign Policy File, D780507–0857)

³ In telegram 287307 to all diplomatic posts, November 11, 1978, the Department cabled instructions for updating the posts’ goals and objectives statements for the 1981 fiscal year. (National Archives, RG 59, Central Foreign Policy File, D780466–0695)

which there was now some hope, we might take some small further steps such as granting permission for new GDR Trade Offices in New York and an expansion of cultural relations. Our general stance, he said, has been to maintain a low profile, with some maintaining that the less we do with the GDR the better. Others such as the Embassy, however, have argued for a more activist policy, a position supported by even some West Germans.

3. Noting that our relations with the GDR were marginal compared to those with the FRG, Woessner (EUR/CE) advised that we continue to proceed slowly with the GDR, taking one step at a time, the Consular Convention being the first. This did not have to mean, he added, that we ignore the GDR or present it with a hostile face.

4. Brown (EUR/SOV) asked how rapidly the GDR wished to proceed with the relationship. Woessner replied that the GDR wants to move very rapidly, the motivating drive being the desire for increased access to Western trade and technology. He was not persuaded, however, that the GDR's aspirations in this regard were realistic. Gray (EUR/CE) postulated that, through a slight westward shift of its trade patterns, the GDR might also be seeking greater maneuverability vis-a-vis the Soviet Union, particularly greater satisfaction in the economic sphere of its own national interests. Goodby added that this was precisely the impression he had gotten from GDR Foreign Trade State Secretary Beil and from certain West Germans. Kaplan (S/P) interjected that such maneuverability was illusory and, to the extent that it was achieved, might not always be in directions compatible with U.S. interests. The key factors inhibiting maneuverability for the GDR were, he added, the central importance of the GDR for Moscow's policy toward Germany and Central Europe, the GDR's paranoia about possible "infection" from the West and the fact that the Soviets, who fear the development of a "quadrilateral entente" (the US, Europe, Japan and China), are more fearful than ever about Germany on its Western flank. However exaggerated these Soviet and the GDR fears, they render prospects for East German maneuverability marginal. Noting that these margins are important, Barkley (EUR/CE) said it might be wise to engage the GDR, if only to test how fast and how far the GDR wants and is able to go. Greenwald (HA) added that another contributing factor to an increased opening to the West by the GDR might be its continued desire for increased political legitimacy and respectability. Such increased legitimacy for the GDR, Brown suggested might be one reason why the Soviets might allow the GDR greater leeway vis-a-vis the non-FRG West. Others include trade, a preoccupation with China, and a desire to lessen the GDR's dependence on the FRG.

5. Concluding on the basis of the foregoing discussion that it appeared that the FRG, the Soviets and the GDR wanted to move the

US–GDR relationship forward, Goodby asked why the US did not want to do so. Is there nothing in such forward movement for us but trade? Neets (Agriculture) replied that, while the GDR agricultural market is not great, it is active and capable of growth and currently represents the largest part of US trade with the GDR. Asked by Woessner how close we were to reaching the growth limits of that market, he said that, while we have made great strides, it will be more difficult to obtain a larger share as long as the Soviets continue their present levels of supply. Porter (Commerce) noted that overall trade turnover had increased an estimated 15 percent over 1977, with a sharp increase in GDR industrial exports from \$16.7 million to an estimated \$36 million. The GDR, she concluded is learning more about the US market, while the quality of GDR goods is becoming better known to American firms. With MFN, trade would probably expand significantly, with more turn-key contracts going to the US. Most of these contracts would otherwise go to other countries in the West. By way of example, she pointed to the estimated \$300–400 million in GDR business that currently goes to US offshore subsidiaries each year. In this regard, Woessner noted that the British and French had long competed fiercely for the GDR market, divorcing such competition from political considerations. Touching briefly on the GDR's indebtedness, Goodby asked if we could do a study of the question. Gray replied that indebtedness is supposed to be discussed in an ongoing CIA study of the GDR economy. He said he would check on the status of that study.

6. Turning to a consideration of the GDR as a CEMA/Warsaw Pact member, Goodby noted that not all the cards were in the Soviets' hands. Larrabee (NSC) added that the GDR's importance to the Soviet Union stemmed primarily from its security role. While the GDR is also of great economic importance to the East, over the last few years there had been a decline in its trade with CEMA, though there were recent signs that the GDR was making efforts to try to reverse this trend. With regard to foreign policy, he detected few meaningful signs of East German independence, except at times in relations with the FRG. Farlow (INR) agreed, saying it was hard to accept the assumption that the GDR enjoyed any meaningful independence or was any more liberal than most other East European countries. The GDR, he added, tends to act on two foreign policy levels. Publicly, the GDR's leaders tend to take milder, less polemical positions than they do in private discussions with their allies. Their position on China, he said, was a good example, being more restrained in major public pronouncements compared to some other East European statements, but more outspoken in less publicized allied discussions—as during the recent Sofia Ideological Conference of Communist Parties. Gray noted, however, that the GDR was in the forefront of those publicly backing Vietnam and that the

GDR press had carried a number of East German-authored diatribes against Chinese. He also noted that others like Hungary had adopted a rather slavish pro-Moscow foreign policy line, while pursuing their own national interests.

7. Porter observed that, as its most advanced member, the GDR is an important technology supplier to CEMA. For this reason alone, the Soviet Union would not allow the strained economic fabric of the GDR to tear. The GDR, however, has been finding it harder to obtain raw materials from CEMA and to meet contracts for finished products. This was producing greater tension in the relationship. Kaplan added that the "resentment factor" should not be underestimated. Eastern Europeans resent the GDR, because it is CEMA's richest member, it is the only one to enjoy it and, most importantly in their eyes, it is German. Gray agreed but observed that resentment worked both ways, with East Germans recalling the nature of the Soviets' arrival in and occupation of East Germany and probably feeling that their economy could advance far more rapidly if not linked to that of the Soviet Union. For the latter reason there is probably a desire among even the SED leadership to eke out more independence in the economic sphere. Blacklin (DOE) noted that resentment by its other CEMA partners tended to force the GDR to rely more heavily on the Soviet Union. CEMA in general, he added, is experiencing problems in obtaining needed energy resources, and the GDR, with only lignite, is particularly vulnerable. This, he said, has created opportunities for Western sourcing.

8. Noting that it has been nearly impossible to determine whether particular disturbances in and around Berlin have been undertaken as a result of Soviet or GDR instigation, Woessner observed nevertheless that Berlin provided a peculiar, particularly strong bond between the Soviets and the East Germans. Kaplan agreed, but doubted whether the Soviets allowed the GDR much independent play on Berlin. The way to deal with Berlin problems is with Moscow, not the GDR.

9. Greenwald said that, toward the end of internal liberalization, we should make a greater effort to open up East German society through exchanges and wider distribution of Western publications. Larrabee added that there were other reasons for trying to increase the transparency or porosity of GDR society, not the least of which were to keep open a Western option for the GDR and to improve our very imperfect knowledge of the GDR. Neets said that there was already sufficient knowledge about the GDR, most of it readily available in the FRG. That, according to Gray, was part of our problem; namely that most of our knowledge about the GDR came to us filtered through West German perceptions. Our own direct study of the GDR is limited because most academic observers of Eastern European Communist

affairs are Slavacists who tend to ignore the GDR. It would be well, he said, to encourage exchanges that would foster American expertise in East German affairs. Larrabee agreed, and said it should be possible to upgrade our activities in this area within the limits of PD-21. Milton (ICA) added, however, that our presentations and exchanges programs had grown satisfactorily without a cultural agreement. Since such an agreement could later be used to limit our activities in the GDR, ICA would prefer to avoid signing one, unless it were demonstrated that we had reached the limits of growth in the absence of an agreement. All agreed.

10. Responding to Goodby's request for a discussion of GDR activities in Africa, Larrabee suggested that, while the GDR has interests of its own in Africa, in the military-security sphere the GDR often appears to be acting as a Soviet surrogate and that the way to moderate its activities there is through the Soviet Union. Goodby said that the GDR was in Africa not only as a Soviet surrogate and that its military activities, restricted so far to advisors, have not been great. The ORPA/EE rep agreed that the surrogate role had been overplayed and reported that only small numbers of GDR military personnel have been detected in Africa. The ORPA/EE rep added that the GDR, which had long pursued its own interests in Africa, is also trying to develop the continent as a market. Farlow (INR) said that what was significant was not that the East Germans had been in Africa for a long time but that their [interests] correlated with and reinforced Soviet interests. A division of labor with the Soviets was evident, with GDR military aid down and economic aid up in 1978. Suggesting possible GDR support for terrorists, he said that we should monitor East German activities throughout the Third World, urging moderation when necessary. All agreed that this "monitor/moderate" formula was preferable to a neutral dialogue that could be interpreted as acceptance or even approval of an East German presence in Africa or elsewhere in the Third World.

Vance

125. Memorandum of Conversation¹

Washington, March 29, 1979, 9:30 a.m.

SUBJECT

US–GDR Relations

PARTICIPANTS

The Deputy Secretary

David B. Bolen, Ambassador to the GDR

David K. Edminster, Deputy Director, EUR/CE

The Deputy Secretary opened the conversation by asking Ambassador Bolen to summarize his hopes for the US–GDR relationship and discuss the problems in that relationship.²

Ambassador Bolen said there were obvious problems stemming from the long period when the two countries had no relations with each other: there was still a certain residue of negativism on both sides. Despite this, he had good access to the GDR leadership and we are able to talk frankly with them, even on the political level. He mentioned in this connection Ms. Derian's having been received by the GDR³—a thing which had surprised some people.

For the future, the Ambassador thought we had significant opportunities to expand our relations with the GDR in ways which would help us to realize some of our objectives there with regard to: e.g., GDR behavior with respect to Berlin, Africa and the Middle East; human rights; cooperation in narcotics matters. The Ambassador was convinced that neither the Soviets nor the FRG had any serious objection to an expansion of US–GDR relations; he mentioned in this connection his conversations with the FRG Permanent Representative to the GDR, Gaus, who had assured Ambassador Bolen that he saw no problems from the standpoint of his government.⁴

With regard to the Consular Convention, Ambassador Bolen commented that we had achieved a breakthrough following his meeting

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1967–1985, Lot 92D404, Box 6, US (Political) 1979–1980. Confidential. Drafted by Edminster; cleared by Bolen; approved by Trattner. The meeting took place in the Deputy Secretary's office.

² See Document 124. The Department cabled a revised text to the Embassy on February 3 in telegram 28968 to East Berlin. (National Archives, RG 59, Central Foreign Policy File, D790052–0616) The Embassy cabled its implementation plan in telegram 620 from East Berlin, February 6. (National Archives, RG 59, Central Foreign Policy File, D790056–0899)

³ See Document 123.

⁴ No record of the meeting was found

of January 22 with Hermann Axen,⁵ which had resulted in Ambassador Grunert's presentation of new language on the nationality issue which was acceptable to us, the UK, and the FRG, but which was still causing problems for the French.⁶ The Ambassador thought that if we could not bring the French around in the near future the only sensible alternative was to break the linkage we had hitherto maintained between the conclusion of the Consular Convention and the development of US–GDR relations in other areas.

With regard to MFN, Ambassador Bolen said he was not arguing that we should necessarily grant it to the GDR now but that we ought not to reply to this primary GDR concern with a categorical no; we ought to make them understand that their actions on various issues in which we are interested, including human rights matters and claims, could have a positive influence on the prospects for MFN.

Mr. Christopher observed that, while the GDR was perhaps doing as much as it could, its present performance could not match the Soviet record. Jackson-Vanik was pretty specific. We did not expect any repeal of it but we did think that we could find ways of bringing China and the USSR through it. The GDR, however, could not match up on the basis of general performance and certainly not if one included their record on emigration in the equation.

⁵ In telegram 382 from East Berlin, January 24, Bolen reported his January 22 conversation with SED Politburo Secretary Hermann Axen. During the conversation, Axen stressed the need to improve economic and cultural relations between the two countries and that "the United States must acknowledge that the GDR has citizens." If the U.S. Government would officially recognize that fact, Axen told the Ambassador, "we take these few words and put them down on paper we can drink a glass to this right away." Bolen assured Axen that the U.S. Government "clearly recognize GDR citizenship and that GDR Consuls have a right of access to GDR citizens" and that "there exists a basis for resolution in the U.S. proposed mirror-image statement." (National Archives, RG 59, Central Foreign Policy File, D790036–0713) See also footnote 6 below.

⁶ In late 1978, having failed to reach an agreement on issuing a statement on nationality, the Department proposed a new solution to the issue. Dubbed the "Circle of People" approach, the proposal sought to clarify, in mirror statements, that each country would have access to its citizens held under arrest in the other country. Goodby delivered the proposal to Grunert on November 3, 1978, in a tour d'horizon meeting at the Department. (Telegram 280985 to East Berlin and Bonn, November 4, 1978; National Archives, RG 59, Central Foreign Policy File, D780455–0667) As the Department prepared to make its proposal known to the East German Government, the French representative in the Bonn Group raised objections to the statements, suggesting that the text conferred recognition to the East German Government of an East German nationality. Reporting on the French concerns, Stoessel noted that the French representative also "indicated to us privately that Paris takes a dim view of the protracted bilateral US–FRG discussions of the text." (Telegram 21614 from Bonn, November 24, 1978; National Archives, RG 59, Central Foreign Policy File, D780484–1108) The Department of State reply in telegram 300497 to Bonn, November 28, 1978, instructed Stoessel that the matter should be dropped unless the French bring it up. (National Archives, RG 59, Central Foreign Policy File, D780489–0629)

Ambassador Bolen conceded that emigration from the GDR remained a serious problem. He thought the record had improved, however, and cited the following figures: 1970—540 family reunification cases; 1977—3,500; 1978—4,600. Between 1974 and 1978, he added, there were 190 family reunification cases involving Americans. The Embassy had made representations in 118 of those cases, 85 of which have been resolved positively.

Mr. Christopher conceded that the record might be better than he knew but said that he still had the impression that it was very difficult to get out of the GDR. Ambassador Bolen stressed that he talks to the Foreign Minister personally about humanitarian cases and leaves lists with the Minister of cases which we wish urgently to have cleared up. The GDR had made some effort to meet our desires on this score.

In conclusion, Mr. Christopher observed that the important thing was that our relations with the GDR were on an upward trend—perhaps only a very gentle rise, but upward nonetheless.

126. Memorandum Prepared in the Central Intelligence Agency¹

PA M-79-10210

Washington, May 3, 1979

EAST GERMANY: THE CHILLY WINDS OF SPRING (U)

East Germany recently has initiated a number of repressive measures against dissident intellectuals, some consumers, and Western correspondents. The official pretext was unfair treatment by the Western press of such issues as East German hard-currency shops and the quality of everyday life in East Germany. The government's actions were no doubt intended to address more deep-seated problems, such as its failing ability to manipulate the populace in support of its policies. And they were further intended to send a message to West Germany that, detente and ostpolitik notwithstanding, East Germany has no intention of modifying its foreign and domestic policies. The government probably felt the need to send such a message to the West because of recent speculation in the Western press, fueled in part by the statements and travels of West German Social Democratic parliamentary leader Herbert Wehner,

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 82T00150R, Production Case Files, Box 6, East Germany: The Chilly Winds of Spring. Confidential. The memorandum was prepared in the Office of Political Analysis and coordinated within OPA and the Office of Economic Research. Copies were sent to the NSC, the Department of State's INR and EUR Bureaus, and the Departments of the Treasury and Defense.

that a process of German reunification may be in its infancy. [classification not declassified]

The Regime's Measures

East Germany now requires that its citizens convert hard currency into bank certificates before these funds can be used to purchase quality goods in special shops (Intershops). The change acknowledges that the two-currency economy that has developed in East Germany, with the West German mark being the preferred currency, had to be curtailed. The dual-currency system makes special benefits available to those who can acquire foreign funds—many times through transactions outside the official economy. The persons thus rewarded by the system are, by and large, not those the regime wishes to be rewarded—workers and party and government officials. The change in the system was not as restrictive as many East Germans feared, but it will bring home to those who profit from the dual system that the privileges they enjoy are strictly at the sufferance of the regime. *[classification not declassified]*

The new measures are designed to reduce the growing number of informal contacts between East and West Germans. The West German media, which reaches a substantial number of East Germans through radio and television broadcasts, has long been a nuisance to the authorities because of their accurate descriptions, collected from local residents, of economic, social and political conditions in East Germany. To reduce these contacts, the regime has enacted controls requiring Western journalists to provide the authorities 24 hours notice and a detailed itinerary of travel plans outside East Berlin. Other restrictions include a ban on interviews with East German citizens without prior government approval and a requirement that, "in carrying out their journalistic work, journalists must abstain from slandering or defaming the GDR, its state organs, and its leading figures, as well as states allied with the GDR." These restrictions are more severe than those of any other East European state, including the Soviet Union. *[classification not declassified]*

The restrictions on foreign travel by dissidents have prevented several regime critics, including East Germany's most prominent author, Stefan Heym, from traveling to West Germany to attend lectures and conferences. The government also has devised a new legal scheme, apparently to be applied on a selective basis, for punishing authors who publish their work in the West. According to this newly devised legal principle, a citizen who publishes in the West and receives compensation is guilty of violating foreign currency regulations, the penalty for which is a 10 year prison term. This law probably is the basis of the recently instituted criminal proceedings against Robert Havemann, a prominent critic. The measures against dissidents will not halt their activities or the feed-back of information into the country about them, but they will have an inhibiting effect. *[classification not declassified]*

The Timing

There are probably several reasons why the regime chose to act at this time, despite the risk to its efforts to expand economic ties with the West. At the root is its determination to maintain its identity as a separate German state capable of controlling its internal affairs. The regime may have believed that this had to be emphasized at this time to the West Germans, whose *ostpolitik* is credited by some for the conditions the East Germans find uncomfortable. Inter-German intercourse has increased at the economic and personal level to a point where some West German quarters could speculate last month about the possibility of eventual German reunification. Such speculation is intolerable to the regime, which this year will celebrate the 30th anniversary of the creation of the East German state, because it raises the fundamental question of the permanence of that state and, thus, the obligation of its citizens to give it their allegiance. [*classification not declassified*]

The measures were, no doubt, cleared with the USSR, which has ruled out German reunification. The political concessions made by East Germany to the West—and West Germans, in particular—in the 1970s have, in part, been in support of the USSR's policy of detente with the West and improved relations with West Germany. The USSR may not be loath to see speculation on the reunification question because it emphasizes to the East German leaders—and to the Poles—their ultimate reliance on the USSR for the perpetuation and integrity of their state, and, thus, their obligation to follow Soviet dictates. But the Soviets would not wish reunification to become a credible notion in East Germany, where it strikes a responsive chord with the public and, perhaps, even with some in the bureaucracy. The Soviets could even have been responsible for the timing of the East German moves. [*classification not declassified*]

A further impetus for instituting repressive measures now is the country's deteriorating economic situation. Faced with a serious balance of payments problem with the West, the regime has critical resource allocation decisions to make, and the result could be a conscious reduction of economic growth, with all that would mean in terms of greater austerity for the public. This could lead to a partial abandonment of the regime's consumer-oriented policy, which has been the basic theme of its appeals for popular support. Before such a reversal became obvious to the public, the regime would presumably wish to remind the people of the powers of the state to enforce public discipline.² [*classification not declassified*]

² According to a sources list, the memorandum was based on the following telegrams: telegram 2158 from East Berlin, April 20, (National Archives, RG 59, Central Foreign Policy File, D790184–1205); telegram 2176 from East Berlin, April 21, (National Archives, RG 59, Central Foreign Policy File, D790185–0678); telegram 7089 from Bonn, April 19, (National Archives, RG 59, Central Foreign Policy File, D790180–0326); telegram 2249 from East Berlin, April 25, (National Archives, RG 59, Central Foreign Policy File, D790191–1118); and telegram 2265 from East Berlin, April 25, (National Archives, RG 59, Central Foreign Policy File, D790191–0838).

127. Memorandum of Conversation¹

Washington, May 3, 1979, 3 p.m.

PARTICIPANTS

Dr. Kurt Nier, GDR Deputy Foreign Minister
 Patt Derian, Assistant Secretary of State for Human Rights and Humanitarian Affairs

ALSO PRESENT

Ambassador Grunert, GDR Ambassador to U.S.
 Ambassador Bolen, U.S. Ambassador to GDR
 Joachim Elm, Planning Staff, GDR Foreign Office, Berlin
 GDR Interpreter (nu)
 Gisela Marcuse, Language Services
 Jonathan Greenwald, HA/HR (Notetaker)

SUBJECT

Human Rights Questions including CSCE, Divided Families, GDR Restrictions on Journalists and Dissidents, GDR Educational Policy, Jewish Claims

Ms. Derian and Dr. Nier expressed pleasure at seeing each other again so soon after their discussions in Berlin in October.² *Dr. Nier* said that he had spent the morning in consultations with U.S. representatives, headed by Deputy Assistant Secretary Goodby, on many questions important to bilateral relations.³ He could say that in some areas we have come forward a step. The Consular Convention has visibly neared conclusion. Ms. Derian expressed satisfaction.

Dr. Nier said that a further step has thus been taken that can produce a positive effect upon other areas. The agenda had not yet been completed. There would be a chance to continue with Mr. Goodby the following day.⁴ His program also called for meetings with other figures in the Department and the Executive Branch and the Congress. It was an intensive program but one that he welcomed because he hoped and was persuaded that it would produce not just an exchange of views, but also concrete results.

¹ Source: National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, 1979—Human Rights and Country Files, Lot 82D103, Box 4, Germany—East 1979. Confidential. Drafted by Greenwald on May 9. The meeting took place in Derian's office.

² See Document 123.

³ In telegram 112470 to East Berlin and Bonn, May 4, the Department reported that during their meeting the previous day, Nier told Goodby that the German Democratic Republic agreed with the April 16 U.S. proposal on the nationality issue in the Consular Convention. (National Archives, RG 59, Central Foreign Policy File, D790202–0894)

⁴ See Document 129.

Ms. Derian said that she had tried during the conversation in Berlin to lay the groundwork for an understanding of U.S. human rights policy, in particular for an understanding of why development of bilateral relations required that account be taken of that policy. She had sought then to keep the discussion general. Today she would like to speak more specifically.

Ms. Derian said she knew that Mr. Goodby had passed over a copy of our divided families' representation list. It was a smaller list than we have with some other countries, but it is very important for the people involved. The U.S. has also talked with the GDR about measures for expediting the handling of emergency visitation cases. This is one of the first things we raise because it is so important for the families.

Ms. Derian said she was sure Ambassador Grunert had called attention to the wide reporting in the press of the new restrictions the GDR had recently placed on journalists. These restrictions had come as a surprise to the U.S. They were inconsistent with CSCE since they involve more restriction on the free exchange of ideas. This type of thing, when coupled with the new restrictions placed on Havemann and Heym, creates great interest in the U.S. Together they are serious barriers to the development of our relations. We hear about them from members of Congress and from the public. These steps give rise to an impression that things are not going well between our two states, that the CSCE Final Act is not being implemented. Thus tensions grow when things appeared to be going along well between our countries, just at the time of such an important and positive step as the Consular Convention.

Ms. Derian said she wanted also to ask a question with regard to Jewish claims. She understood that the private American concerned with this question, Benjamin Ferencz, had proposed that the GDR export goods to the U.S. with the proceeds earmarked for compensation. She wondered how the GDR would react to this idea. She asked this question somewhat out of the context of the rest of her remarks because she understood that Mr. Ferencz may have some Congressional interest in special legislation to facilitate this but does not wish to pursue the idea unless there was GDR interest. She realized it was not possible for Dr. Nier to answer this question immediately, but she hoped he would think it over. If the idea appears interesting to the GDR, Mr. Ferencz could be advised.

Ms. Derian said the last topic she wished to raise concerned military education in the schools. There was growing concern that part of the curriculum appears to deal with attitudes toward the West, that the teaching promotes hatred for the West among young people. This is out of step with CSCE. She wondered whether there was a reason for this. On one hand, the GDR seeks to improve relations; on the other

hand, children are taught hatred. This along with her points about journalists, Havemann and Heym were what she wished to convey. She said she had heard that Havemann's wife and six-year old daughter were subjected to tight controls; Heym could not travel out of the country. These are unusual and unexpected measures that create tensions. She would appreciate an explanation.

Dr. Nier said he would have to begin with a clarification of what are properly questions relating to bilateral relations and what are internal matters and therefore not appropriate to bilateral discussions. He had explained the basic GDR position on Helsinki Final Act implementation in Berlin and again this morning. The GDR does not consider that the Final Act deals only with family reunification or humanitarian cooperation. It has three baskets, and success in further implementation is only possible if the Final Act is considered in its entirety. Overall there are many positive results. There can be no doubt that the GDR is prepared to continue along the way of implementation in cooperation with other participating states, but there will always be the need to keep all aspects of the Final Act in mind.

Dr. Nier said he had also explained the GDR's fundamental position on human rights in Berlin. Nothing has changed or can change in this position. He had already spoken to one question, that of family reunification, this morning. He had referred to the GDR's regular practice with the U.S., which was a generous one. More than 100 cases had been resolved. Other cases are under review and will be decided on the basis of GDR laws and regulations. He had to mention that GDR citizens, GDR laws, and internal GDR affairs were involved. But there was no basis to doubt the GDR's generous practice in this area.

Dr. Nier said he had also discussed the competence of foreign journalists in the morning. The new regulations were fully in accordance with the Final Act. Every state has the right to enact its own laws and to safeguard its own interests in so far as there is no conflict with international law. Every state, the GDR included, has the right to prevent any interference in its internal affairs. The GDR knows how to exercise this right. Foreign correspondents are afforded every opportunity to do their work and to engage in objective reporting. So long as they act in a professional and serious manner and comply with their Helsinki Final Act obligations, they will be given every support and opportunity to do serious reporting. There were individuals, however, who tried to abuse their work for interference in internal affairs. They will be prevented from doing so because the GDR knows how to protect its interests, as do all states. He said that an important part of the Final Act is the recognition that noninterference in internal affairs is recognized as one of the leading principles that should guide relations between states. He repeated that there was no reason to express concern

about the regulations. A serious, professional correspondent who acts in the spirit of the Final Act to promote understanding, peace and friendship, has received in the past and will receive in the future all necessary support.

Dr. Nier said that two questions had been asked that could not be discussed. He had in mind what had been said about Havemann, Heym and education. These were matters fully within the internal competence of the GDR. They involved domestic laws. The GDR did not concede anyone else the right to say anything about them. The GDR was not in agreement with much that happened in other countries. To the extent that those events were based on internal legislation, however, the GDR would not interfere. If someone violates laws in a country, this can not be discussed by other countries. The GDR, for example, was concerned that in some countries children do not enjoy the full right to education, vocational training, and adequate career opportunities. The GDR regretted this deprivation of young people's rights, but such a matter could not be the subject for government to government relations. The GDR educational system enjoys international esteem. It reflects high standards of academic excellence and is also marked by a spirit of peace, humanism and understanding that flows from the state's general policy.

Ms. Derian said she wished to ask a question of clarification. She believed *Dr. Nier* might have answered one of her questions obliquely, but she wished to be certain she understood. Was he saying that GDR children are taught to have a high regard for peace and for people of other countries and that reports we have that children are taught an attitude of hostility are incorrect?

Dr. Nier said that if anyone alleges that GDR children are taught hatred for children in Western countries, it is a defamation and a slander of the GDR's policy. The GDR's basic educational principle is the solidarity of youth everywhere in the world, be it Vietnam, Africa or elsewhere. Such reports, from wherever they come, are, simply put, a slander. He asked to be excused for his frank response.

Ms. Derian asked whether the GDR distinguished between what children are taught about other children and what they may be taught in a military context. *Dr. Nier* responded that there is simply no teaching of hostility. All GDR education is based on love for peace, solidarity, friendship, and understanding among peoples. Of course the GDR also teaches that peace must be defended and secured. If there are classes in this context in which young people are acquainted with national defense, this has nothing to do with reports of the sort *Ms. Derian* had mentioned.

Dr. Nier said he would reiterate again, however, that these were matters of internal competence. Sovereign states should base their relations on matters that pertain to bilateral affairs in accordance with principles contained in documents like the Final Act and the UN

Charter. If the objective is to develop relations, which he repeated is what the GDR desires, they should be guided by efforts to contribute to detente and should concentrate on such matters. He explained that he had said in the morning that the U.S. and the GDR should act in areas where progress is possible. This was basic to further development of relations. There will naturally be questions on which it will not be possible to agree, but these matters should not become obstacles to the progress that was possible.

Ms. Derian noted that Dr. Nier had to leave momentarily for an appointment at the Commerce Department. She felt it was important, however, to cover two points. She said that the U.S. and the GDR have parallel objectives. Dr. Nier had spoken twice about the Final Act being a single entity that should not be divided up. But it is not possible to speak at the same time about all its aspects. Issues have to be addressed one at a time, and human rights is part of the Final Act.

Ms. Derian said that the two countries were trying to make a new relationship. She feared she had failed to transmit the message that as steps are taken that build that new relationship, humanitarian matters, policies that affect people, were essential to our ability to move ahead. She understood the GDR position, but progress in the human area was necessary if we were to move ahead. Of course the GDR could say for years that all of these were internal matters, but if we want to go ahead, they must be addressed. She noted that there is a well-known board game where players are occasionally told, "return to go". Perhaps relations were sometimes like that, but the U.S. wants to move ahead.

Ms. Derian said she was grateful for the opportunity to talk with Dr. Nier again. It was frustrating just to begin and then to have to stop. She recalled that Dr. Nier had, in the Berlin conversation, commented that all countries had constitutions and seemed to discount them as not of much significance. She asked if that were also the GDR's view of the Final Act.

Dr. Nier said that he had not meant to give that impression, that the GDR's constitution was filled with life and was not just words. The GDR had the same feeling about the Final Act. But this could not happen with just this or that part of the document. He believed there had been progress in the past few years. The situation should be compared with 1975 when the Final Act had been signed. The present situation in Europe reflects forward movement between states with different social systems. There was no reason why more progress could not be made, but there was a need to prepare carefully and thoroughly so that we could go forward. *Ambassador Grunert* spoke up and said he would be interested in ongoing discussions.

128. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, May 3, 1979

SUBJECT

Attendance at Reception for GDR Deputy Foreign Minister Nier (C)

I am puzzled by the rationale behind your refusal to allow me to attend the reception for GDR Deputy Secretary Nier. I have no great love for the East Germans, and personally I would just as soon not go. *Professionally*, however, I think I should go. (C)

—Nier is a Deputy Foreign Minister. He is here at our invitation to put the finishing touches on a Consular Convention, which we made a precondition for any expansion of relations, and to sign several other bilateral accords. The GDR has accepted our compromise language on the nationality issue. (C)

—He is seeing Mat Nimetz and I understand that Nimetz will be at the reception. (C)

But there is a more fundamental point. Regardless of what we may think of the GDR, it is an important actor in world affairs. It is the ninth leading industrial power in the world and most powerful country, militarily and economically, in Eastern Europe. At the same time, it is part of a larger equation—the “German problem”—which has been, and to a large extent remains, a source of instability and tension in Europe. Its relations with the USSR and the FRG directly impact on our relationships with both countries. And its actions affect our interests in Berlin in important ways. (C)

Moreover, while the GDR remains strongly supportive of Moscow's politics and internally orthodox, there are signs of ferment and change, and it would be short-sighted to underestimate their potential impact on Central Europe over the long run. (C)

These factors give us an interest in maintaining a dialogue with the GDR and learning more about it. We can't do this, however, if we shun even the most informal contact with its diplomats. I am not suggesting that I should spend every Friday evening dining with the DCM at the Sans Souci, but I am suggesting that I should have some

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 24, German Democratic Republic: 1/77-1/81. Confidential; Outside the System. Sent for information. Copies were sent to Jennings, Bartholomew, and Dodson.

(low-level) contact with the GDR and that there may come a point when such contact will prove useful to us.² (C)

Of course, I will abide by your decision and not attend the reception. I simply wanted to suggest some factors which should be taken into consideration in the future. (C)

² Brzezinski underlined “there may come a point when such contact will prove useful to us” and wrote in the margin “yes, but not yet for the NSC. ZB.”

129. Telegram From the Department of State to the Embassies in the German Democratic Republic and Federal Republic of Germany¹

Washington, May 8, 1979, 0011Z

115852. Subject: Goodby-Nier Consultations: May 4 Developments.

1. (C) Entire text.

2. During May 4 plenary session, Deputy Assistant Secretary Goodby and GDR Deputy Foreign Minister Nier initialled German and English text of separate exchange of letters on Consular Convention. Text is same as para 4 reftel² except that final, non-substantive sentence of one of two letters has been changed by adding new final sentence which reads: “I am authorized to declare that your letter and this reply constitutes an agreement between our two governments.” Three-man U.S. team will arrive Berlin May 9 to begin negotiation of final technical details of Consular Convention, which negotiation we hope to have finished in time for May 17–21 visit of GDR State Foreign Trade Secretary Beil. Neither side intends to publicize fact that we have discussed Consular Convention until such time as agreement is ready for signing. FYI: We anticipate signing in Washington. End FYI. We will give FRG promised note at time of signing the Consular Convention and before public announcement of signing.

3. Nier and Postmaster General Bolger signed Parcel Post Agreement May 4. Agreement contains U.S. fallback language in Article 1

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790207–0903. Confidential; Immediate. Drafted by Gray; cleared by Edminster and in INM; approved by Vine. Sent for information to Paris, London, West Berlin, and USNATO

² Not further identified. See footnote 3 below.

which protects our interest with regard to Berlin. That language reads as follows: "This agreement applies to all areas for which the Governments of the U.S. and GDR exercise postal responsibilities."

4. On May 4 GDR Embassy gave us a note agreeing to our proposal of April 16 for the reciprocal exemption of taxes on diplomatic properties.³ In this regard Nier was told by Goodby that we would expect favorable treatment of requests that will be forthcoming through our Embassy for the conversion of our leases in East Berlin from short-term to long-term. FYI: GDR note misquoted U.S. note April 16 replacing "U.S. Embassy to the GDR" with "U.S. Embassy in the GDR." Note was returned to GDR Embassy May 5 by Department officer who pointed out "grammatical" error and asked that note be resubmitted by May 7 with proper quotation of U.S. note. We have every expectation that this will be done. End FYI.

5. Goodby told Nier that USG is now prepared to discuss a scientific-cultural agreement with the GDR and gave him a copy of our agreement with Bulgaria as our preferred model. Nier explained that GDR prefers separate agreements but agreed to examine US model which consists of an umbrella agreement and a detailed biennial implementation agreement. Nier was told that we would be prepared for detailed discussion in the early fall.

6. Nier was also told that we are now prepared to approve the GDR pending request for new trade offices in New York upon the signature of the Consular Convention Agreement. It was proposed that, if Consular Convention can be signed between now and May 17, that announcement of this step could be made at the time of Beil's visit. The offices consist of two foreign trade enterprise offices (Unitechna, Jenoptik) and a branch of the GDR Embassy Commercial Section. With regard to the latter, Nier was told that, in accordance with the agreed minute of 1974, we would expect that we would be given the option to open an office of our own at a time and place of our choosing. Nier did not object.

7. Nier was presented with our Double Taxation and Agricultural Agreement with Hungary as models for such agreements with the GDR. Nier undertook to provide us with models of the types of shipping, health, legal assistance and customs agreements the GDR would like to sign with the U.S. He was told that we would be unable to reply definitively on a shipping agreement until such time as an overall maritime policy study being conducted by a White House Task Force is completed but was assured that the GDR's views should be factored into that study when received. Nier said that the GDR had proposed

³ See footnote 3, Document 127.

Health and Customs Agreements in order to meet U.S. narcotics concerns expressed in Berlin by U.S. Customs Director Corcoran and Assistant Secretary Falco. Goodby said that we were not really interested in a Customs Agreement but would prefer to expand our narcotics control cooperation on the current informal basis. He also said that health matters are normally treated by us in scientific cultural agreements. When Nier pointed out that a separate agreement would be needed to satisfy the needs of the GDR's separate Health Ministry, Goodby promised to look carefully at the model that would be provided by the GDR.

8. Also raised by the GDR in a perfunctory manner were MFN, overflight rights, military attaches, fishery quotas, an agreement on the return of cultural objects and a GDR film week in the U.S. On MFN and fishery quotas, both sides repeated their standard positions. We refused to discuss attaches and told Nier to expect a negative response to the GDR's note on overflights. He accepted this with equanimity. He was told that, with regard to a film week, ICA has already been in touch with the "appropriate American institution", the American Film Institute, which would be pleased to establish contact with the GDR's Cultural Attache. On the return of cultural objects, Nier presented us with a draft note, which would require the two sides to return objects listed in an unattached annex and to "repatriate to each other cultural property which may be found henceforward and which has its permanent and rightful repository in the territory of one of the two nations." We promised to examine this proposal carefully and, in this context, renewed our plea for the return of the Feininger paintings.

9. Nier also proposed exchanging notes agreeing to regular political consultations at "senior levels", stating that this could be Goodby-Nier level. While viewing this in a dim light, we agreed to examine the proposal. Without specifying individuals, Goodby proposed receiving a GDR delegation this summer for CSCE consultations followed by a political level U.S. trip to Berlin in the fall and a higher level CSCE consultation in Berlin in the spring. Nier expressed general agreement.

10. With regard to CSCE, Goodby gave Nier a new list of divided family cases and protested restrictions on journalists. Our protest, he said, would be made public in President's report to the CSCE Commission.

11. Claims were only touched upon briefly, with Goodby turning over copies of fifty cases mailed earlier by USFCSC and making a strong pitch for settlement of the Jewish claims.

12. Nier met for ten minutes with Deputy Secretary Christopher, with both assessing positively the resolution of the Consular Convention nationality issue. In other meetings, Assistant Secretary Derian elaborated on human rights issues, Under Secretary Newsom did so

on the Middle East and Counselor Nimetz did so on CSCE and East-West issues.

13. French and German Embassies have been briefed in detail on the above. U.S. Bonn group rep should do the same.

Vance

130. Telegram From the Department of State to the Embassies in the German Democratic Republic and the Federal Republic of Germany¹

Washington, June 30, 1979, 0020Z

168723. For Ambassador Bolen From Assistant Secretary Vest. Subject: Signing of US-GDR Consular Convention. Ref: A) Berlin 3657; B) Berlin 3644;² C) State 167957;³ D) USBER 1381; E) USBER 1385.⁴

1. Confidential (Entire text)

2. For Berlin. On basis refs A and B, we have again considered question of whether we should proceed with scheduled July 3 signing of US-GDR Consular Convention in light of June 28 GDR action on election of East Berlin Volkskammer deputies.⁵

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790295-0852. Confidential; Niact Immediate. Drafted by Niles; cleared by Vine; approved by Vest. Sent for information Immediate to Paris and London; and for information Priority to Moscow and USNATO.

² Telegram 3657 from East Berlin, June 29, urged the Department to reconsider postponing the signing of the Consular Convention based on the points made by the Embassy in telegram 3644. (National Archives, RG 59, Central Foreign Policy File, D790294-0897) Telegram 3644 from East Berlin was not found.

³ In telegram 167957 to East Berlin and Bonn, June 29, Vest informed Bolen that, "after careful consideration" the Department decided to postpone signing the Consular Convention in light of the Volkskammer decision. (National Archives, RG 59, Central Foreign Policy File, D790295-0684)

⁴ In telegram 1381 from West Berlin, June 29, the Mission recommended that the Department postpone signing of the Consular Convention to show that the U.S. Government took the East German decision to elect Volkskammer members in East Berlin seriously. (National Archives, RG 59, Central Foreign Policy File, D790295-0265) Telegram 1385 from West Berlin was not found.

⁵ In telegram 3615 from East Berlin, June 28, the Embassy reported that the Volkskammer (Chamber of Deputies) approved an amendment to the 1976 election law removing all differentiation between deputies from East Berlin and the rest of the German Democratic Republic, as well as allowing for the direct election of deputies from East Berlin to the Volkskammer. Previously, East Berlin deputies were nominated by the city assembly. (National Archives, RG 59, Central Foreign Policy File, D790293-0138)

3. While we appreciate your point in refs A and B regarding consistent approach by the three powers in responding to GDR action, we do not wish our decision on Consular Convention contingent upon actions by other allies.

4. Consequently, you should advise Deputy Foreign Minister Nier on July 2 that we will not be able to proceed as planned with the July 3 signing of the Consular Convention due to unexpected complications. This approach would be entirely consistent with your June 14 presentation to Nier (Berlin 3370 and State 151160) during which you advised him that we were prepared to proceed with a July 3 signing provided no [unfo]rseen complications intervened.⁶ If Nier asks when we will be able to sign the Consular Convention, you should advise him that this will depend upon further developments. FYI we have in mind shortly after seating of European Parliament July 18 if there are no further incidents. End FYI.

5. For Bonn. Embassy should advise other Bonn group members at earliest opportunity of our decision to postpone signing of the Consular Convention.

6. Department does not plan to make any public announcement of postponement of signing. However, we assume that this will soon become public knowledge, and if subject comes up at noon press briefing we will acknowledge that signing has been postponed. We do not plan to expand upon the reasons for the postponement nor to speculate as to when the Convention may be signed. Posts should use similar line in responding to press inquiries.

7. For Bonn. Exchange of notes and two non-papers (see State 119080)⁷ should obviously be postponed until further notice.

Christopher

⁶ In telegram 151160 to East Berlin, June 12, the Department informed the Embassy that while the U.S. Government would prefer to sign the Consular Convention in Washington, the Department would agree to a Berlin signing by Nier and Bolen if the East German Government continued to press for Berlin as a venue. (National Archives, RG 59, Central Foreign Policy File, D790266–0861) In telegram 3370 from East Berlin, June 15, the Embassy reported Bolen's meeting with Nier the previous day. Bolen informed Nier of the U.S. Government position on the signing and expressed hope that "no unforeseen developments would interfere with date for signing of Consular Convention." Nier agreed to sign the convention on behalf of the German Democratic Republic on July 3. (National Archives, RG 59, Central Foreign Policy File, D790270–1053)

⁷ In telegram 119080 to Bonn, May 10, the Department instructed the Embassy to inform the West German Government that the Department agreed that the signing of the U.S.–GDR Consular Convention take place in Bonn. (National Archives, RG 59, Central Foreign Policy File, D790213–0491)

131. Memorandum From the Assistant Secretary of State for Human Rights and Humanitarian Affairs (Derian) to the Assistant Secretary of State for European Affairs (Vest)¹

Washington, July 9, 1979

SUBJECT

The GDR's Backward Steps on Human Rights

Summary

The GDR appears to be going through a period of intellectual ferment characterized by an open break between the regime and some of its most prestigious writers. The Government has responded with expulsions from the writer's union and perhaps more ominously with a series of laws late last month all tending to discourage East Germans from contact with the West. There have been some positive signs, most notably, as pointed out by Embassy Berlin, the East German public has been treated to the rare sight of something of an open debate within the GDR cultural establishment on the role of literature and writers. On the whole, however, the trend here and in the related matter of foreign journalistic activity is retrograde. It is particularly unfortunate that the areas affected are those where the GDR had been most liberal, namely the relatively easy access to Western ideas and the Western media.

We seek a constructive dialogue with the GDR on human rights. One tactic that has appeared to offer some prospect is initial concentration not on the areas in which the GDR has hitherto been most nervous, the Wall and issues related to free movement of people, but on those areas where the GDR has been relatively tolerant. It is this area, however, the freer movement of ideas, that is now under attack.

Our ability to make a difference in the internal debate that is occurring in East Berlin is very limited. The GDR will continue to be influenced far more decisively by its own perception of its security problems, whatever advice the Soviet Union is providing, and its judgement of the special needs of its relationship with the FRG. Nevertheless, there are several reasons for us to find an appropriate means to state our views. The GDR does have an interest in improving relations with the U.S. It should be aware of the negative impact that recent actions

¹ Source: National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, 1979—Human Rights and Country File, Lot 82D103, Box 4, Germany—East 1979. Confidential. Drafted by Greenwald; cleared by Niles, Clark, and Kornblum and in HA and HA/HR.

can have and weigh this in its calculations of gains and losses before it continues on its course. Again, it is useful for us in our efforts to establish the credibility of our desire for a long-term human rights dialogue to demonstrate the ongoing nature of our interest in and concern for such issues.

Background

The present situation has been building for some months. How much it represents a planned policy, how much a response to a series of incidents, is difficult to estimate. The larger issues, as Embassy Berlin points out in its most interesting Berlin 3652², center, however, around a concrete aspect of the modern German reality: “. . . the red thread running through most of the speeches is the Western media and its exploitation by and of GDR dissidents.” The seriousness with which the GDR approaches these issues is suggested by the recent article in the West German Weekly, “Die Zeit,” which characterized the impact of FRG media on virtually all facets of East German life as “the electronic reunification of Germany.”

Against this background, the series of steps taken by the GDR since mid-spring suggests a renewed effort to give teeth to First Secretary Honecker’s separation (*Abgrenzung*) policy, to manage the GDR’s integration into European and world politics and its relations with the FRG in a fashion that keeps the society sufficiently isolated from Western influences to maintain internal stability and satisfy the ever anxious Soviets. These steps include:

- New restrictions on the activity of Western (primarily FRG) correspondents in East Berlin and the GDR, including a requirement for permission to interview any GDR citizen and to announce intended internal travel 24-hours in advance.

- Expulsion of FRG correspondents for illegal interviews with GDR citizens in violation of the new regulations and refusal of permission under the regulations for correspondents to cover or exercise any journalistic activity with respect to the trial of prominent dissident Robert Havemann on currency charges.

- Denial of permission to several leading writers including Stefan Heym and Rolf Schneider to travel to the FRG for routine literary functions.

² In telegram 3652 from East Berlin, June 29, the Embassy described the ongoing and very public debate taking place in the German Democratic Republic surrounding the expulsion of nine East German writers from the Writers’ Union. The debate, the Embassy suggested, contributed to growing awareness of instability in the East German cultural community. (National Archives, RG 59, Central Foreign Policy File, D790298–0907)

—Prosecutions and investigations against leading dissidents such as Havemann and Heym based on currency charges stemming from their publication of writings in the FRG.

—Expulsion of Heym and eight other writers from the Writers' Union.

—Most recently, on June 28, adoption of a series of laws apparently aimed at further isolating Western journalists and providing the state with new legal weapons to use against East Germans who maintain contact with the Western media or with other institutions in the FRG; these laws include an addition to the criminal code on "treasonable provision of news" (*Landesverraeterische Nachrichtenermittlung*) that subjects to imprisonment for two to twelve years whomever "passes, gathers on their behalf or makes available" to a "foreign power, a foreign power's institutions or representative, or to a foreign organization as well as to the helpers of a foreign organization" material described as "news that is not subject to being kept secret" but that is subjectively determined to be not in the interests of the GDR. Whoever "takes up contact with or offers himself to work with these organizations or persons or in other fashion supports these organizations or persons" may be imprisoned for one to ten years. Another law appears directed at the sending of manuscripts or recordings to the West.

Human Rights Dialogue with the GDR

Our efforts to establish a solid basis for ongoing discussion of human rights with the GDR have been hampered, as with so many other issues, by the newness and low level of relations. I attempted to explain the humanitarian basis of our concern and our non-ideological approach during my visit to East Berlin in October, 1978.³ I dealt more specifically with several issues, including family reunification, pressure on dissidents such as Havemann and Heym, and anti-Western propaganda in the schools when I had a second meeting with Deputy Foreign Minister Nier in Washington in May.⁴ Jim Goodby also laid the basis for detailed discussion of certain Helsinki Final Act issues including family reunification and the restrictions on journalists when he conducted CSCE consultations in November, 1978 and during Dr. Nier's May visit.⁵

I have discussed with Ambassador Bolen and given considerable thought to the best means to build on these initial efforts and accustom the GDR over time to dealing with us on human rights-related issues.

³ See Document 123.

⁴ See Document 127.

⁵ See Document 129.

On balance the GDR has a very restrictive record on movement of people, symbolized by the Berlin Wall. This is attributable to the attraction of FRG society, which creates emigration pressure and strain on the state's stability unmatched in Eastern Europe. The GDR has had, however, a relatively good record on movement of ideas. The country is open to Western broadcasts, and there have been many and widely used channels for GDR intellectuals to play their views back into East German society by means of contact with Western media and publishing houses. This is also a factor, of course, of the unique geographical and political situation of divided Germany. It would be extremely difficult at the present stage to engage the GDR directly on the former type of issues since these could be seen as affecting its very existence. I would hope, however, that we could over time encourage the GDR to build on its relatively good record on access to the spoken word and to foster a more liberal domestic climate by relaxing its attitude toward internal circulation of the printed word and the Western contacts of its intellectuals.

The recent series of events outlined above demonstrates graphically how sensitive these subjects are. Consistency and credibility for our human rights concerns, however, would appear to make it important to respond to the GDR measures. I would be modest in our assessment of what we might achieve in the short run though I doubt that our intervention would injure people like Heym and Havemann who count for their protection in part at least on their standing in the West. Over the longer run, however, I would hope that it would assist us in establishing more firmly some of the guide lines for our relations and in identifying areas in which we can have realistic hopes that the GDR will be able to liberalize its internal controls.

Tactics

I realize that discussion of any of these issues with the GDR at the present time must be considered in connection with the serious Berlin status issue created by the simultaneous decision June 28 to permit direct election of East Berlin representatives to the Volkskammer. Because of that violation of the Four Power status of the city, I understand that we will be holding back on a number of aspects of our bilateral relations such as the signing of the Consular Convention. We can not make this the subject of a direct demarche to the GDR because quadripartite matters are discussed only with the Soviet Union, not the GDR. It would be anomalous and perhaps would offer the GDR indirectly an opportunity to seek discussion of Berlin issues with us were we now to make a formal demarche on human rights. It might also provide a confusing signal as to what were our immediate reasons for holding back on the bilateral relationship. On the other hand, because we will not be going forward for the time being with bilateral

steps, we can make some instructive human rights points without risking loss of any immediate practical benefits. The alternative to a formal demarche would appear to be informal discussion as opportunities present themselves in Washington and East Berlin.

Recommendation:

That you and I and our assistants and Embassy Berlin look for appropriate opportunities in official contacts with representatives of the GDR Embassy to make the following points informally:

—We have been observing with concern recent developments involving what appear to be increasing restrictions on the activities of foreign journalists in East Berlin and on GDR intellectuals.

—Some of these matters were raised more formally when Deputy Foreign Minister Nier visited the Department in May. As you know, we consider that we have a legitimate basis to raise these matters because the ability of American journalists to carry on their profession appears to be affected and because the Helsinki Final Act commits both our countries to encourage the freer flow of ideas between East and West.

—Apart from this, however, I would note to you informally that these actions have a serious negative impact upon the way in which the GDR is viewed by important segments of American society. This makes it much more difficult to gain support for steps to build our bilateral relationship in a manner that would be in our mutual interest.

—It is disappointing that this backward movement appears to be taking place in an area—access of GDR citizens to Western media and of GDR literary figures to their very interested Western readership—where the GDR had hitherto created a much more favorable impression. The new criminal code laws in particular appear to be directed at chilling the type of human and professional contacts and flow of information that CSCE aims at. You should be aware of the harm this sort of thing does the GDR in the United States.

An instruction Telegram for Embassy Berlin is attached for your approval.⁶

⁶ Attached but not printed. Vest approved the draft, which was sent to East Berlin on July 17 in telegram 184716. In the telegram, the Department authorized the Embassy to make only an informal approach on human rights to prevent any “confusing signal as to our motives for holding back on signature of the Cultural Convention and other bilateral steps.” The Embassy was further instructed to stress that East German actions in the area of human rights will “have a serious negative impact upon the way in which the GDR is viewed by important segments of American society.” (National Archives, RG 59, Central Foreign Policy File, D790324-0505)

132. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 24, 1979

SUBJECT

US–GDR Consular Convention (U)

State has informed us that they intend to proceed with the signing of the US–GDR Consular Convention in Berlin on September 4th (Tab A).² The ceremony will be brief, low key and without press attendance. (U)

We made a signing of the Consular Convention a precondition for any normalization of relations. The Convention was finally concluded in May after the GDR backed off their position on the nationality issue. It was scheduled to be signed on July 3, but the date of the signing was postponed in order to indicate our displeasure at the GDR's attempt to unilaterally change the status quo in Berlin by instituting the direct election of East Berlin deputies to the Volkskammer. (C)

Once the Convention is signed we will permit the GDR two foreign trade offices in New York and a branch office of the GDR's Embassy Commercial Counselor in New York City. In return, we will be allowed to open a trade office in the GDR at a site and time of our choosing (possibly Berlin). At present, however, we have no plans to open such an office. (C)

All things considered, I think we should go ahead with the signing, keeping the ceremony very low key.³ The Convention is in our interest as much as theirs. It ensures protection of US citizens and does not imply any major expansion of relations. Moreover, we have gone the furthest of all the allies in showing displeasure at recent GDR actions over Berlin. (After some initial reservations, the French went ahead with a visit by FM Francois-Poncet to East Berlin at the end of July, and despite the initial outcry in West Germany over the GDR move, the FRG proceeded with high-level talks on disarmament, as scheduled, at the end of July.) We made our point by postponing the talks and we have little to gain by drawing this out further. However, in light

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 24, German Democratic Republic: 1/77–1/81. Confidential; Secret attachment. Sent for action. A copy was sent to Bremen.

² Attached but not printed at Tab A is an August 21 memorandum from Tarnoff to Brzezinski.

³ Brzezinski underlined "very low key" and wrote "yes" in the margin.

of current GDR policies—both external and internal—we should make no effort to expand our relations. (C)

RECOMMENDATION: That State be authorized to sign the agreement on September 4th.⁴ (U)

⁴ Brzezinski approved this recommendation.

133. Report Prepared in the Bureau of Intelligence and Research, Department of State¹

Report No. 1238

Washington, September 12, 1979

(U) *EAST GERMANY'S NEW HARD LINE*

(C) *Introduction and Summary*

The German Democratic Republic has established a set of political control mechanisms designed to halt spreading popular restiveness and to preempt the emergence of more serious discontent in the future. These controls—aimed generally at Western influences and specifically at dissidents, foreign journalists, and grumbling citizens—have had a general chilling effect on the society and heightened its sense of alienation from the regime.

The discontent is rooted most immediately in the erosion of the regime's ability to meet consumer demands—demands that the Honecker regime itself intensified by its shift to “consumerism” in the mid-1970s. The current problems indicate that without political liberalization or growing consumer concessions, accommodation between citizens and state will remain difficult. The ruling Socialist Unity Party (SED), increasingly aware of its political dilemmas, is falling back on the course that comes naturally to it—hard-line domestic controls that limit Western influences, cow the population, and no doubt win plaudits from Moscow.

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1967–1985, Lot 92D404, Box 7, East German Political Dilemmas 1979–1980. Confidential. Drafted by Farlow; approved by Norbury.

The extent to which the control mechanisms will be applied remains to be seen. Their very announcement, however, is a setback for Honecker, who had been noted for a degree of political flexibility and concern for popular demands. At the same time, though, the new hard line has been sequenced in such a way as to minimize disruption in FRG–GDR ties so that the basic framework of detente does not suffer.

East Germany's economic plight is not unique to Eastern Europe. But the SED has even less to fall back on than some of the other ruling communist parties in the region—either in foreign policy independence or in manipulation of traditional nationalism. Thus the political toll ultimately could be more severe. At the moment, the discontent is not overt and Honecker seems relatively secure. But should Honecker's new hard line not forestall the emergence of mounting discontent within the GDR, Moscow will be forced to make hard choices on the GDR's political leadership and Soviet underwriting of the country's economy.

Honecker's Political Dilemmas

(U) When Erich Honecker succeeded Walter Ulbricht in 1971, the new leader tried to reach an accommodation between the regime and the population. Honecker, while not weakening the SED's monopoly of power, sought to modify some of Ulbricht's more strident domestic policies. He did this by, *inter alia*:

- reorienting economic policy toward a rapid improvement in the standard of living, in part by allowing citizens to have access to Western money and consumer goods;

- tolerating a marginally more open intellectual and artistic expression, sometimes looking the other way when East Germans published critical works in the FRG; and

- seeking, more recently, a rapprochement with the Evangelical (Lutheran) Church, the one major institution outside the SED.

At the same time, Honecker made it quite clear, by maintenance of rigid security controls, that his regime was not engaged in political liberalization, that Western influences would be contained, and that travel to the West would remain restricted.

(C) Honecker's approach was not a panacea for the population, but it was a welcome respite that allowed individuals to indulge a bit in material values. By the late 1970s, however, it had become apparent that these policy shifts were quietly generating a new set of problems.

- Consumerism, rooted in legalized access to West German currency, had begun to create a two-class system of "haves" and "have-nots," i.e., those with and those without Western money; this produced growing resentment among the latter because hard currency was often the only means of obtaining necessary goods and services.

—Critical intellectuals increasingly turned to the West to publish their works or to make known their views, many of which called for fundamental changes in the GDR.

—The Evangelical Church, immediately after receiving unprecedented concessions from the state, launched an offensive against the regime's plans to introduce military training in the high schools.

And the SED seemed generally unable to break through a growing malaise typified by apolitical youth, apathetic workers, and petty corruption and crime.

(C) The main catalyst in this process was the intensified coverage of East Germany from within by FRG media, especially West German TV, which reaches 80 percent of the GDR. With West German reporters focusing on negative developments, grumbling citizens and outspoken intellectuals/artists soon found a public forum for their discordant views. This FRG media penetration, compounded by 10 million annual West German visitors, negated Honecker's goal of a systematic delimitation between the two social/cultural systems—his much-vaunted policy of *Abgrenzung*.

(C) These problems did not pose an immediate threat to the political system or Honecker's personal position. But looking a few years ahead, Honecker must have heeded the gloomy projections on the economic front and the political danger they entailed. The GDR's bleak economic outlook—mounting balance of payments deficits with both Moscow and the West and a likely unwillingness by the Soviets to continue their heavy subsidization of the GDR—pointed to the need to cut back on imports, boost exports, and reduce consumption growth. At the same time, the regime would have to come to grips with low prices for retail goods which encourage the population to consume. Honecker realized that the position of the East German consumer, while remaining high by East European standards, inevitably would suffer.

(C) In this context, restiveness could be expected to grow, stimulated by the almost daily barrage of negative TV coverage by the FRG. Thus, the relative stability that the regime "bought" in the mid-1970s threatened to dissipate by the early 1980s. Honecker and the SED decided on a preemptive strike before matters got worse.

The Clampdown: Early Signals

(C) Honecker signaled the possibility of a tougher domestic line in June 1978 when the SED revised Walter Ulbricht's status from that of non-person to "great proletarian revolutionary." Ulbricht, the "father" of the GDR, was a firm Stalinist who pushed East German political institutionalization and economic modernization with fervor. His tendency, toward the end of his career, to stress the superiority of German socialism irritated Moscow. When he objected to Soviet detente overtures to Bonn and to the West in general, he was removed from office.

(C) But from the population's vantage point, Ulbricht remained synonymous with hard-line communism. Thus, his rehabilitation was not merely an attempt to define his place in East German history. It was also intended to signal that there might be a return to Ulbricht's policies in the face of mounting socioeconomic problems and political dissent.

(U) This signal was reinforced by the sentencing in July 1978 of Rudolf Bahro and Nico Huebner—two of the GDR's most noted dissidents—to jail terms of 8 years and 5 years, respectively. These were harsher tactics than Honecker had used in the earlier cases of folk singer dissident Wolf Biermann—who was stripped of his citizenship while in the West—and physicist/philosopher Robert Havemann, who had been placed under house arrest following his protest of the Biermann matter.

(U) The July sentencings were more reminiscent of Ulbricht's handling of the revisionist Marxists (centered around Wolfgang Harich), who in 1957 were given jail sentences for suggesting an ideological "third way" between East and West for the GDR. Bahro had published in West Germany a political treatise, *The Alternative*, calling for a purified Marxist system in the GDR. Huebner, an East Berlin draft resister, had used West German media to ventilate his view that the military draft of East Berliners was illegal because all of Berlin remained demilitarized under postwar four-power agreements. This opinion flew in the face of East German claims to sovereignty over East Berlin.

(C) These early signals, however, did not continue into the fall of 1978, probably because the regime wanted to conclude inner-German transit agreements that would net the GDR at least an additional \$1 billion in much-needed hard currency over the next 10 years. A crack-down of major proportions probably would have made the FRG think twice about concluding the agreements. With their signing in November 1978, both sides expected a lull in relations while an agenda of new negotiations was being forged.

(U) The GDR was hit by disastrous winter storms in early 1979 which so disrupted the economy that economic performance for the entire year has been adversely affected. The country continued to experience seriously sluggish growth rates into the spring, and the provision of some basic consumer supplies remained disrupted. Western visitors reported that complaining by the population was the most intense in recent memory.

The Clampdown Phased In

(U) The signals of June 1978 turned into a torrent of restrictions in the spring-summer of 1979:

—A decree, announced on April 5, required citizens holding Western currency to convert it into non-transferable coupons in order to purchase Western goods in *Intershops*.

—New regulations, published on April 14, required permanently accredited foreign journalists to obtain permission for interviews and to notify the authorities on the details of all planned trips outside East Berlin.

—In April, dissident writers, including noted novelist Stefan Heym, were denied visas for travel to the West.

—An FRG television reporter was expelled in May for recording a statement by Heym without obtaining permission.

—Both Heym and Havemann were tried and fined for alleged violation of GDR currency regulations in accepting royalties for Western publications that had not been cleared by the GDR.

—Nine dissident writers, including Heym, were expelled in June from the GDR Writers Union for “anti-communist agitation.”

—A revision of the penal code, effective on August 1, broadened the definition of political crimes (*inter alia*, by proscribing actions deemed “harmful to the interests of the state”) and expanded considerably penalties for conviction thereunder.

(C) It will take some time to discern how some of these restrictions—draconian in principle—are applied. For the moment, the regulations requiring conversion of hard currency into non-transferable coupons are proving cosmetic in that the coupons are effectively transferable. But it is clear that the Honecker regime now has a wider set of options in dealing with recalcitrant behavior and in rooting out Western influences. The penal code provisions are particularly chilling because the charge of treason can be lodged against individuals who convey detrimental information about the GDR—even unclassified—to “foreign organizations” (i.e., Western media).

Dissidents and Journalists Targeted

(C) Dissidents in the GDR have been particularly hard hit by the crackdown. The regime has decided to curb them as well as their *de facto* publicity agents—foreign journalists. Although relatively small in number and without a broad popular following, most of the critics are Marxists who damn the SED for prostituting Marxist ideals, a fact that evidently has made the regime nervous. In espousing a more “humanistic socialism” that can encompass greater pluralism and freedoms, the East German dissidents come close to the spirit of Eurocommunism and have generated some backing from that quarter. Probably pushed by such party ideologues as Hager and Naumann, Honecker may have come to fear that these arguments might win favor among youth, technocrats, and others—perhaps serving to instigate a wider political unrest that would filter down to the mass level.

(U) The initial steps to repress dissent generated an unexpected though shortlived “public debate.” The regime actions against Heym

and Havemann triggered a series of protests from individuals. A group of eight dissident writers sent a letter to Honecker criticizing his cultural policies. The government counterattacked via *Neues Deutschland* by printing letters and speeches by pro-regime writers and officials that publicized the existence of the dissent and directly attacked some of the critics for carrying on a “hate campaign against socialism,” collaborating with the “enemy mass media,” and being “washed-up types” out of touch with “real socialism.” This foreshadowed the expulsion of Heym and others from the Writers Union for “anti-communist agitation.”

(C) The expulsions—which reportedly were not unanimously approved by the Writers Union membership—fueled the GDR’s cultural crisis. Even such pro-regime persons as Writers Union President Hermann Kant and Academy of Arts President Konrad Wolf admitted at a June meeting of the GDR Cultural League that there were serious problems with some aspects of East German cultural policy. Nevertheless, the dissidents soon fell into disarray and were generally dispirited by the turn of events. Even such a stalwart personality as Heym indicated that he had little taste for more battles with the regime, especially given the implications of the penal code revisions.

(U) Honecker couched his justification for the cultural actions in highly ideological terms:

“Artistic creation in socialism and for socialism is taking place not at some remote distance from the ideological struggle between the two big social systems of our era but right in the middle of it. In this field, as you know, the struggle has exacerbated. This was last but not least a result of the attempts of the capitalist mass media to interfere in the internal affairs of our country and to poison the atmosphere. . . . It is informative in this context, however, that in the FRG precisely those people who are doing all they can for the preservation of capitalism, eloquently defend every one who allegedly wishes to improve the real socialism of the GDR.”

(C) The GDR’s repressive moves apparently have paid off, at least for the moment. Critical intellectuals have been silenced, journalists’ contacts have tended to dry up, and in general, citizens are more cautious about contacts with Westerners. It will likely be some time before the dissidents reemerge with the same force they manifested in the spring of 1979.

(C) *Youth: Another Source of Concern*

Perhaps of longer term concern to the regime than the highly publicized dissidents is its failure to capture the allegiance of the vast majority of youth. Numerous observers of the East German scene have been struck in recent years by the erosion of family cohesiveness in the urban centers and the increasing manifestation of anti-social, apolitical

behavior by younger people. They have been captivated, not by German "socialism," but by the culture and lifestyles of their Western peers. Unable to travel to the West and resigned to an ersatz emulation of Western ways, younger people have increasingly sought solace in alcohol, drugs, rowdyism, and petty crimes.

While East German youth are basically apolitical, some of them are intrigued by West German coverage of East German dissidents, and the more educated are aware of the dissidents' ideas. It is conceivable that some could one day be converted to an anti-regime "cause" cloaked in Marxist revisionism. But, more immediately, East German youth are more likely to be concerned about Honecker's new efforts to limit Western influences; they no doubt worry about the consequences of maintaining their Western contacts and encounters.

The regime fears a recurrence of youth riots—such as broke out spontaneously at a rock concert at Alexanderplatz on October 7, 1977. The Alexanderplatz riot manifested anti-police and anti-state attitudes and demonstrated that frustrations among East German youth can give rise to violence and conflict. Thus, it is not surprising that the Honecker regime has stepped up its socialization efforts in the schools, most recently by introducing military training in high schools.

(C) *International Considerations and Ramifications*

There is no evidence that East Germany's new hard line was instigated directly by the USSR. But Moscow no doubt encouraged and perhaps even guided the sequencing of the SED's moves so that the broader dimensions of detente were not seriously disrupted. The Soviets reportedly have been wary of GDR-FRG relations creating a momentum that could not be easily controlled. At the same time, Moscow has been concerned that Honecker's emulation of West German consumer standards had led to a corrosive ideological influence. This could be tolerated when it promoted GDR stability but became more disturbing when it threatened future unrest by setting goals that could not be achieved.

The Soviets probably blessed the new restrictions on the grounds that FRG-GDR-USSR detente relationships were sufficiently institutionalized that *Ostpolitik* would not be derailed. Thus, the GDR-FRG relationship would be momentarily cooled, Western penetration would be cut back, but Soviet *Westpolitik* would go on.

That calculated gamble, thus far, has been correct. There does not appear to have been a serious rupture in inner-German relations—in fact, FRG-GDR talks have just resumed—nor have the events jolted the West German citizenry. Generally, West Germany has tended to interpret the East German events as a not-so-unusual political "spasm" which everyone hopes will prove more restrictive in theory than in

practice. While the FRG's CDU/CSU² opposition may seek to turn all this into a political issue in the 1980 campaign, even the conservatives have made only perfunctory statements of condemnation. The return to active political life after the summer lull may, however, spark opposition protests.

(C) *Prospects*

The irony of the GDR's political situation, on the eve of its 30th anniversary (October 7), is that—more than most other East European states—it is still a regime with few options in creating a legitimizing formula. With 400,000 Soviet troops, the GDR can hardly move far from Soviet control. Moreover, the political use of German nationalism would raise the specter of reunification and run against the regime's efforts to create a separate socialist national identity. Recurrent, somewhat halfhearted, attempts to portray the GDR as the repository of all "progressive" aspects of the German past have yet to win out with the population over the allure of pan-German nationalism. With "consumerism" on the decline, there is nothing left to fill the vacuum.

For the time being, coercion appears to be an effective compensation for the social maladies and political liabilities. The Honecker regime, while weakened in comparison with a few years ago, remains in control; there are no signs that the Soviet are ready to dispense with Ulbricht's successor. A continuing economic deterioration, however, could heighten frustrations that might lead to sporadic strikes by workers and other demonstrations by students and disillusioned consumers. Also, it could very well be that a blowup elsewhere in Eastern Europe might have a "domino" effect in the GDR, acting as a catalyst to latent discontent. In such a context, Moscow would be forced to make some hard choices on whether to retain Honecker and whether to provide new subsidies to a sagging East German economy. All in all, it will not be a particularly festive 30th anniversary in the GDR.

² Christian Democratic Union/Christian Social Union. [Footnote is in the original.]

134. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, April 18, 1980

SUBJECT

Consular Convention With the GDR

Attached at Tab B² is a letter from Cy transmitting the Consular Convention with the German Democratic Republic, which was signed at Berlin on September 4, 1979, with the recommendation that you transmit it to the Senate for ratification.

A Letter of Transmittal to the Senate is at Tab A.³ Speechwriters have cleared the text.

The signing of the Convention represents an important step in the broadening and improving of our relations with the German Democratic Republic. At present there is no bilateral consular agreement between the United States and the German Democratic Republic. The convention establishes firm obligations on such important matters as free communication between a citizen and his consul, notification of consular officers of the arrest and detention of their nationals and permission for visits by consuls to nationals who are under detention.

The Convention was worked out in close consultation with other Allied Powers and the Federal Republic of Germany. It does not affect the current legal regime in Berlin.

In the current difficulties over Afghanistan we have sought to distinguish between USSR and the Eastern Europeans and to maintain relations with the latter. This step will not only conform to that policy it will also be mildly reassuring to our allies, particularly the FRG, which is concerned that the crisis over Afghanistan will cast a pall on relations with the GDR.

¹ Source: Carter Library, White House Central Files, Countries, CO-26, CO 54-1, 1/20/77-1/20/81. No classification marking. Sent for action. Aaron initialed the memorandum for Brzezinski. The President signed the letter on April 21, and the package was sent to the Senate on April 28.

² Attached but not printed.

³ Attached but not printed.

RECOMMENDATION

That you sign the Letter of Transmittal at Tab A.⁴

⁴ The Senate ratified the Consular Convention on July 2. The Department of State forwarded the instrument of ratification to the White House for the President's signature on July 15, under a covering memorandum from Tarnoff to Brzezinski. The instrument of ratification was forwarded to the President on August 6 for his signature. (Carter Library, White House Central Files, Countries, CO–26, CO 54–1, 1/20/77–1/20/81)

135. Telegram From the Embassy in the German Democratic Republic to the Department of State¹

East Berlin, October 31, 1980, 1614Z

5267. USCINCEUR for POLAD. Madrid for USDEL CSCE. Subj: One Year Later: GDR Popular Mood Darkens. Ref: Berlin 5229.²

1. (C-entire text) Summary: This message helps to flesh out the description in reftel of the mood of discouragement and pessimism pervading the GDR population. It shows that there has been a distinct shift in popular attitudes over the past sixteen months. Parts of the report were included in abbreviated form in reftel. End summary.

2. FSO Wayne Merry recently transited the GDR en route to his new post in Moscow. He revisited many of his former contacts during the period Oct. 15–28. The Ambassador asked him to compare popular attitudes then and now. Merry's report follows.

3. Sampling of views: During a two-week unofficial visit to Berlin and the GDR, the reporting officer conducted an intense series of conversations with East German contacts developed during his 1977–79 tour as a political officer at Embassy Berlin. These contacts represent fifteen households located in East Berlin and in five communities in the

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800521–0800. Confidential; Priority. Sent for information to Warsaw, Belgrade, Bonn, Bucharest, Budapest, London, Madrid, Moscow, Munich, Paris, Prague, Sofia, West Berlin, USNATO, and USCINCEUR.

² In telegram 5229 from East Berlin, October 30, the Embassy reported increasing pessimism in the German Democratic Republic over events in Poland and increasing concern on the part of the East German leadership with regard to popular unrest. The telegram concluded that the East German leadership would continue to overreact to Polish developments. (National Archives, RG 59, Central Foreign Policy File, D800518–0738)

southern and western GDR. Consisting of pastors, lawyers, academics, intellectuals, and a few workers, most of these contacts are very politically aware and are in a position to reflect not only their own views but also those of their professional clientele and communities. All of the conversations dwelt both on the East German popular mood in mid-October and changes in that mood in the year since the reporting officer's previous visits. What follows is a distillation of the most politically significant themes.

4. Poland dominated every conversation: The future of Poland was almost synonymous with a palpable fear that deterioration of East-West relations could lead to war. Most contacts believed that the Soviet Union probably would eventually use military force against Poland, that the GDR Armed Forces would be compelled to participate, and that the Polish workers and army would resist fiercely. All felt that such a conflict would at best lead to the total breakdown of detente in Europe and the freezing of internal reform in Eastern Europe for a generation, and at most to a general conflagration. None of the contacts believed that the GDR leadership would have any substantive say in these events but would simply be led into them by the Soviet Union; none believed that the GDR or its Armed Forces would disobey Moscow's orders. While admiring the courage and audacity of the Polish workers, most contacts feared that the Polish workers' movement lacked sufficient self-control and realism to stop short of provoking Soviet military intervention. All contacts were extremely depressed at the prospect of another German invasion of Poland, even if only in the Soviet wake. However, it was the broader question of what a Polish war could lead to for Europe and the world which caused the most pessimism. While there was considerable hope expressed that sober counsels would prevail in East and West, there was little optimism that the deteriorating world situation could be controlled.

5. Inner-German deterioration: The deterioration in inner-German relations was linked by everyone to the Polish situation and to fears in Moscow and East Berlin of destabilization within the Soviet Bloc. Most contacts believed that Honecker's recent hard-line attitude toward Bonn was the result of direct orders from the Soviet Union and reflected also a dominance in SED decision-making by an internal security-minded faction led by Paul Verner. Most contacts believed that the new GDR foreign currency exchange requirements would significantly reduce human contacts between the two German states for the foreseeable future, and that access to West German people, products and literature would decline sharply. No one felt that Western influence in the GDR could really threaten the stability of the regime or that East German workers would follow the Polish example. Most believed that the hardening of GDR and SED politics reflected, in

addition to Soviet directives, a feeling of insecurity and ineffectiveness within the GDR leadership.

6. Poorer GDR economic performance: This ineffectiveness was most apparent in the economic field where a decline in the quality and availability of moderate-priced consumer goods was quite evident after a one-year absence. All contacts believed that this deterioration was genuine and would be of long duration, reflecting the basic inefficiency of the East German economy and the poor planning and economic leadership of the regime. Most assumed that the worsening of inner-German ties would lead to even poorer economic performance in the future due to reduced access to Western technology and lower worker motivation as Western consumer goods become more scarce. In general, most contacts saw a difficult period ahead for the East German economy and especially for the average working family.

7. GDR domestic political climate: Internal political policies of the regime appear to have tightened in the past year but not to the point of affecting people's day-to-day lives. None of the reporting officer's contacts were in any way reluctant to meet with him openly. The change was more one of a loss of confidence in the ability of a free-thinking individual to coexist with the GDR system without encountering serious problems in the future. The emigration of many prominent cultural and dissident figures to the West in the past year was mentioned frequently as a reflection of the increasing inability of the East German system to accommodate any publicized differences of opinion on political and social questions. The departure of Guenter Kunert and Rudolf Bahro were particularly cited as having deprived East German society of figures of moral and intellectual stature. Partly as a consequence of this loss of confidence, the reporting officer observed a sharp increase among his non-church contacts of interest in the possibility of following these writers to the West.

8. Comment: When the reporting officer arrived in East Berlin in mid-1977 the popular mood was one of cautious but genuine optimism about the future of East-West relations, broadening of ties with West Germany, and East German economic, political and cultural prospects. By the time of his departure in mid-1979 this optimism had considerably eroded but there still existed a general view that the coming years would be ones of progress and gradual improvement in these areas, albeit more slowly. By mid-October 1980 this optimism had collapsed. In its place is a general negativism about the future of life in the GDR and a genuine dread that Europe may once again be on the road to war. Even those individuals who believe that their own lives will not be significantly worse in the years to come foresee a more difficult life for the average East German and considerable social problems for the society in the near future. It is the reporting officer's impression that

this broad pessimism would be even more intense and more focused on the internal GDR situation and relations with the West if informed East Germans were not so preoccupied with what may happen in the next weeks or months across their Eastern border.

Okun

Hungary

136. Memorandum From the Director of the Office of East European Affairs, Department of State (Andrews) to the Assistant Secretary of State for European Affairs (Hartman)¹

Washington, March 24, 1977

SUBJECT

Should We Return the Crown of St. Stephen?

The Issue

For years the US has taken the public position that the Crown of St. Stephen is the property of the Hungarian people and that its return can only be considered “in the light of substantial improvement in our relations with Hungary.” At the same time, we have been concerned about opposition to return of the Crown by Hungarian-Americans. Substantial improvement has occurred recently in US-Hungarian relations. An independent initiative to urge return of the Crown is developing within Congress.² We, therefore, need to address the issue now.

Our Conclusions

We believe that the time has come to return the Crown to Hungary. The arguments weigh heavily in favor of doing so now. There will inevitably be some opposition expressed here to an announcement that we are returning the Crown, no matter how skillfully it is done. But we believe such opposition is neither deep-seated nor widespread, even among Hungarian-Americans, and that any dust will settle quickly. The factors supporting return of the Crown now—as outlined below—

¹ Source: National Archives, RG 59, Bureau of European Affairs, Office of Eastern Europe and Yugoslavia, Hungarian Holy Crown—Crown Follow Up and Prior Years 1945–1980, Lot 85D389, Box 1, Political: US-Hungary, Crown Follow up, 1978. Secret; Exdis. Drafted by Schmidt and Gerth. Sent through Armitage.

² On February 15, Congressman Charles Vanik wrote a letter to Vance stressing Hungarian performance on human rights and family reunification issues and recommending that MFN for Hungary be considered and that the Crown of St. Stephen be returned to Budapest. On February 15, Vanik sent a handwritten note to Carter recommending that “the time has come to return the Crown of St. Stephen to the Hungarian people.” (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 4–6/77). Carter responded on February 24, informing Vanik that the administration will carry out an assessment of the issue. (Ibid.)

are such that it will be difficult for opponents to justify that we should continue to retain another country's symbol of nationhood.

A. *An early return of the Crown will enhance our position and our influence in Hungary.* Aside from MFN, this issue, which has been pending for over 30 years, is the only major unresolved bilateral problem we have with Hungary. Return will strengthen our hand with the Hungarian Government and undoubtedly will generate substantial good will from a nation and people which continues to harbor considerable friendship for the United States.

B. *Return will buttress the framework of expanded bilateral relations we have developed with Hungary during the past five years, thereby increasing Hungary's stake in maintaining this relationship and detente as a whole.* Return of the Crown, which really is a relic of the Cold War, would be fully consistent with our efforts to broaden and continue detente. This step would be especially timely during a period in which overall East-West relations are buffeted by the winds of the human rights debate. Furthermore, we believe that achievement of this Hungarian objective would provide an important additional inducement for them to defend with the Soviets their improved relations with us.

C. *Return to the Hungarian people of this paramount symbol of the Hungarian nation and its independence will concretely support our long-range goal of encouraging greater autonomy in Eastern Europe.* Already a leader within the Warsaw Pact in developing its own distinct national paths in economic management and in its consumer-oriented "goulash Communism", we believe evolution toward increased Hungarian national identity would be supported by the Crown's return.

D. *Bilateral relations have improved substantially, thus meeting our stated condition for reviewing the issue of return.* US-Hungarian relations have improved markedly since Cardinal Mindszenty left Embassy Budapest in late 1971. We have concluded consular and claims agreements; a cultural/scientific exchanges agreement is just about ready for signing.³ With an eye on the Crown as well as on the Johnson Act,⁴ Hungary has taken special pains to do everything it can to clear away *all* outstanding financial issues, including payment last December of its sole remaining debt arrearage to the USG.

³ On April 6, during his visit to Budapest, Hartman signed the "Agreement on Cooperation in Culture, Education, Science and Technology" with Rudolf Ronai, President of the Institute of Cultural Relations. The purpose of the agreement was the "promotion of cooperation between institutions of higher learning of the two countries, the exchange of scholars and artists, and the translation, publication, and presentation of artistic works of each country in the other," as well as cooperation in scientific programs and projects. (Department of State *Bulletin*, April 25, 1977, p. 426)

⁴ The Johnson Act of 1934 prohibited the sale in the United States of bonds and securities of and by any nation in default.

Hungary's attitude toward family reunification is the most liberal in the Warsaw Pact. It has also been the Eastern front-runner in the CSCE implementation. Hungary's media treatment of the United States, even during the present period of Eastern reaction to human rights criticism, is by and large restrained and lacking in the stridency exhibited by other Communist nations. Vietnam and the Hungarian role in the ICCS are now behind us. The outstanding problem of MFN will not be resolved without legislative action on our side or Hungarian abandonment of an important Soviet policy position. Thus, aside from MFN, our continued possession of the Crown and other coronation regalia is the only major problem separating us from achieving "normalized" relations with this Communist state.

It is evident therefore that, unless we expect a basic change in Hungary's foreign policy alliance with the Soviet Union, Hungary has done virtually all that can be expected to bring about that substantial improvement in US-Hungarian relations which we have related to return of the Crown. Our policy and position over the past four years has, in effect, encouraged positive action on the part of the Hungarians and created a feeling of anticipation within the Hungarian Government that we will now follow through and return the Crown. Although they appeal to each important U.S. visitor to Budapest, the Hungarians have consciously avoided making the Crown a public issue. However, if no action is taken by us within the next twelve months on this question (frequently likened to another country holding on to the Liberty Bell), an adverse reaction within the Hungarian leadership is certain to grow.

Hungary and Human Rights

With current attention focused on human rights, Hungary presents a substantial contrast to most of its allies. The Communist regime there, as elsewhere, is a far cry from being democratic, but internally and externally, Kadar now runs the least restrictive regime of any in Eastern Europe. He has been more successful than any other Warsaw Pact leader in satisfying the social needs of his people and in tolerating pluralism. The confidence Kadar has gained among Hungarians was demonstrated by his ability to increase meat prices without conflict last summer immediately after the Polish riots.

Hungary's sole known contribution to this winter's dissident movement was by a small group of intellectuals who sent a letter of solidarity to the Charter 77 group. The Hungarian Government pointedly took no action against the signatories. (The report at Tab A⁵ provides revealing evidence that the Hungarian regime is prepared to continue this toler-

⁵ Not attached.

ant line and even to stand up against the Soviets in its defense.) This pragmatic attitude is shown repeatedly, such as in Hungary's relatively liberal travel and emigration policy, its cessation of jamming of RFE and other Western broadcasts, and its general openness to Western information (including recent telecasting of several unprecedented East-West debates). Hungary's leaders have also achieved a *modus vivendi* with the Catholic Church and the Vatican which probably goes as far as anywhere else in Eastern Europe.

If, as a complement to our policy of speaking out on gross violations of human rights, it is useful to respond to positive trends, then return of the Crown to Hungary at this time could be justified further on those grounds.

Opponents and Supporters

While we have long assumed that some vocal Hungarian-Americans would object to return of the Crown, we have been inhibited in our efforts to assess their views more precisely lest we stir up opposition before we were ready to move.

The Freedom Fighters Federation remains the major organization opposing return. The public position of such organizations usually is that the Crown should not be returned until Soviet troops leave and free elections are conducted. Privately, their bottom line seems to be: Don't return the Crown as long as Kadar, "the betrayer of the 1956 Revolution", is no longer in control. However, it is extremely difficult, if not impossible to get a clear reading of the Hungarian-American attitude, particularly since we are not really able to judge the degree to which the organization's leaders reflect the views of their constituents. In Congress, supporters and sponsors of periodic resolutions opposing return consist primarily of signers of perennial "Captive Nations" resolutions such as Derwinski (R, Ill.), Crane (R, Ill.), Frank Horton (R, N.Y.), Rousselot (R, Cal.) and Dole.

We are certain the Crown would not be an issue as far as the overwhelming majority of the American public is concerned. If presented in the right terms, we believe they would support return as a moral act of returning an object which does not belong to us. (See, for example, the persuasive *Washington Post* editorial at Tab B.)⁶ As for the Hungarian-Americans, in recent years, no doubt partly stemming from the evolution of more liberal Hungarian policies, we have begun to see that this ethnic community is by no means united in opposition to the Crown's return. Several influential figures, including Ferenc Nagy, the last Prime Minister of non-Communist Hungary, and Zoltan

⁶ Not attached. Reference is to "A Cold War Relic," *The Washington Post*, May 14, 1974, p. A22

Gombos, publisher of the largest American-Hungarian newspaper, have told us they favor return. As part of this trend, US media reporting last fall of the 20th anniversary of the Hungarian revolution reflected a general recognition of the achievements of the Kadar regime and of its relative acceptance by the Hungarian people.

Recently, movement to return the Crown has begun to emerge in Congress, backed by Vanik (whose Cleveland suburban district includes many Hungarian-Americans), Frenzel (R, Minn.), Frank Thompson (D, N.J.) and Bingham (D–L, N.Y.). At a dinner we attended last month at the Hungarian Ambassador's, Vanik, Frenzel and Thompson announced to all present that they were willing to gather supporters on the Hill for a resolution urging the President to return the Crown. Following the dinner, Vanik wrote to the Secretary and Frenzel to the President (letters at Tab C).⁷ Jack Armitage talked to Bill Frenzel this week and learned that Derwinski recently told him he would not have a real problem with a return; Horton, however, was true to form in stressing his opposition. Horton asserts that return of the Crown would be contrary to President Carter's position on human rights, a charge, as indicated above, we think could be rebutted.

How it Should be Done

So as not to stir up opposition, return of the Crown should be effected by a clean stroke and with no pre-event publicity, if possible, though we will want to consult with a few key members of Congress. You will find Clayton Mudd's letter (attached at Tab D⁸) worth reading with regard to modalities.

Following receipt of a green light from the White House, we would have to proceed quietly and on a very closely-held basis to begin the preparatory process which ultimately would lead to the Crown's return. For example, we will need to develop a logistical plan, which involves numerous complex questions (e.g., how to move these fragile and priceless objects, and how to pay for the move). Also, under any circumstances, EE officers should soon inspect the condition of the Crown and regalia and their containers, a precaution which has regularly and discreetly been taken as part of our custodial obligations, but which we have not done since December 1973.

⁷ Representative Bill Frenzel wrote Carter on February 22 urging return of the Crown to Hungary "without strings and without bargaining." (National Archives, RG 59, Bureau of European Affairs, Office of Eastern Europe and Yugoslavia, Hungarian Holy Crown—Crown Follow Up 1979 and Prior Years 1945–1980, Lot 85D389, Box 7, The Crown of St. Stephen)

⁸ Not attached.

Recommendation

In the light of the enhancement of US interests which would ensue, of the substantial recent progress achieved in US-Hungarian relations, and of the consequent growing expectation of the Hungarian Government, we believe the time is ripe to begin our action on the Crown.

We should begin to move soon. As Ambassador McAuliffe aptly observed in his 1975 recommendation concerning return, the Crown is a “wasting asset”—the longer we hold it, the less benefit we will gain when we finally do relinquish it.⁹

I recommend, therefore, that, in the context of the PRM-9¹⁰ review, we seek White House authorization to study the modalities of return of the Crown. We would be pleased to discuss this question further with you, either before or after your visit to Budapest.¹¹

⁹ In telegram 3098 from Budapest, September 24, 1975, the Embassy described the Hungarian Crown and regalia as “the touchstone of relations” between the United States and Hungary and recommended “the Department to conduct a thorough and basic study of U.S. policy with respect to the continued retention of the Crown.” (National Archives, RG 59, Central Foreign Policy File, D750331-0134)

¹⁰ See Document 7.

¹¹ Hartman indicated neither approval nor disapproval.

137. Memorandum From Robert Hunter of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 28, 1977

SUBJECT

Crown of St. Stephen

The current flap derives from an article in yesterday's *Times* on an interview with Rep. Vanik, presumably from the *Plain Dealer* a day or so before. He had indicated that the Administration was studying the question of returning the crown.²

Vanik recently wrote to Vance on this question and on MFN.³ Vance replied that the issue of the crown would be addressed in the context of overall improvements on US-Hungarian relations. This has been the line for some time, including press guidance at State today on Sunday's article.

FYI: The desk/office have proposed to Hartman (last week) that the issue be looked at again, with a view to seeing whether it would be possible to return the crown. State understands the domestic political aspects, and promises that nothing will go forward—or be said—without White House clearance. Hartman will be stopping in Budapest on the way back from Moscow. State was trying to reach Vanik, today, to ask that he do nothing further until Hartman returns.

It is important *not* to indicate to Vanik that a review may be in prospect.

Vanik also made sympathetic noises at the Hungarian Embassy a few weeks ago. Rep. Frenzel was also there and has written the President. State got only courtesy copies, not request for reply.

On a related point, Vanik is also concerned about MFN for Hungary. The position is that Hungary has been good on family reunification. But a restrictive law remains, which prevents the President from certifying that Hungary can be given MFN under Jackson-Vanik. Hungary will not accept a waiver as "internal interference." The Vance

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Crown of St. Stephen, 2/76–3/77. Confidential.

² On March 27, *The New York Times* reported that Vanik had suggested in an interview on March 25 that he "believed he and his colleagues could assemble a majority in both the House and the Senate to approve both" MFN and the return of the Crown to Hungary. ("U.S. is Urged to Return Hungary's Ancient Crown," *The New York Times*, March 27, 1977, p. 10)

³ See footnote 2, Document 136.

letter to Vanik indicated these problems and said we were looking at ways to deal with the situation.

Lowenstein says the problem is one of finding out Hungarian-American opinion on the crown without stirring up a fuss. *You might ask Vanik's advice on this point.*⁴

⁴ Brzezinski met with Vanik on March 28. According to a March 28 memorandum from Jerry Schecter to Brzezinski summarizing the discussion, Brzezinski told Vanik that Hartman was to visit Hungary the following week and that Vanik "should do nothing more than say 'I have presented my views on the subject and the matter will be looked into'" if pressed on the Crown. Brzezinski also advised Vanik that the Department of State was looking into MFN for Hungary given Hungarian refusal to accept a waiver for compliance with the Jackson-Vanik Amendment. (Carter Library, National Security Affairs, Staff Material, Europe, Soviet Union, and East/West, Hunter Subject File, Box 14, Crown of St. Stephen, 2/76-3/77)

138. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, April 12, 1977, 1319Z

1164. For EUR only. Subject: Secretary Hartman's Visit to Budapest. Ref: State 081127.²

1. Following are Crown and MFN portions of Hartman-Nagy discussions as excerpted from airgram forwarded to Department (reftel).

2. The Crown

A) Nagy said U.S.-Hungarian relations were now almost normal. Both sides are willing to discuss any matter arising concerning the two countries. The general atmosphere is good. Many questions have been settled between the two countries. We have indeed come a long way. He noted the exchange of high-ranking officials between the two countries and stressed that Hungary wishes to continue to normalize relations.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770126-0793. Confidential; Priority.

² In telegram 81127 to Budapest, April 11, the Department instructed Hartman to excerpt and transmit to the Department the sections of his discussions with Nagy dealing with the Crown of St. Stephen and MFN status. (National Archives, RG 59, Central Foreign Policy File, D770125-1097)

B) Nagy gave a tactful history of Hungarian patience with respect to the Crown. He said that during the past year the Hungarian Government, from some things that had been said and how they had been said, looked at U.S. remarks as something akin to a promise to soon return the Crown. To raise a warning signal would be foolish, even nonsensical, but still, Nagy said, time is running out. He hoped resolution of this problem would not take too long because, given the present state of U.S.-Hungarian relations, people in high places might not understand and might lose their patience.

C) Secretary Hartman agreed with Nagy's positive assessment of American-Hungarian relations. He said the new administration had not yet addressed such problems as the Crown but this is understandable in view of the many pressing international and domestic problems it has had to cope with at the outset. With respect to the Crown, Hartman said the generally improving relations between Hungary and the U.S. should be helpful. He added that the U.S. is aware of the importance that Hungary attaches to this issue.

3. MFN

A) Even more than the question of MFN, Hungary, according to Nagy, is worried about the long-term reliability of the U.S. as a trading partner. Trade union pressures and congressional action continually threaten existing trade arrangements, so much so that Hungarian exporters are afraid that, once they enter into a business relationship with the U.S., the rules of the game will change. This is too risky for the constructive development of trade relations. Then, of course, there is the time limitation on any commercial agreement between the U.S. and Hungary.

B) With respect to trade, Secretary Hartman said it would be worthwhile to talk to one another about current problems to see whether there are means to deal with them. He called attention to the free trade philosophy of the new administration and referred briefly to the President's recent decision on the importation of shoes which should permit the continued development of Hungarian shoe exports to the U.S. Nagy asked Secretary Hartman what he meant by his proposal that Hungary and the U.S. discuss economic matters. There is a Hungarian proposal on the table, he said. The U.S. should withdraw its exception under Article 35 of the GATT. What does the U.S. wish to do now? Nagy contended further that U.S. law does not forbid withdrawing the GATT reservations. Hartman said that the whole question of MFN and GATT would have to be looked into on his return to Washington.

Mudd

139. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, April 22, 1977, 1056Z

1303. Subject: Annual Policy Assessment—Part I.² Ref: (A) State 038338, (B) State 038356, (C) State 041169.³

1. U.S. interests in Hungary: Hungary is a small state with limited resources. Our direct bilateral economic, commercial, and consular interests here are modest. However, I believe Hungary is important to U.S. in context of U.S. relations with countries of Warsaw Pact. Interplay of internal developments between and among European Communist states is obviously important factor in long-term evolution of Communist world and its relationship with U.S. Hungary's different economic system (NEM), political tactics it uses to secure acceptance of its policies, and its moderate approach to CSCE issues are factors contributing to improvement of lot of Hungarian people; they also have an impact on other Communist countries as well. We have an interest in seeing Hungary developing into a more independent entity, more responsive than ever to well-being and legitimate self-interest of its people. Hungary is located strategically in center of buffer states bordering USSR. Soviet forces stationed here, although presently outside scope of MBFR negotiations, are strategically related to military balance in Central Europe. Along with Hungarian forces they pose counter-weight to Western forces in Italy and, under certain circumstances, a potential threat to Yugoslavia and Romania. Hungary has taken an advanced position within the Warsaw Pact on CSCE and human rights and has been [garble—working?] actively to improve relations with U.S. Because of former it has been subject to criticism from its allies. As

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770142–1140. Confidential; Priority.

² Parts II and III of the Annual Policy Assessment were transmitted in telegram 1361 from Budapest, April 27. (National Archives, RG 59, Central Foreign Policy File, D770147–0255)

³ In telegram 38338 to all diplomatic posts, February 19, the Department forwarded the Policy Planning Staff's FY 1979 Broad Trends forecast as general guidance to posts for preparing the Mission's policy and resource assessment reports. (National Archives, RG 59, Central Foreign Policy File, D770060–0457) Telegram 38356 to all diplomatic posts, February 19, provided further guidance for annual policy and resource assessments. (National Archives, RG 59, Central Foreign Policy File, D770060–0449) In telegram 41169 to all European posts, February 24, Hartman further clarified the Bureau's expectations with regard to the policy and resource assessment report. With regard to Eastern Europe, Hartman requested that posts give their views "on the overall approach the US should adopt in its relations" and whether there should be any differentiations between the countries and if so what those differentiations should be based on. (National Archives, RG 59, Central Foreign Policy File, D770063–1159)

S/P forecast stresses (paras 6 and 9, reftel A), it is in U.S. interest to encourage continuation of these policies. Few would argue against view that it is in U.S. interests to nurture Hungarian awareness of and pride in its Western cultural heritage and to expand cooperation with West so that humanism, liberal ideas, and pluralistic ideals continue to permeate Hungarian society to detriment of Moscow influence. I believe that, to extent that Hungary develops profitable relations with U.S., its unquestioning responsiveness as a Soviet ally will be proportionately reduced. I estimate that, barring a sharp turndown in U.S.-Soviet relations, Hungary will continue to pursue relatively liberal policies over next few years as it has since 1975.

2. Overview: Over past two years Hungary has shown a noticeable interest in improving relations with U.S. Bilateral relations have progressed at a steady rate, reflecting pace and level that Hungary is prepared to accept in its special relationship with USSR. Improvement in our relations has been marked by signing of a cultural/scientific agreement, expansion of USIA activities, settlement of all outstanding financial obligations to U.S. (including payment by GOH of World War I flour debt and agreement on settling blocked forints account problem), a series of high-level visits by leaders of two countries, progress on a number of divided family cases, a constructive bilateral approach on CSCE, an agreement on reciprocal visa facilitation for diplomats and officials, removal of all internal travel restrictions on official Americans, and improving Embassy contacts with Hungarian counterparts. GOH strengthened its position in past year by improving somewhat its balance of trade, adroitly carrying off price rises on meat and other consumer items, and by tactfully ignoring letter of support sent by 34 Hungarians to Charter 77 signers. Dropping hard-liner and pro-Soviet Arpad Pullai from HSWP Secretariat during year also strengthened Kadar's hand and was large step towards ensuring that his successor is likely to be someone of Kadar's stripe. Despite this significant forward movement U.S.-Hungarian relations in the future will be conditioned by the following factors, most of them outside realm of bilateral relations.

(A) U.S.-Soviet relations: U.S. relations with Hungary are dependent on the state of relations between Moscow and Washington. If, for whatever reason (e.g. demise of Brezhnev, return to Cold War, etc.), U.S. relations with Soviet Union degenerate, U.S. relations with Hungary would also suffer, as testified to by current minor dampening during human rights debate and in aftermath of Secretary's visit to Moscow.⁴

⁴ Vance traveled to Moscow March 27–30, and presented the Soviet leadership with a U.S. proposal for arms reduction. See *Foreign Relations, 1977–1980*, vol. VI, Soviet Union, Documents 16–23.

(B) Human rights issue: Hungary has no dissident problem even remotely similar to that afflicting other EE countries. This derives as much from general support by intellectuals of Kadar's policies as it does from Hungarian penchant for distinguishing themselves wherever possible from their WP allies. Kadar's decision not to take action against a group of 34 intellectuals who signed a petition in support of Charter 77, however, seems to have caused some strain with his allies. At recent Sofia Conference of CP Secretaries Hungary was apparently criticized by several parties for its tolerant attitude towards dissent. Hungarians are wary of human rights issue. They fear that U.S. may push issue with USSR to point of hardening Soviet relations with U.S.⁵ Reaction in Hungary to such an eventuality would be to detriment of Hungary's relations with U.S. which Budapest has so assiduously cultivated for past two years.

(C) Implications of developments elsewhere in Eastern Europe: A Soviet decision to use force in post-Tito period to restore Moscow hegemony over Yugoslavia could not fail to have an impact in Hungary harmful to U.S.-Hungarian relations. This would be true particularly if, as in Czechoslovakia in 1968, Hungarian troops in token or in other form were asked to participate in the pacification of Yugoslavia. Even if only Soviet troops now stationed in Hungary were used in such an adventure in Yugoslavia, the atmosphere in Europe would be so poisoned that a turndown in U.S.-Hungarian relations would be inevitable.

U.S.-Hungarian relations might also be affected by developments in other Eastern European countries. Hungarians have been seriously worried over past months re course of events, particularly in Poland and, to lesser extent, in Czechoslovakia. Hungarian leadership is keenly aware that food riots or other widespread disorders in Poland, given Hungary's Polish connection (1848 and 1956), could stimulate similar disorders in Hungary if economic situation were to deteriorate. Current plans for consumer income growth are relatively modest and reasona-

⁵ In telegram 926 from Budapest, March 22, the Embassy reported that Hungarian officials were "increasingly concerned about future of detente in light of heavy stress laid by the President, Secretary Vance, and others on human rights issue" and that, in the Hungarian assessment, Soviet reaction to the administration human rights policy may spark a turndown in relations with West. (National Archives, RG 59, Central Foreign Policy File, D770098-0075) In telegram 989 from Budapest, March 25, the Embassy reported: "the emergence of a party line, without doubt emanating from Moscow, on Soviet views about future of detente and East-West relations." Its Hungarian contacts, the Embassy concluded, paint a picture of a "grim, remarkably insecure, almost paranoid Soviet Party leadership, worried to death about what it perceives as a genuine threat or challenge to its power, and incredible as it may seem, believing that the U.S. stand on human rights is deliberate strategy designed to overthrow the Soviet regime." (National Archives, RG 59, Central Foreign Policy File, D770103-0150)

ble, but highly dependent on factors outside GOH control. Deteriorating economic conditions might force Hungary to trim radically its relatively liberal internal policies. Similar concern re dissidence in Czechoslovakia is prevalent, but I doubt to same degree as concern re Polish situation.

(D) Challenge to Soviet position in EE: It has long been recognized as an integral part of USG EE policy that in context of gradually increasing independence of these states, U.S. policy must be particularly circumspect in order that Moscow's leadership does not become so alarmed as to lead to a destabilization as happened in 1956. Thus, U.S. policy must be cautious and conditioned by Budapest's own estimate of the outer limits of Soviet tolerance of its activities.

3. Issues, objectives and courses of action: As S/P suggests in its trends paper, I assume that there will be substantial forward momentum in U.S. relations with Soviet Union. If there is, we should be able to take advantage of developing opportunities to resolve our three main problems, all of which require Department decision: (a) Crown, (b) USG property, and (c) MFN. Progress on these issues would have favorable impact on general course of U.S.-Hungarian relations.

(A) Crown: For over a year now, Hungarians have made known their growing expectation that Crown would soon be returned, tempering their approaches with tacit understanding that 1976 was an election year. I believe that USG should make a decision now to return the Crown to Hungary and that we should convey this decision to Hungarians in carefully conditioned language which would leave us an escape route in event of breakdown in East-West detente or some other unexpected but equally untoward event. Retention of Crown is now more of an obstacle than an asset in U.S.-GOH relations and threatens to retard their further development.

(B) Property: Although GOH has indicated a willingness to undertake serious discussions to resolve property problem,⁶ USG has not been able to move forward with negotiation proposals because FBO failed to respond favorably to repeated Embassy requests for an assessment of property's value. I believe it is essential to develop a coordinated USG position, one clearly designed to produce concrete results and based on a professional estimate of property values and many options open to us for settling our present and future needs. I am convinced that a favorable approach on Crown, as suggested above,

⁶ The U.S. Government owned several buildings in Budapest in excess of its needs and sought to sell them to the Hungarian Government while building modern office space for its staff. Washington also requested payment for property expropriated by the Hungarian Government.

would provide a climate of sufficient good will to bring about a resolution of this problem during period when modalities for return of Crown are being discussed. But we must move now on getting an FBO property assessment to take advantage of present climate.

(C) MFN: Ambiguity exists as to whether GOH can meet our requirement for assurances about liberal emigration policies. In very near future we should establish USG's position concerning what it wants from GOH. We should then move at a deliberate pace to ferret out GOH intentions and capabilities. Depending on how situation develops, we may not wish to attempt to resolve this question until issues of Crown and U.S.-owned property in Budapest have been resolved or are well on way to resolution.

4. I strongly believe that bilateral relations with each Communist country should be left to find their own level. Attempts to establish priorities between countries can only have a stultifying effect on our relations in Eastern Europe. Decision should be made on basis of facts obtaining in each country, with Department interjecting during decision process any overriding factors which may in particular instance cause regional considerations to prevail over bilateral ones. Such a policy should allow USG to achieve greatest progress traffic will bear in each country. Moreover, dropping pecking order would not require U.S. to legitimize repressive regimes, since we would decide in "bilateral" context not to carry out any measures which in fact have that effect. It is bad enough already that consideration of Soviet attitudes already restricts our decision-making re Eastern European countries. We should not add to our troubles.

5. Courses of action:

(A) Political:

(1) Return Crown in manner likely to facilitate resolution of family reunification and property questions but without direct linkage.

(2) Encourage high-level exchanges between U.S. and Hungarian officials to include Foreign Minister Puja and Secretary.

(3) Monitor Hungarian CSCE implementation.

(4) Further expand contacts between Embassy and Hungarian organizations, including HSWP.

(B) Military:

(1) Attempt to induce Hungarian acceptance of invitations to field grade officers to visit army units in U.S. and, in reciprocal fashion, U.S. officers to visit Hungarian units.

(2) Solicit earlier advance notice and greater detail in notification of military maneuvers in Hungary. Seek to have Hungarian representatives attend Western maneuvers to which they are invited and to have GOH invite U.S. observers to Hungarian maneuvers.

(C) Economic:

(1) Establish a U.S. position on what we require from GOH in way of MFN assurances on emigration policy.

(2) Continue to encourage exchange of senior economic policy officials, including Havasi and Biro, between U.S. and GOH.

(3) Promote exchange of views between American economists and officials and their Hungarian counterparts.

(4) Encourage expansion of American-Hungarian trade, business contacts, and joint ventures, with special attention to agriculture and livestock development.

(5) Undertake additional market-oriented reporting.

(6) Annual participation in one of Budapest trade fairs.

(7) Conclude double taxation agreement.

(8) Attempt to facilitate activities of U.S. businessmen in Hungary by seeking GOH cooperation in providing trade directories of potential contacts, getting GOH to agree to expand number of direct contacts with Hungarian firms, and by obtaining multiple entry visas for businessmen.

(D) Informational, cultural, and scientific:

(1) Continue building exchanges and cultural and scientific program in accordance with recently concluded Cultural/Scientific Agreement and program document.

(2) Continue to explain U.S. foreign policy to media leaders through regular briefings and distribution of background materials and policy statements.

(3) Expand program of distribution of information materials in political, cultural, academic, and economic fields.

(E) Consular:

(1) Continue present effort to resolve divided family cases by quiet diplomacy.

(2) Seek Hungarian agreement that multiple entry visas of one-year duration be issued to official personnel of each government whose duties require them to travel frequently on TDY to host countries.

(3) Where feasible, develop other proposals to facilitate visa issuance and eliminate or reduce visa fees.

(4) Where necessary, obtain GOH cooperation in protection and welfare services to American citizens.

(F) Administrative:

(1) Obtain FBO team immediately to advise on value and disposal of U.S. Government excess properties in Budapest.

(2) Begin negotiations, by early September at latest, for indemnification of UST for nationalized properties, resolution of squatter problem,

and sale or other disposition of excess property in Budapest, obtaining in compensation buildings for Embassy needs.

(3) Make vigorous and persistent representations to GOH in order to obtain more responsive treatment from diplomatic service directorate to Embassy's administrative needs, especially acquisition of rental of living quarters for Embassy staff.

Mudd

140. Memorandum From William Hyland and Robert Hunter of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, April 29, 1977

SUBJECT

The Crown of St. Stephen

We met Thursday² for an hour with Representative Mary Rose Oakar and about six Hungarian leaders on the Crown of St. Stephen.

They are deeply concerned about the Vanik story on a possible return. The Congresswoman assumed that this had been inspired by the Administration.

They indicated all the reasons for not giving it back; for not giving it to the Vatican; and for only giving it back when Hungary is "free" (for some this meant the withdrawal of Soviet troops; for others, also holding free elections).

We indicated that we knew of no U.S. intention to give back the Crown. This was not being considered at a high policy level; there has been no study. But we could not say that it would *never* be given back, though of course it would be appropriate, if consideration were given to doing so, to consult with Congress beforehand. This would be consultation with *all* elements of Congress, including Representative Vanik and others of his persuasion.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77. Confidential. Sent for action. Brzezinski wrote "see comments on p 2. ZB" in the margin with an arrow pointing to the subject line and returned the memorandum to Hyland and Hunter

² April 28.

They asked for four things:

1. A history of how the Crown was acquired (Bob Murphy was the intermediary)—which they believe could help them for juridical reasons, if it was not war booty. We said we would try, but that in any event a promise made like that 30 years ago was not really relevant.

2. To see the text of the cultural agreement with Hungary. We said we would send it.

3. To have a simple statement from the Administration that it is not our intention to give back the Crown. We said that we could not pledge that, and would have to refer it.

4. Representative Oakar also wants Administration backing for her bill requiring the approval of Congress before the Crown could be given back.³ We temporized, but she may come back again.

We therefore refer the issue back to you for guidance. Do you want to put out such a statement? Would you be willing to have the Administration support her bill?⁴

We do not support either course of action: but it will be hard to get out of the first one.

Could we have your further thoughts before proceeding?

(Hyland thinks it is senseless to play around with the Crown: raising the issue of returning it would just do political harm, and actually doing so would gain us nothing with the Hungarians.)

RECOMMENDATION

1. That you approve the memorandum at Tab I⁵ asking State for a history of the Crown's acquisition and an accounting; and

2. That you give us your views on how to proceed.

³ On April 26, Oakar introduced H.R. 6634, a bill "to require that the Hungarian Crown of Saint Stephen and other relics of the Hungarian royalty remain in the custody of the United States Government and that they not be transported out of the United States, unless the Congress provides otherwise by legislation." The bill was discussed in subcommittee, but was never submitted to a vote on the House floor.

⁴ Brzezinski marked the paragraph and wrote at the bottom of the page, "No—there's no point in blanket, timeless negative commitments of 'I'll never beat my wife' variety!"

⁵ Not attached. Brzezinski signed the memorandum to Vance on May 2, requesting that the Office of the Historian at the Department of State prepare an unclassified memorandum on the manner by which the Crown of St. Stephen came into U.S. possession at the end of World War II. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 4–6/77). The Department forwarded to Brzezinski a study prepared in the Office of the Historian on May 24. (Ibid.)

141. Action Memorandum From the Assistant Secretary of State for European Affairs (Hartman) to Secretary of State Vance¹

Washington, undated

Moving Forward with Hungary: The Crown of St. Stephen

We have been giving considerable thought to the appropriateness of returning the Crown of St. Stephen to Hungary. Congressman Vanik's recent speech suggesting return of the Crown provoked some sharp, adverse reaction from Congresswoman Oakar, who has a strong ethnic constituency, and from Congressman Horton. However, Vanik's position also has support and we believe that domestic reaction, even in the Hungarian-American community, will not be entirely negative.

The President is generally aware of the problem: he promised Vanik a reply after the Crown issue was reviewed. We have prepared the attached² memorandum to the President in part as a way to pull our thoughts together on the issue of policy toward Hungary. However, there seems to be some divergence of views on the NSC staff regarding the Crown's return and we have made no effort yet to sound out Brzezinski.

The Hungarians have also been exploring how they might obtain MFN treatment from us. They may be willing to conform (as Romania did) to Jackson-Vanik requirements. We intend to move forward cautiously in this area, bearing in mind the possible impacts on US-Soviet relations and prospects for change in Jackson-Vanik.

Recommendations:

That you sign the attached memorandum to the President.³

ALTERNATIVELY, that you agree to meet with a small group including Warren Christopher, Matt Nimetz, myself and several others

¹ Source: National Archives, RG 59, Bureau of European Affairs, Office of Eastern Europe and Yugoslavia, Hungarian Holy Crown—Crown Follow Up 1979 and Prior Years 1945–1980, Lot 85D389, Box 1, Political: US-Hungary, Crown Follow-up, 1978. Secret; Nodis. Drafted by Boutin, Gerth, and Nimetz on May 18; cleared by Armitage, Hansell, Katz, and Jenkins. Sent through Nimetz. A handwritten note on the document indicates that it was forwarded to Vance on May 26.

² At this point the word "draft" is crossed out in pen. On May 18, Nimetz informed Andrews he fully agreed with the recommendations in the memorandum to the President, but that he rewrote the draft in order to shorten it. (National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State and Under Secretary for Security Assistance, Science, and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official—January–June 1977)

³ Attached but not printed. A significantly revised version was signed by Vance on June 3. See Document 142.

to discuss this problem and especially how best to approach the White House, the Congress and interested public groups.

142. Memorandum From Secretary of State Vance to President Carter¹

Washington, June 3, 1977

SUBJECT

Strengthening Relations with Hungary—The Crown of St. Stephen Issue

The Crown of St. Stephen, the paramount symbol of Hungary's nationhood and Western Christian tradition, and other coronation regalia have been in our safekeeping since they were given to us by the Crown Guard at the end of World War II. We have publicly acknowledged that they are property of the Hungarian nation. Our policy that the Crown's return will be addressed in light of improvement in bilateral relations has encouraged Hungary to move ahead with us in anticipation that we will follow through in good faith. Today only three major issues separate us from the firm working base of "normalized" relations—the Crown, most favored nation status and consolidation of USG-owned property in Budapest. So far the Hungarian leadership has made informal requests for the Crown. If we take no action during the current year, they may make a formal demand—and the United States has no legal grounds to refuse.

The Communist regime in Hungary is a far cry from being democratic, but over the past few years, Hungary has developed into the most internally liberal country in the Warsaw Pact: a tolerant attitude toward dissidents, good church-state relations and a *modus vivendi* with the Vatican, openness to Western information, a relatively liberal travel and emigration policy, and an innovative, decentralized economic system. Party Leader Janos Kadar has so far successfully defended this position against Warsaw Pact hardliners.

Domestic Political Aspects

Congressional attitude is split on the Crown. Several (e.g., Vanik, Frenzel, Thompson, Bingham and Fenwick) believe the time has come

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1–12/77. Secret. Nodis.

to return the Crown. Vanik, who has a substantial Hungarian constituency, has suggested the idea of a joint resolution favoring return. Opponents of return include Horton and Oakar, sponsor of a recent bill requiring that the Crown not be returned without Congressional authorization. We have not yet conducted a survey of the leadership in Congress, but we believe the domestic political problem is manageable: that there would be a brief, limited flurry of protest but no sustained opposition.

Some Hungarian-American groups oppose return of the Crown, charging it would bestow "legitimacy" on the Kadar regime. For most Americans, return of the Crown would not be an issue, and return would probably be supported as a moral act. As Congressman Frenzel said, "It's theirs' it's *right* to return it to them."

We believe that the presence of the Crown in Budapest would serve as a continued national inspiration to the Hungarian people and that this would soon be recognized here, even by opponents of its return. Furthermore, such steps as consultations with Congress (and a possible joint resolution supporting return), Congressional participation in the transfer of the Crown in a public ceremony in Budapest, and a Hungarian commitment to place the Crown on permanent public display would mitigate initial adverse reaction.

CONCLUSION

I strongly support the early return of the Crown to the Hungarian people because:

—U.S.-Hungarian relations have improved substantially, meeting our stated condition for considering the Crown's return.

—Morally and legally it is indefensible to continue to withhold from the Hungarian people their most important symbol of nationhood.

—Return of this symbol of Hungary's independence and Western, Christian tradition will concretely support our long-range goal of encouraging greater autonomy, national identity and Western orientation in Eastern Europe.

—Support for return is emerging in Congress and domestic opposition is limited.

—It would be in our interest to return the Crown in a generous gesture by a new Administration, rather than in the context of Hungarian demands.

—The prospect of the Crown's return would facilitate a favorable resolution of the complex property problem in Budapest.

—There is no countervailing reason for holding on to it—we cannot expect the emergence of a non-Communist government in the foreseeable future, and it would be inappropriate to seek to "trade" the Crown for something we want.

If you concur that return of the Crown is appropriate, we will consult with the leadership in Congress (in the House, O'Neill, Rhodes, Zablocki and Derwinski, who has already indicated he would offer only token opposition; in the Senate, Byrd, Cranston, Baker, Sparkman and Case). Unless we encounter unexpected, strong Congressional opposition, we would then go ahead immediately with quiet "hypothetical" talks with the Hungarians about how transfer could occur.

Recommendation:

That the Crown of St. Stephen be returned to Hungary this year and that the State Department take the necessary action to effect its transfer along the lines I have outlined.

143. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, June 14, 1977

SUBJECT

Hungary: Crown of St. Stephen

At Tab A² is a memorandum from Secretary Vance, strongly recommending that the United States return to Hungary the "Crown of St. Stephen"—that nation's regalia which has been in our possession since the end of World War II. He recommends consulting with the Congress, and then talking with Hungary about the Crown's return.

He lists a number of foreign policy advantages, including:

—we have previously tied return of the Crown to improved relations; relations have improved to some degree;

—returning the Crown would encourage Hungarian autonomy and national identity;

—the remaining property issues we have with Hungary could be solved more easily; and

—it is better to take an initiative to return the Crown, before it is formally asked for by the Hungarian Government.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1–12/77. Secret. Sent for action. Carter initialed the memorandum at the top right corner to indicate that he had seen it.

² See Document 142.

Issues

—*Domestic*: Congressional opinion is divided. However, there would be a strong negative reaction from the most vocal elements of the Hungarian-American community. This could be partially dealt with through consultations with Congress and through the method of return: a public ceremony in Budapest, a commitment from Hungary to display the regalia publicly, and perhaps even sending it back on August 20, St. Stephen's Day.

—*Foreign Policy*: the advantages listed by Secretary Vance must be seen in a broader perspective:

—returning the Crown would show our "good faith" as we approach the CSCE meetings;

—since there is consideration in both the Administration and Congress about extending MFN to Hungary, also returning the Crown would be a strong sign of our interest, that could be seen as a shift of our overall East European policy;

—on the other hand, we still have not decided on a basic strategy for Eastern Europe. Returning the Crown before that process is completed foreshadows decisions you may want to consider, concerning trade, political relationships and policy toward the USSR. (An overall strategy will be considered in the context of follow-up to PRM-9, due on June 15.)³

RECOMMENDATION

That you *delay*⁴ a decision on returning the Crown of St. Stephen until our overall East European strategy is decided, on an expedited basis:⁵

Delay decision, pending consideration of East European strategy _____

Begin consulting with Congress in order to return the Crown
(Secretary Vance's recommendation) _____

Do not return the Crown at this time _____

³ See Document 7.

⁴ In a June 12 memorandum to Brzezinski, Hyland and Hunter described the Vance memorandum as "one sided and lack[ing] perspective" and recommended that the decision be delayed until the broader decision on policy toward Eastern Europe is addressed in the context of PRM-9. Returning the Crown at this time, they argued, would raise questions about the administration's message to East Europeans: Was Hungary being rewarded for being more liberal or was the United States putting the "seal of legitimacy on Kadar?" (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77)

⁵ Carter checked his approval of Brzezinski's recommendation to delay a decision and defer returning the Crown and wrote in the margin "Don't heat up now—J." Brzezinski informed Vance of the President's decision in a June 15 memorandum. (Ibid.)

144. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, August 3, 1977

SUBJECT

Hungary: Crown of St. Stephen

Cy Vance's memorandum (Tab A)² sets out a scenario for returning the Crown of St. Stephen to Hungary by September 15, *before* the opening of the CSCE Conference about September 27. Return of the Crown would highlight Hungary's generally good human rights record. Cy suggests that the crown be returned by a distinguished government or public figure, such as the Vice President or Governor Harriman, accompanied by members of Congress.

Cy also recommends that Ambassador Kaiser, while presenting his credentials in early August, inform the Hungarian President that we will return the Crown, under conditions to which the Hungarians apparently are prepared to agree.

Under this scenario, we would consult with members of Congress but only *after* Kaiser has made the necessary arrangements with the Hungarian Government.

*However, I believe the arguments for deferring a decision on the return of the Crown are still compelling.*³ (Your last guidance and Ham's comments on the issue are attached at Tab B.)⁴ Domestically, there is still little to be gained by return and something to be lost in the reaction from vocal elements of the Hungarian-American community. The Vati-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1–12/77. Secret. Sent for action. A stamped notation reads: "The President has seen."

² Dated July 28. Attached but not printed.

³ In a memorandum for Brzezinski dated August 2, Hyland, Trevorton, and Hunter recommended that he oppose Vance's proposal. Arguing that the return of the Crown be "a central element—one of few major instruments we have—of a *strategy* toward Eastern Europe," they stressed that since domestic opinion is divided, "there are no kudos to be had for return and some flak to be taken." A comprehensive review of Eastern Europe will be held later in August, they concluded, and a decision should be joined directly to that review, and "measured directly against a refined sense of the domestic implications." (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1–12/77)

⁴ Jordan's written recommendation is not attached and was not found. Rick Inderfurth transmitted Jordan's recommendation with an undated note to the President and informed Carter that Jordan favored option 3 and that "from a domestic political point of view, it is not worth the trouble it would cause at this point in time." (Ibid.)

can, as Cy notes, still does not regard this as an opportune moment to return the Crown.

On foreign policy grounds, return of the Crown would be a major signal to Eastern Europe. Our PRM review of European policy has made clear that our policy instruments in Eastern Europe are extremely limited. Doing something for Hungary on CSCE grounds, and doing so before the Belgrade meeting, may itself be a good idea, but returning the Crown is also bound to be seen as a much larger signal, which should be deliberate and well-timed. It might be wise, for instance, to include the announcement as an item in your UN speech (the third week of September)—and precede this decision by the needed Congressional consultations. This should take precedence over Phil Kaiser's presentation of credentials.

RECOMMENDATION

That you defer a decision on returning the Crown until our overall Eastern European strategy is decided:

_____ Delay decision, pending consideration of Eastern European strategy, perhaps until your UN speech⁵

_____ Begin consultations with the Hungarian Government in order to return the Crown before CSCE (the Secretary's recommendation)

_____ Do not return the Crown at this time

⁵ Carter checked his approval of this recommendation and wrote at the bottom of the page, "Why not ask Hungarian officials to make a proposal as to how Crown would be received and displayed *if* it is returned. Make no commitment. Keep confidential. J.C." Brzezinski relayed Carter's instructions to Vance in an August 4 memorandum. (Ibid.)

145. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, August 5, 1977, 1349Z

2644. Subject: Ambassador's Conversation With President Losonczi.

1. President Losonczi began our private conversation after my formal presentation of credentials, August 4, by expressing his pleasure over recent improvement in our relations. He referred specifically to the Scientific and Cultural Exchange Program, to the settlement of claims and debts, and to progress on family reunifications.

2. He then went on to talk at considerable length about detente, the Helsinki Accord and the two special Hungarian-American problems—the Crown and MFN—and I responded briefly to the points he raised.

3. Detente. Losonczi emphasized that the recent improvement in our bilateral relations had been due in no small part to the detente in the U.S.–USSR relationship. Good bilateral relations between us could make a positive contribution to the atmosphere of detente, but it was essential that there be a continuation of a meaningful detente policy between the two super powers. He talked at considerable length on this point, leading up inevitably to an expression of concern over the present state of Soviet-American relations with a not-too-subtle blaming of American actions for that situation. He hoped that there would be a change.

4. In reply, I stated that President Carter's policies were aimed at the establishment of a detente relationship with the USSR based on the enlightened self-interest of both sides. It would be unfair and unrealistic to impugn the motives of the President. There should be no doubt about President Carter's positive and constructive attitudes toward American-Soviet relations. He had no interest in reviving the Cold War. On the contrary, he wanted a realistic relaxation of tensions. In order to fully appreciate President Carter's position, I urged President Losonczi to read the full text of President Carter's recent speech in Charleston, South Carolina.² In spite of Moscow's polemics, in recent weeks there have been some favorable developments in U.S.-Soviet relations as evidenced, for example, by the progress in negotiations for banning nuclear testing and in the renewal of the 1972 Agreement for Cooperation of Science and Technology.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770283–0669. Confidential.

² Remarks at the 31st Annual Meeting of the Southern Legislative Conference on July 21. (*Public Papers: Carter, 1977*, Book II, pp. 1309–1315)

5. Helsinki. After expressing satisfaction that agreement had been reached on the agenda for the Belgrade meeting, President Losonczi stated that it was essential to think of the Helsinki Accords as a whole; that it was a mistake to concentrate interest on only isolated parts of the agreement. Proper evaluation of its implementation required a broad-gauge approach. I replied that the U.S. was committed to the effective implementation of all three Baskets, but that this did not mean that, depending on circumstances, different signatories to the accord would not feel compelled to emphasize different aspects of what was a rather lengthy document. I pointed out that we were pleased with the performance of the Hungarian Government in implementing the Helsinki Accord as was evidenced by the comments made in the Executive Branch's report to the CSCE Commission. The continuing dialogue between the top officers of the Hungarian Government and our Embassy during the past year was productive and contributed to and reflected the improved relations to which President Losonczi had referred.

6. The two issues.

A. MFN. In reply to a rather impassioned plea for the granting of MFN, I followed the line taken by State 182700.³ We shared a common desire to increase our bilateral trade; we recognized Hungarian efforts in this area; and we were looking forward to the opening of the National Bank's representation office in New York, and to the Hungarian Economic Days planned later this year. When mentioning our satisfaction that we had begun useful discussions about our trade agreement, I reminded the President of the important role Congress plays in this area as well as other areas of international interest. I also referred to the recent visit of Mr. Nyerges to Washington and the discussions which were now scheduled to take place in Geneva in September.

B. The Crown of St. Stephen. There was a powerful but dignified plea for its return. The President left no doubt about how strong were the Hungarian feelings that the time had come for the Crown to come home. In reply I said that Hungary's concerns on this were well known and understood in Washington. That was all I could say at this time.⁴

7. Comment. I was received with what seemed to be genuine warmth. Serious talk was interspersed with light banter. The President was clearly pleased over the recent improvement of American-Hungar-

³ Telegram 182700 to Budapest, August 3. (National Archives, RG 59, Central Foreign Policy File, D770278-0728)

⁴ In telegram 182833 to Budapest, August 4, the Department informed Kaiser that the President had not taken action on Vance's July 28 memorandum suggesting a scenario for returning the Crown, and instructed him to remain noncommittal on the subject. (National Archives, RG 59, Central Foreign Policy File, P840070-0723)

ian relations, and was emphatic about the contribution the Hungarians had made to that improvement. There was real concern about the course of Soviet-American relations. The strongest feelings, however, were reserved for the two bilateral issues that interest them most at this time. Failure to reach satisfactory solution of these two issues, but particularly on the Crown, would have an adverse effect on U.S.-Hungarian relations, and almost certainly sour the present friendly atmosphere.

Kaiser

146. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 22, 1977

SUBJECT

Returning the Crown of St. Stephen

Your memorandum of August 4 requested that we ascertain Hungarian wishes concerning return and display of the Crown, without making any commitment to return it.² In response to such a query, the Hungarian Government informed Ambassador Kaiser last month that: 1) it would be happy to work out the details of the transfer once our decision had been made and we had indicated how we intended to return it; and 2) it would place the Crown on public display in an appropriate edifice in Budapest, without restriction on foreigners or Hungarians who wish to see it (Tab 1).³ We believe this latter statement constitutes acceptable assurances about the Crown's "continuing display" as set forth in Presidential Directive/NSC-21⁴ as a precondition for us to indicate to the Hungarians our willingness to return the Crown.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77. Secret; Nodis.

² See footnote 5, Document 144. Carter's decision was transmitted in telegram 194954 to Budapest, August 17. (National Archives, RG 59, Central Foreign Policy File, P840070-0724)

³ Tab 1 is telegram 2916 from Budapest, August 26, which reported that Nagy assured Kaiser that if the United States returned the Crown, the Hungarian Government would "receive it with the dignity and honor appropriate to this unique national and cultural treasure." (National Archives, RG 59, Central Foreign Policy File, P850050-2281)

⁴ See Document 16.

Deputy Prime Minister Aczel reiterated to Dr. Billy Graham that Hungary wants to put the Crown on public display and added that, if the United States decided to return the Crown, the Hungarians would receive it in whatever way would fit the President's requirements.⁵

We believe that we should inform the Hungarian Government before the Belgrade CSCE Conference gets under way of our willingness to return the Crown under appropriate circumstances. Telling the Hungarians that we are taking this important step both because of improved bilateral relations and Hungary's positive attitude toward CSCE implementation should favorably affect Hungary's attitude at Belgrade and after. The President's decision can be conveyed in one of the following manners:

- By the President in a bilateral meeting with the Hungarian Foreign Minister at UNGA;

- By a Presidential oral message to the Hungarian President, delivered by Ambassador Kaiser;

- By the Secretary to the Hungarian Foreign Minister during their UNGA bilateral.

A Presidential bilateral with the Hungarians would be so unusual as to provoke undesirable press speculation about the substance of the meeting—and might lead to disclosure of our plans before an acceptable scenario of transfer has been arranged. A Presidential oral message delivered by Ambassador Kaiser could be used to convey our intention right now. Since there is no pressing reason to inform the Hungarians immediately, we prefer using the Secretary's bilateral with the Hungarian Foreign Minister (tentatively scheduled for October 1).

In New York the Secretary will also note that the Hungarian Government has already stated its intention to us to place the Crown on public display in an appropriate place. He will add that Ambassador Kaiser has been asked to work out with the Foreign Minister an appropriate scenario of transfer that would permit the Crown's return by the end of 1977.

At that point we would send Ambassador Kaiser guidance, along the lines of the Secretary's July 28 memorandum to the President for his scenario talks with the Hungarians. (Tab 2)⁶ Once we have Hungarian agreement to a suitable scenario, we would consult with key Congressional leaders and inform the Vatican.

⁵ This conversation was reported in telegram 3097 from Budapest, September 9. (National Archives, RG 59, Central Foreign Policy File, D770327-0356) Telegram 3099 from Budapest, September 10, judged Graham's visit to have "exceeded his expectations," and to be a "highly valuable event in bilateral relations." (National Archives, RG 59, Central Foreign Policy File, D770328-1231)

⁶ Attached but not printed. See footnote 2, Document 144.

In working out the scenario of transfer with the Hungarian Government, it will be important to indicate to the Hungarians at an early date whom the President will appoint as head of the US delegation and to suggest exact dates for the ceremony of return that would be convenient to that individual. The Secretary's memorandum to the President of July 28 suggested that the Vice President or Governor Harriman would be appropriate.

Peter Tarnoff

147. Memorandum of Conversation¹

New York, October 1, 1977, 10:50–11:20 a.m.

SUBJECT

The Secretary's Conversation with Hungarian Foreign Minister Puja October 1—
The Crown of St. Stephen²

PARTICIPANTS

US

The Secretary
Matthew Nimetz, Counselor
Philip Kaiser, American Ambassador to Hungary
George Vest, Assistant Secretary for European Affairs
Nicholas Andrews, Director EUR/EE (notetaker)

Hungary

Frigyes Puja, Foreign Minister
Ferenc Esztergalyos, Hungarian Ambassador to the US
Imre Hollai, Hungarian Ambassador to the UN
Tibor Keszthely, interpreter

The Secretary said we believe it is very important to continue to strengthen the relationship between our two countries. We believe that matters are moving in a constructive fashion and we would like to see this process continue. We realize that a very important factor is the

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, unlabeled folder. Secret; Nodis. Drafted by Andrews; approved by Anderson on October 11. The meeting took place at the UN Plaza Hotel.

² Vance and Puja also discussed SALT, the Middle East, and MFN for Hungary. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen, 7–10/77)

return of the Crown. We wish to take that step. The question is when and how. We believe we should try to finalize this at an early date. We will be giving the necessary instructions to Ambassador Kaiser so that we will be able to move forward.

Puja said that in the Hungarian evaluation of bilateral relations, we have basically solved all except two issues. The first is the Crown and treasures, and he is happy to hear that the US has decided to return it. As the Secretary is aware, it is a very important, sacred relic of the Hungarian nation. That is why they have placed great emphasis on its return. Undoubtedly, such an act will greatly influence the feelings of the people of Hungary toward the United States. The Secretary said we should keep this very tightly and an announcement should only be made at the appropriate time by mutual agreement. Puja said this was taken for granted. Hungary has never made propaganda out of it.

148. Memorandum From Robert King of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, October 5, 1977

SUBJECT

State Department Actions on Returning the Crown and Granting Hungary MFN

In consultation with Ambassador Kaiser from Budapest, who is here until this weekend, State is drafting a lengthy cable of instructions on the procedures for return of the Crown.² It will specify the assurances which the Hungarians must give on the display of the Crown, our

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77. Secret. Sent for information. Brzezinski wrote at the bottom of the memorandum, "Give me a history of the Crown, how it was stored before the war, what annual honors—religious or political—was it paid, etc?" King replied on October 12, summarizing two lengthy studies prepared by the Office of the Legal Adviser, one in 1971 and the other in 1977. (Ibid.) The 1971 study is in the Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 2/76-3/77. The June 15, 1977, study is in the Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 4-6/77.

² See Document 150.

views on the kind of ceremony at which it should formally be handed over, a draft public announcement, and a draft joint US-Hungarian statement to be issued when it is returned. At my suggestion, the date for return and the individual to head the delegation will be left open, but State will send a memo with its suggestions. This cable will come to the NSC for clearance.

A cable is also being drafted directing Ambassador Kaiser to undertake with Foreign Minister Puja a discussion of the assurances that must be received from the Hungarian government in order to satisfy Jackson-Vanik requirements.³ (This cable will also require NSC clearance.) He will attempt to get these assurances by the first of November. Meanwhile, agency assignments for a draft trade agreement with Hungary have been made and are to be completed by mid-October. Inter-agency clearances and consultations are to take place afterward with a view to starting negotiations with the Hungarians on the trade agreement in December.

³ See Document 149.

149. Telegram From the Department of State to the Embassy in Hungary¹

Washington, October 18, 1977, 1600Z

249694. For Ambassador from the Deputy Secretary. Subject: Hungary and MFN.

1. As you know, during Foreign Minister Puja's meeting with the Secretary in New York on October 1,² Puja once again expressed the Hungarian Government's interest in considering the possibility of MFN for Hungary. In response the Secretary said that you would be discus-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770383–1338. Confidential; Exdis. Drafted by Gerth; cleared by Luers, Schmidt, Nimetz, Johnston, Hormats, Hansell, King, and Stahnke; approved by Christopher.

² See Document 147.

sing this matter in detail with the Foreign Minister in Budapest.³ As a result, and in part as a follow-on to the technical trade talks begun in June in Washington with Hungary's senior trade negotiator, Janos Nyerges, you are instructed to seek detailed discussions with key Hungarian authorities to explain the emigration provisions of the Trade Act of 1974 and to obtain sufficient additional information about Hungary's emigration law, its application of this law, methods of dealing with bilateral emigration problems, and Hungarian emigration to third countries including Israel to prepare a comprehensive report that will serve to answer executive and congressional questions on these topics.

2. You should explain to the Hungarian Government that we have noted with favor the positive humanitarian spirit with which Hungary is addressing family reunification matters and also that we have carefully considered the recent statements made by various Hungarian officials (such as Ambassador Bartha's statement in May to Charge Mudd)⁴ on emigration as well as the formulation on emigration contained in the Hungarian proposal for implementation of CSCE in bilateral relations. You should state that, if in the course of these discussions an authoritative spokesman of the Hungarian Government (e.g., Foreign Minister or Prime Minister) were to make an appropriate statement indicating that the emigration practices of Hungary will henceforth lead substantially to the achievement of free emigration, we are prepared to move into negotiation of a trade agreement following completion of the discussions.

3. You should indicate to the Hungarian Government that the necessary content of such a statement has been very carefully considered by the White House to insure that, as a conclusion to your discussions on Hungarian emigration practice, it would serve as a satisfactory basis for the President to report to Congress that he has received assurances as required by the Trade Act. If the Hungarian Government prefers to make this statement in confidence, rather than publicly, the

³ Kaiser met with Puja on October 27. In telegram 3749 from Budapest, October 28, he reported that, with regard to U.S. immigration requirements, Puja "indicated his satisfaction that they seemed less demanding than had previously been the case." (National Archives, RG 59, Central Foreign Policy File, D770396-1113) In telegram 3818 from Budapest, November 2, Kaiser reported that, in his conversation with Puja that day, the Hungarian Foreign Minister said he had not yet been able to secure the agreement of the Hungarian leadership to the proposed U.S. language on assurances prior to their departure for Moscow, but that he would reply to the U.S. proposal as soon as they return. (National Archives, RG 59, Central Foreign Policy File, D770403-0639)

⁴ In telegram 1907 from Budapest, June 9, the Embassy reported on a conversation with Bartha regarding divided family cases. Bartha assured Mudd that Hungary would resolve all outstanding family reunification cases because "resolution of these issues is an integral part of Hungary's approach to human relations." (National Archives, RG 59, Central Foreign Policy File, D770207-0441)

text of the statement will be treated within the U.S. Government with the utmost confidence.

4. To meet the intent of Congress the statement must address emigration across the board (not only family reunification), it must apply to emigration to all countries, and it must speak to future practice. We consider that the following statement, in the context of discussions indicating that Hungarian law and administrative practice do not in fact preclude emigration, would be appropriate:

Quote: I am authorized to state to you on behalf of my government that Hungary will satisfactorily solve any emigration problems which may arise. Unquote. This statement may be coupled with references to traditional Hungarian policy or to the Helsinki Final Act if the Hungarian Government prefers. (Here we note Bartha's phrase—Budapest 1907 "Resolution of these issues is an integral part of Hungary's approach to human relations"). The term "emigration problems" could be adjusted to "problems of the type we have been discussing" or to "humanitarian problems" if the context clearly shows that the parties are talking about emigration.

4. If the Hungarian Government wishes to propose other language, that must be referred to Washington to insure that it would meet the requirements of the law.

5. If necessary in order to assist in your discussions of Jackson-Vanik and Hungarian emigration as well as provide guidance if the Hungarians wish to discuss further the language of the statement, we are prepared to send a Department representative who is directly familiar with Section 402 of the Trade Act⁵ and the Romanian talks.

6. Circular 175 authority⁶ has been obtained for negotiation of a trade agreement. We are now preparing a draft trade agreement.

Vance

⁵ Section 402 of the 1974 Trade Act outlines the requirement for freedom of emigration from bloc countries seeking to receive MFN.

⁶ Circular 175 refers to regulations developed by the Department of State to ensure the proper exercise of treaty-making power. Typically, a Circular 175 is an action memorandum seeking authority to negotiate, conclude, amend, extend, or terminate an international agreement.

150. Telegram From the Department of State to the Embassy in Hungary¹

Washington, October 26, 1977, 0044Z

255571. For Ambassador. Subject: The Crown of St. Stephen.

1. During their October 1 meeting at UNGA the Secretary, in accordance with the Presidential Directive/NSC-21, informed Hungarian Foreign Minister Puja of our willingness to return the Crown and asked you to work out the details of the return with Puja.²

2. You should seek an early appointment with Puja to work out the transfer scenario.³ In your talks you should keep in mind the following essential conditions:

—That various segments of the Hungarian public, including the Roman Catholic Cardinal Primate, participate in ceremonies in which the Crown is returned.

—That the Crown will be displayed publicly and appropriately in an historical location not associated with the Communist Party on a permanent basis.

—That the Crown will be treated with respect.

In addition, we wish to arrange a ceremony which will emphasize the national, religious and cultural nature of the Crown. We will seek to underline the fact that the American people are returning to the Hungarian people a national treasure which rightly belongs to the Hungarians. We would plan to secure a public statement from the Hungarian Government to the effect that Hungarians from all over the world are welcome to visit Hungary and view the Crown.

3. Our detailed guidance for your scenario talks follows:

A) Place of return—Budapest. The USG transported the Crown and regalia from Europe and believes it fitting to effect the return in Hungary.

B) US delegation—The President, as Chief of State, will appoint a senior USG official to head the American delegation. We will ask distinguished Senators and Representatives to be participants, as well as a senior State Department official.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840070-0726. Secret; Priority; Nodis. Drafted by Gerth; cleared by Andrews, Luers, Vest, and Tarnoff; and in S/S approved by Nimetz.

² See Document 147.

³ In an October 7 memorandum to Brzezinski, Tarnoff outlined the Department's proposed scenario for the return of the Crown. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77)

C) Date of return—In order to meet the scheduling requirements of the proposed head of the US delegation, we wish return to take place on Saturday December 3 or Sunday December 4. We will confirm the exact date later. Our delegation chief, who will be accompanying the President, would break off from the Presidential party upon completion of the Warsaw visit (the morning of December 2 or 3) and would fly directly to Budapest. The remainder of the American delegation would travel directly from Washington to Budapest.

D) Hungarian participants—We wish to return the Crown, as property of the Hungarian nation and people, to the Head of State or his designated representative. (FYI: Because of domestic political sensitivities here we must avoid handing the Crown over to Kadar himself or to anyone associated exclusively with the party. End FYI.) We would expect senior representatives of the Hungarian Government, the National Assembly and mass organizations would participate. The Cardinal Primate and leaders of the major Protestant denominations and the Jewish community should be active participants. While we do not wish to encourage Hungarian Socialist Workers Party participation, we realize it is an important national organization and we will not object to the presence of its representatives.

E) Nature of the public ceremony—The ceremony of the return should be a solemn public event at an appropriate venue (Parliament, the Royal Palace, Coronation Church), designed to underscore the historical, cultural, religious and national tradition of the Crown as well as the “people-to-people” aspect of the return. We expect that remarks at the ceremony will be confined to pre-agreed statements which refer only to traditional US-Hungarian ties, friendship between our two peoples and desire to continue to development of better bilateral relations.

F) Media participation—We anticipate that the return ceremony will be a subject of international media interest and we wish to ensure that press, radio and TV representatives (including VOA) will be able to report the event from Budapest.

G) Transportation of the regalia from the United States—In order to provide the utmost security for the regalia during transfer, we would plan to send the Crown and regalia aboard a US Air Force airplane together with the delegation. The plane would arrive approximately 24 hours prior to the ceremony of the return, both to provide a rest period for the US delegates and to allow for the possibility of poor landing conditions at that time of the year.

H) Public announcement—A joint communique announcing the return of the Crown should be made by the White House and Hungarian authorities just prior to the departure of the Crown and delegation for Budapest. Text of the suggested joint communique follows: Quote

(title) "The President of the United States of America has determined that it is appropriate and fitting that the Crown of St. Stephen and other Hungarian coronation regalia, which have been in the custody of the United States since the close of World War II, be returned to the people of Hungary. For this purpose the President has designated (name) as his personal representative to lead the delegation of members of the Executive and Legislative Branches of the American Government who will return the Crown. (Para) The return of the Crown will take place in Budapest at (time and venue), (name), personal representative of the President of the Presidential Council of the Hungarian People's Republic, will head the group of distinguished Hungarians who will receive the Crown. (Para) The Government of the Hungarian People's Republic will place the Crown of St. Stephen and the coronation regalia on permanent public display in the (venue) at Budapest for Hungarians everywhere and foreigners alike to see. Unquote.

6. Leaders of the American-Hungarian Federation have informed Ambassador Esztergalyos that Hungarian-American opposition to the return of the Crown could be reduced were the GOH to make some gesture(s) to Hungarians abroad, such as letting it be known that an amnesty has been declared for political prisoners in Hungary and that any Hungarian abroad would be granted a visa to see the Crown. While these two ideas are not absolute requirements, we believe the GOH should fully consider them and the kind of post-return relationship they wish with Hungarians and persons of Hungarian descent who reside outside Hungary.

7. Finally, we have heard vague rumors from the American-Hungarian community to the effect that the Hungarian regime may hold on to the Crown and coronation regalia for a time, then transfer them to the Soviets. While we do not set much store by these reports, we would nevertheless appreciate Embassy's views on the likelihood of this development.

Vance

151. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, November 2, 1977, 1626Z

3819. Subject: Crown of St Stephen. Ref: (A) Budapest 375 (B) State 255571.²

1. FonMin Puja informed me today that, in response to his report to the Hungarian Government of our last conversation, the government has agreed with our plans for the return of the Crown. Puja said that the government had agreed to the proposals we had outlined to him, including a joint communique and pre-agreed statements at the return ceremony.

2. Puja said that the government also agreed with our tentative scheduling suggestions. He added that the Government of Hungary would like to fix both the date and the name of the chief U.S. delegate as soon as possible.

3. Finally, Puja asked me to meet with Deputy Minister Nagy Nov 3 to arrange the details of the return. I, of course, agreed to do so.³

4. When Puja asked whether we could be more definite on specific dates, I told him that for reasons not connected with the substantive question of the return of the Crown, it is not possible for us at this time to agree definitely on a date or to identify the chief U.S. delegate.

5. Comment: Puja was extremely pleased with developments. He had secured in record time the approval of the government leaders for our proposals before they left for Moscow last Saturday. He wants us to work out the details as quickly as possible and we will be pressing ahead on this. End comment.

6. Prior to meeting with Puja, the DCM and I met with Ambassador Bartha to outline in greater detail the return scenario we envision. I made to Bartha all rpt all the points in para 3 of State 255571 and gave him the text of the suggested joint communique. I also emphasized to him the importance of the opinion of Hungarian-Americans and passed to Bartha the suggestions for an amnesty and a public statement to the effect that Hungarians abroad would be granted visas to see the Crown.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840070–0933. Secret; Immediate; Nodis.

² Telegram 375 from Budapest was not found. For telegram 255571 to Budapest, see Document 150.

³ In telegram 3840 from Budapest, November 3, the Embassy reported Kaiser's conversation with Nagy and Bartha regarding additional details on the return of the Crown of St. Stephen. (National Archives, RG 59, Central Foreign Policy File, P840070–0927)

I also sought assurances from Bartha concerning the permanent public display of the Crown in Budapest. For obvious reasons I was not as specific as the language in para 3c of reftel concerning the date and U.S. delegation head.

7. Bartha's personal response was as follows. (He explained he must now seek the government's approval before he can respond officially.)

A. Place of return: Full agreement with U.S. plans.

B. U.S. delegation: Full agreement. Would appreciate concrete information.

C. Date of return: Full agreement. Would appreciate confirmation.

D. Hungarian participants: Full agreement to participation of Cardinal Private, Protestant leaders, and leaders of Jewish community. He suggested representatives of women's and youth organizations. We told Bartha that we wanted as little party involvement as possible. Bartha said he understood completely. He added that, for planning purposes, there is no thought being given to attendance by any prominent party leader.

E. Nature of public ceremony: Full agreement. Bartha said he does not have government approval but he believes that Parliament is the correct venue.

F. Permanent display: Bartha told me that the Crown will be displayed in a manner similar to the display of the British Crown Jewels in London, with one exception: No admission will be charged. It is the plan of the Hungarian Government to put the Crown on public permanent display as soon as possible. In reply to my allusion to the possibility that the Crown would be given to the Russians, Bartha assured me in unequivocal terms that there is no such possibility: "I can assure you that that question is utterly ridiculous. The Russians have their own jewels. These jewels are treasured relics of the Hungarian nation. We have been struggling for a long period to get them back. We will not now give them away. In fact, we have a law which requires that the Crown remain in Hungary." In reply to question from DCM, Bartha stated that this law is still in force. He agreed specifically to our reporting these assurances to Washington.

G. Media participation: Full agreement with participation by foreign and domestic (press, radio, television) media representatives.

H. Joint communique: I gave Bartha the text of our joint communique and Bartha agreed with its thrust. He or Nagy may suggest some change in the wording.

I. Remarks at return ceremony: Bartha thought, on a personal basis, that the remarks should be short. They should give a brief historical background of the Crown and allude to its role in the future as a factor in improved bilateral relations.

8. Bartha assured me that Hungarians from all over the world would be welcome in Hungary to view the Crown. He said there were no political prisoners in Hungary so the question of a political amnesty is difficult. Bartha said that the Government of Hungary looks upon the Crown's return and its continued presence in Budapest as a gesture to build bridges among Hungarians throughout the world.

9. Bartha stressed the importance of fixing a date. He said our timing is good and the Hungarian Government would like to effect the return before Christmas.

10. Comment: We now have all elements of our maximum position on the table and a favorable reaction to them from the Hungarian working level. We also have an official favorable response to our plans from the highest level of the Government of Hungary.

11. The last step is official approval of our specific scenario. We foresee no major problem in obtaining it after we have reviewed the details with Nagy.

12. It seems clear that the Hungarian Government is willing to do everything it can to meet our requirements, and that it would welcome a visit by a high-ranking U.S. official in connection with the Crown's return. It would be most helpful if we could fix the date and chief U.S. delegate as soon as possible. If it becomes necessary to change the President's travel plans, and therefore our present plans for returning the Crown, would it be possible for a major figure in the administration, such as the Secretary, to schedule a brief stop in Budapest some time before Christmas in connection with travel to Europe for some other reason, such as the NATO Ministerial?

Kaiser

152. Editorial Note

The decision to return the Crown of St. Stephen to Hungary leaked quickly within the administration of President Jimmy Carter. On November 1, 1977, Robert R. King of the National Security Council Staff reported to Assistant to the President for National Security Affairs Zbigniew Brzezinski that employees of the United States Information Agency already knew of the decision, and that the decision was perhaps even more widely known throughout the United States Government. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 11/77) Concerned that the information would soon leak to the

press and prompt a negative reaction in Congress, King recommended making a preemptive announcement of the decision to return the Crown. (Ibid.) Administration officials informed congressional leaders and concerned members of Congress of the decision to return the Crown on November 3. (National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science and Technology, January 1977 thru December 1980, Lot 81D85, Box 2, Evening Reading)

Following notification by administration officials, Representative Mary Rose Oakar (Democrat-Ohio) wrote to President Carter to express her "deep sorrow and disappointment" at the decision to return the Crown and urged him to re-consider. Oakar cited the "tremendous religious and national significance that the Crown has for the people of Hungary," and claimed that many members of the Hungarian-American community were vehemently opposed to the Crown's return. She further argued that returning it to the Communist regime contradicted the administration's stated aim of promoting human rights. Raising questions about the administration's handling of the matter, Representative Oakar urged Carter to reconsider his decision. (Carter Library, White House Central Files, Countries, Box CO-30, CO 67, 1/20/77-1/20/81) Frank Moore, Assistant to the President for Congressional Liaison, responded to Oakar on behalf of the President on November 7, indicating that the President would take her comments into consideration. (Ibid.)

The House Subcommittee on Europe and the Middle East, chaired by Representative Lee Hamilton (Democrat-Indiana) held a special hearing on the Crown of St. Stephen and United States-Hungarian relations on November 9. International Relations Committee Chairman Clement J. Zablocki (Democrat-Wisconsin), also participated in the hearing. Representatives Oakar and Frank Horton (Republican-New York) and representatives from several Hungarian-American organizations testified against the President's decision. Representative Oakar called on Congress to conduct an investigation and urged adoption of H.R. 7983, a bill that would prohibit the return of the Crown without explicit congressional approval. Counselor of the Department of State Matthew Nimetz testified on behalf of the administration. During the hearing, former Hungarian Prime Minister Ferenc Nagy and General Béla Kiraly—the commander of the Hungarian National Guard during the 1956 Revolution—supported the President's decision. Since "emotions ran high" neither Hamilton nor Zablocki wanted to pursue the matter, Nimetz wrote Secretary of State Vance in a November 9 Evening Report after the hearing. Nimitz also reported that he had assured Zablocki he would be consulted about the details of the return.

(National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science and Technology, January 1977 thru December 1980, Lot 81D85, Box 2, Evening Reading)

Vice President Walter Mondale met with Representative Oakar and a group of Hungarian-Americans on November 9 in the Roosevelt Room at the White House. President Carter also “dropped in.” (Carter Library, Presidential Materials, President’s Daily Diary) No record of the conversation was found, but in the prepared talking points for the meeting, Brzezinski suggested that Carter stress the decision “was made on the basis of the marked improvement in Hungarian American relations” and “Hungary has a good record of implementing the provisions of the Helsinki Final Act.” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 17, Hungary, 1979–1980) Oakar wrote the President on November 10 that she would “continue to work with the Hungarian people and draw up a list of conditions you requested,” conditions under which Oakar and Hungarian-American organizations would support the return of the Crown. (Carter Library, White House Central Files, Countries, Box CO–30, CO 67 1/20/77–1/20/81) On November 29, Oakar wrote the President again, stating that return of the Crown should only take place after withdrawal of Soviet troops stationed in Hungary and the holding of free elections. Oakar emphasized that Hungarian-American organizations would “oppose vigorously” any return that is based on lesser conditions. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 12/77)

153. Memorandum From the President's Special Assistant
(Jordan) to President Carter¹

Washington, undated

RE

RETURN OF THE CROWN TO HUNGARY

I hope that you will review the attached memorandum from Pat Caddell.²

I have checked around on the support for the return of the Crown as well as the opposition to it. There is no way to discern scientifically how Hungarian Americans feel about this issue. But basically, my feeling is that those who have feelings about it oppose the return of the Crown overwhelmingly. Former government officials and educated Hungarians may have a more enlightened view of this matter, but the average Hungarian American is opposed to this action because the alleged benefit to the people of Hungary has not been explained and is difficult to explain. *Their reaction to our return of the Crown is emotional and not an enlightened view.* I wish you could have stayed at the meeting to hear the former Mayor of Budapest describe what the Crown means to him.³ It was emotional and very touching.

We mislead ourselves to think that the Hungarian-American community is closely divided on this issue. It is not. If it were, you would not have had members of Congress and the leaders of all of the Captive Nation organizations protesting this decision.

It is one thing for us to suffer domestically with a group of people in pursuit of a major policy that is important to us and the world (the Mideast, for example). It is quite another for us to suffer politically for an action that has very little—if any—redeeming features. *We are alienating the Hungarian community in this country in hopes of gaining*

¹ Source: Carter Library, Chief of Staff Files, Hamilton Jordan's Confidential Files, Box 34B, Hungary—Crown of St. Stephen. Personal and Confidential. Carter initialed the memorandum indicating that he saw it.

² Dated November 9, attached but not printed. The memorandum is not from Pat Cadell, but from John Gorman of Cambridge Survey Research and analyzes the effect of voters from East European backgrounds. A 20-point swing in Carter's favor, Gorman wrote, would have given Carter a win in California, Illinois, and New Jersey. A swing in the other direction would have cost Carter New York, Ohio, Pennsylvania, and Wisconsin. The survey concluded that "without the significant support of East European voters in the 1976 election Jimmy Carter would not have been elected President." Jordan also forwarded the attached memorandum to Brzezinski. (Ibid.)

³ See Document 152.

some intangible benefit from the Communist regime in Hungary. The political trade-offs do not seem acceptable to me.

Our policy in the Middle East has cost us the support of American Jews in states like New York, California and Florida. The Panama Canal treaty has hurt us in the South with conservatives. I would argue that these issues are worth the political costs.

But now, we have hurt ourselves in the industrial states of the Midwest through an action that has very little benefit. We have taken a position on an emotional issue that will cost us dearly in the future with Hungarian-Americans and other Eastern European groups. These people who are immigrants and the families of immigrants will not forget easily or quickly what we have done.

With the Panama Canal treaty upcoming and the prospects for a SALT II treaty good, it seems ridiculous to sacrifice the moral and political authority of your Presidency for such an issue. We should husband our political capital and spend it sparingly and wisely. At a time when we are low in the polls and involved in many *important* controversial issues, we have expended our political capital unwisely on this issue.

You have so many things to do and many pressures on you. I hate to present this problem to you in such a way, but if the people responsible for your foreign policy decisions don't develop *some* political sensitivity, we are going to be in trouble on the big issues that matter.

154. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to Secretary of State Vance¹

Washington, November 18, 1977

SUBJECT

Hungarian-Americans' Suggestions on the Return of the Crown

I met yesterday afternoon with a group of Hungarian-Americans to discuss the Crown of St. Stephen.² Although they had reservations on its return, they offered suggestions on the manner in which it could be transferred that would help minimize the negative repercussions and maximize the positive impact. A number of their suggestions have already been included in the original scenario, but others are new and would be useful for us to consider. Following is a summary of all their comments.

1. That steps be taken to strengthen human rights in Hungary. Among the items of concern here are increased freedom for the religious press, restoration of religious orders, release of any imprisoned clergy, and granting licenses to clergy who have been denied them in the past. The group suggested asking the Hungarian Government to declare amnesty for those who left Hungary for non-criminal reasons, or who were convicted on political and religious grounds.

2. That the Hungarian churches play a role in the presentation and guarding of the Crown and that religious symbolism be maintained.

3. That there be free and open access to the Crown.

4. That people-to-people aspect be emphasized in the return. The group suggests that the US delegation include a broad representation of Americans and that the role of Government officials be minimized.

5. That the Crown be exhibited in the US prior to its return to Hungary.

I realize that many of these items have already been taken into consideration, but you might consider the new ones in revising the scenario. Some of the suggestions may be difficult or unwise to include.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77. Confidential.

² Brzezinski actually met with leaders of the Hungarian-American community on November 15 at 5:30 p.m. Brzezinski made changes to the initial draft of the memorandum, forwarded by King for signature on November 16. In the last paragraph, Brzezinski added a period after the word "scenario" and took out the third line which read "as the President requested, timing the return to take place at the end of his visit to Europe." (Ibid.)

The proposal to display the Crown here before its return should be given consideration, and I would appreciate your reactions.³

Zbigniew Brzezinski

³ See Document 156.

155. Memorandum From the Counselor of the Department of State (Nimetz) to Secretary of State Vance¹

Washington, November 23, 1977

SUBJECT

Crown of St. Stephen

We should now make a firm decision on the date for the Crown's return and, if possible, the head of the delegation. The reasons for my recommendation are as follows:

—We need about two weeks to carry out necessary technical preparations for delivering the Crown (the examination of the items by National Gallery experts will take place next week at Fort Knox). The Hungarians need time for their preparations.

—Lee Hamilton is coming under pressure from Congresswoman Oakar for a vote on her bill when Congress returns next week. He can easily defeat the bill in sub-committee, but prefers to dispose of it without a vote. He has asked us to announce a date and a head of delegation by Wednesday to counteract this pressure. We should help Hamilton and Zablocki by removing the heat from them.

—As we continue to delay an announcement on the timing and circumstances of return, Hungarian-American groups have more opportunity to protest our decision and possibly embarrass the Administration.

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official, July–December 1977. Confidential; Exdis.

We have spoken to the U.S. Catholic Conference leadership and hope to have some expression of support from them. (Separate memo will follow on this.²) In addition, we are trying to stimulate a positive statement from the Vatican.³

For these reasons, as well as the President's most recent written comment that he did not want to return the Crown timidly, I believe we should seek a White House decision on the date—whether it be in December or January.

² In a memorandum to Vance dated November 23, Nimetz reported his conversation earlier that day with Father Brian Hehir and Ed Doherty of the International Affairs Office of the U.S. Catholic Conference. (Ibid.) On November 29, Hehir and Doherty returned to discuss their effort to obtain a positive statement from the church. Nimetz reported: "Although Hehir had earlier assured me that he would be able to obtain this support, in a poll of key Catholic Bishops, completed this afternoon, the majority opposed the issuance of a strong supportive statement. Father Hehir was apologetic, but indicated that the lobbying against support was strong, whereas there is no lobby in the Church favoring return." (Ibid.)

³ On November 11, Brzezinski wrote Vance: "Just a reminder arising out of this morning's breakfast: Could you initiate efforts to obtain Papal approval in some overt form for the initiative on the Hungarian crown." (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 11/77)

156. Memorandum From Secretary of State Vance to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, November 29, 1977

SUBJECT

Hungarian-Americans' Suggestions on the Return of the Crown

We are sympathetic to several of the suggestions from the group of Hungarian-Americans described in your memorandum to me of November 18.²

Our reactions to the specific comments made to you are as follows:

1. Take Steps to Strengthen Human Rights in Hungary

We are taking a close look at the state of religious freedom in Hungary and will prepare an unclassified summary study of use to interested Americans. We will also be asking Embassy Budapest to seek clarification from the Hungarian Government on questions which have been raised here relating to freedom of religion.

During Phil Kaiser's initial discussions with the Hungarian Government on the Crown,³ he commended for Hungarian consideration the July suggestion of some Hungarian-American leaders to the Hungarian Ambassador that a general amnesty for political prisoners would generate more support here for return of the Crown. The Hungarians replied that they have no political prisoners (we have been unable to identify any) and that the question of such an amnesty was thus difficult. However, they did not reject the idea.

2. Role of Hungarian Churches in the Crown's Return

It has been an essential condition throughout our discussions with the Hungarian Government that the Crown be received by a delegation broadly representative of the Hungarian people and that it include prominent religious leaders of the Catholic, Protestant and Jewish faiths, including the Cardinal Primate. The Hungarian Government readily accepted these suggestions and has assured us that the Cardinal

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 12/77. Secret; Exdis. Printed from an uninitialed copy. King forwarded the memorandum to Brzezinski under a December 1 covering memorandum. (Ibid.)

² See Document 154.

³ Reported in telegram 2916 from Budapest, August 26. See footnote 3, Document 146.

Primate will be invited to be an active participant in the ceremony of return. They have also added that no thought is being given to attendance by any prominent Party leaders. The Hungarian Government has also assured us that the Crown will be treated in a manner fitting to its national, cultural and religious symbolism.

As to the question of a church role in guarding the Crown, ever since enactment of a Hungarian law in 1498 during the reign of King Laszlo II, custody of the Crown has rested solely with non-ecclesiastical persons. In July 1976, Cardinal Lekai, the Primate of Hungary, informed our Charge that the Catholic Church in Hungary would very much welcome the return of the Crown, which he considered to be the country's most precious symbol. He added that both the Church and the State were carefully preserving and restoring Hungary's historical treasures and that the historical past of the country would be respected, taught and studied. While the Hungarian Government may consult the Hungarian churches concerning the presentation and guarding of the Crown, we believe that this matter is best left for discussion between the Hungarian Government and the various Hungarian church organizations.

3. Free Access to the Crown

The Hungarian Government has assured us, at the highest levels, that the Crown will be promptly placed on permanent exhibition in an appropriate historical location in Budapest and that the population of Hungary, Hungarians everywhere and foreigners alike, will be welcome to view it. Such open, permanent display will be in marked contrast to past practice, which provided for only rare public display of the Crown.

4. Emphasize the People-to-People Aspect of the Return

We fully agree that the "people-to-people" aspect of return is very important. The Hungarian Government appears to have accepted our suggestion in this respect without reservation. We believe that the US delegation should include prominent Americans from various walks of life.

With regard to the suggestion that the role of US Government officials be minimized, we believe that Members of Congress, as elected representatives of the American people, should be included in the delegation along with at least several Executive Branch representatives and that full consideration must be given to a Government official as the delegation head. Tip O'Neill wrote me strongly suggesting that House members be included. The US Catholic Conference of Bishops has asked whether they might make some suggestions for the delegation.

5. Exhibit the Crown in the US Before Return

While there may appear to be certain domestic benefits in placing the Crown on public display here prior to its return, we believe that it would not be in the interest of the United States to do so.

Public display of the Crown at one or more locations in the United States would:

- be inconsistent with our longstanding policy of denying the use of the Crown in the United States for any public purpose;

- upset the Hungarian people and government, both of which deny our right to display it;

- precipitate renewed media interest and possible demonstrations against the return;

- increase the chances for accidental or intentional damage to the Crown and regalia;

- detract from the drama and impact of the ceremony of return in Budapest; and

- from a legal standpoint, require the concurrence of the Hungarian Government and resolution of the question of indemnity.

We also understand that the Vice President has expressed objections to the idea of public display in the United States and that President Mellon of the National Gallery of Art told J. Carter Brown that he did not want the Gallery to display the Crown.

Moreover, to demonstrate more fully our interest in the expressed concerns of American Catholics, I will be meeting during the week of November 28 with officials of the National Conference of Bishops⁴ and Phil Kaiser will call on Cardinal Lekai.⁵

⁴ See footnote 2, Document 155.

⁵ In telegram 4161 from Budapest, November 30, Kaiser reported his conversation with Cardinal Lekai the day before. Lekai asked Kaiser to report to Washington that “I support the return of the Crown, the Catholic Church supports the return of the Crown, and the Hungarian people support the return of the Crown.” (National Archives, RG 59, Central Foreign Policy File, P850050–2274)

157. Memorandum From Robert King of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, December 1, 1977

SUBJECT

Secretary Vance's Intention to Raise the Crown of St. Stephen at Breakfast Tomorrow

According to the staff of State Department Counselor Matt Nimetz, Secretary Vance plans to raise the Crown at your breakfast meeting tomorrow at which time he will bring with him a memo in response to your memo to him of November 30 (Tab A) asking for written assurances from the Hungarian government regarding permanent display of the Crown and the question of religious participation in the return ceremony.²

Vance's response to your memo will be along the following lines:

—The Hungarian government has already given us high level assurances (both before and after we informed them of the decision to return the Crown) that the Crown will be placed on permanent display.³ Although these assurances were given orally to our ambassador in Budapest, the Hungarian government has taken steps to implement them and is now considering two possible sites for permanent display. We have proposed, and the Hungarians have agreed in principle, that a joint statement will be issued⁴ when the decision to return the Crown is publicly announced which specifies that the Crown will be placed on permanent public display. Since the Hungarians will commit them-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1-12/77. Confidential. Sent for action. Brzezinski wrote "good" on the memorandum and noted "he did" in the upper right corner, indicating that Vance had raised the issue with the President at the breakfast meeting. According to the President's Daily Diary, Carter met with Mondale, Vance, and Brzezinski from 7:30 to 8:43 a.m. on December 2. (Carter Library, Presidential Materials, President's Daily Diary) No substantive record of that meeting was found.

² Attached but not printed. Brzezinski notified Vance: "The President would appreciate an update regarding the assurances we are seeking from the Hungarians. He requests that these assurances be in writing, and that they cover—among other items—the issue of the permanent display of the Crown and the question of the nature and scope of religious participation in the return ceremony."

³ Brzezinski wrote in the margin next to this paragraph: "We want them in writing."

⁴ On December 15, the Department of State released the Joint Communiqué and the exchange of letters between Kaiser and Puja detailing the understanding reached by the two governments on the return of the Crown. For the full text, see Department of State *Bulletin*, January 1978, pp. 32-33.

selves in this joint statement, requesting confirmation in writing would be undiplomatic and unnecessary.

—The U.S. proposals on the ceremony for transfer of the Crown call for participation of representatives of Hungarian religious groups, including the Cardinal, and the Hungarian government has accepted these proposals. Ambassador Kaiser met with Cardinal Lekai just a few days ago and confirmed to him our desire that he participate in the ceremony and he affirmed his willingness and intention to do so (see report of this meeting at Tab B).⁵ The Vatican has informed the Cardinal that it considers the return of the Crown to be a bilateral affair between the U.S. and Hungary and expressed its disinterestedness and neutrality on the question. While Lekai expressed his willingness to issue a statement or write an article in a Hungarian Catholic publication welcoming the return of the Crown, it is unlikely that we will get any kind of public statement from the Vatican or the American Catholic Conference (see Ambassador Kaiser's cable about approaching the Vatican for a statement at Tab C).⁶

Vance reportedly plans to propose that we fix January 7th as the date for the return of the Crown and request concurrence from the Hungarian government. Once the date has been agreed upon, a public announcement should be issued. The arguments for this course are: (1) to prevent public speculation that the President has reconsidered his decision to return the Crown; (2) to help Congressmen Zablocki and Hamilton who are being pressed by Congresswoman Oakar to bring to a vote her resolution requiring Congressional approval of any decision to return the Crown. If the President's decision is announced, they can argue that it is too late for Congressional action.

I agree with this position. The public announcement that the Crown will be returned on a specific date will close the issue. The longer we postpone an announcement of the date, the more it will encourage opposition on the grounds that the White House is undecided or has backtracked because of public reaction. This is the time for a bold step—we should not return the Crown timidly.

⁵ Tab B is telegram 4161 from Budapest, November 30. See footnote 5, Document 156.

⁶ Tab C is telegram 4162 from Budapest, November 30. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 12/77)

158. Memorandum From Secretary of State Vance to President Carter¹

Washington, December 1, 1977

SUBJECT

The Crown of St. Stephen

You have asked us for an update of the written assurances we are seeking from the Hungarians in connection with the return of the Crown.² I can report that they have agreed to our proposal for a joint communique in the name of the two Presidents.³ It will specify what the Hungarians have agreed to do with respect to the public ceremony, permanent public display of the Crown, and concerning foreigners who wish to return to Hungary to see the Crown. The Hungarian Government's acceptance of the communique will serve as a written guarantee of these essential elements.

Concerning the nature and scope of religious participation in the return ceremony, the Hungarian Government has assured us that leading Hungarian religious figures will be included in the ceremony. The Hungarian Cardinal told us this week that he will be an active participant. Senior Foreign Ministry officials have expressed agreement to our request that Hungarian Protestant church leaders and leaders of the Jewish community also participate in the ceremony.

I believe it is both appropriate and important that we now set a firm date for the return of the Hungarian Crown. Further delay could allow the political climate to become worse:

—Clem Zablocki and Lee Hamilton have been urging us to return the Crown at the earliest possible date. They were helpful at the hearings on the Crown, and Hamilton is trying to avoid a formal vote in his European sub-committee on Congresswoman Oakar's bill against the return. Even though her bill would be defeated, a vote could be embarrassing for the Administration and politically difficult

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St. Stephen: 12/77. Secret; Nodis. Vest sent the memorandum to Vance under a covering memorandum dated December 1. (National Archives, RG 59, Bureau of European Affairs, Office of Eastern Europe and Yugoslavia, Hungarian Holy Crown—Crown Follow Up 1979 and Prior Years 1945–1980, Lot 85D389, Box 1, The Crown 1977)

² See footnote 2, Document 157.

³ In telegram 3976 from Budapest, November 15, Kaiser reported that Puja had informed him of the Hungarian Government's agreement to issue a joint communiqué as part of the ceremony for the return of the Crown. (National Archives, RG 59, Central Foreign Policy File, D770422–0676)

for Hamilton and others. Hamilton has told us that announcement of a date will allow him to head off this vote.

—Only Congresswoman Oakar (and Congressman Horton to a lesser degree) is still actively opposing your decision. Oakar is alleging that the Administration is even reconsidering its decision to return the Crown. Many influential Senators and Congressmen have publicly supported your decision and expect us to act promptly and assertively on this. (These include Humphrey, McGovern, Griffin, Pell, Biden, Charley Wilson, Vanik, Bingham, Whalen, Frenzel and Fenwick.)

—Cardinal Lekai of Hungary has given us his strong support and will issue a public statement. He told Ambassador Kaiser the following: “I support the return of the Crown, the Catholic Church supports the return of the Crown, and the Hungarian people support the return of the Crown.”⁴ However, the Vatican and the US Catholic Conference are not willing to issue supportive statements, and there is no advantage in waiting any longer for them.⁵

—Setting a date now would not only defuse the opposition but would allow us to get started on choosing a delegation (Tip O’Neill has written me already about Congressional involvement) and on the technical steps both here and in Budapest.

Therefore, I recommend that we return the Crown on January 7, the day after your visit to Brussels. One or more members of your party could go to Budapest for the ceremony, meeting the rest of the US delegation there. If you approve, we will inform the Hungarian Government that we are prepared to return the Crown on January 7, subject to agreement on a joint statement⁶ (draft attached).⁷

⁴ See footnote 5, Document 156.

⁵ See footnote 6, Document 157.

⁶ In a memorandum dated December 2, Brzezinski forwarded Vance’s proposals for Presidential approval. Carter approved the January 7, 1978, date for the return and approved Brzezinski’s recommendation that Vance seek more specific assurances, “perhaps through an exchange of letters” on the handling of the return and display of the Crown. Carter wrote in the margin “a) We should consider Jan 6th also (same day I’m in Brussels); b) Will they agree that Cardinal Lekai will participate in accepting Crown? (in statement); c) Date of proposed announcement?” (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1–12/77). Brzezinski forwarded Carter’s second and third comments to Vance in a December 2 memorandum. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St Stephen: 12/77)

⁷ Attached but not printed. For the final text, see Department of State *Bulletin*, January 1978, pp. 32–33

159. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, December 12, 1977, 1228Z

4285. Ref: (A) SecState 292670; (B) Budapest 3749.²

1. Summary: During an hour and fifty minutes meeting at Party headquarters December 8 with First Secretary Janos Kadar a wide range of subjects was covered, including the state of our bilateral relations, the President's decision to return the Crown, Hungary's economy and MFN, and the prospect for widening Hungarian-American contacts. End summary.

2. After going through the pleasantries of how I was finding Budapest and whether my family was here with me, Kadar warmly welcomed me as the new U.S. Ambassador to Hungary.³ He commented that the role of an Ambassador was significant because it was through his eyes that his home country saw Hungary's society. It was essential, therefore, for Ambassadors to be as objective as possible and to report fully and frankly. He, Kadar, put a premium on a realistic approach to both international and domestic affairs.

3. Kadar then expressed his satisfaction over the improved state of our relations at which point I read the oral message from the President.⁴ He was grateful for the message and used it as his lead for a lengthy exposition on Hungarian policies and attitudes which lasted for over an hour (including interpretation).

4. He started by noting that although Hungary was a member of one alliance and the United States the leader of another, that did not mean that effective and meaningful bilateral relations should not be

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770461-0966. Secret; Exdis.

² Telegram 292670 to Budapest, December 8, provided Kaiser with instructions for his meeting with Kadar. (National Archives, RG 59, Central Foreign Policy File, D770455-0720) Telegram 3749 from Budapest, October 28, reported Kaiser's meeting with Puja the day before and their discussions on MFN. See footnote 3, Document 149.

³ For Kaiser's personal recollection of the content and atmosphere at the meeting, see his memoirs, *Journey Far and Wide*, pp. 287-290.

⁴ On December 7, Brzezinski approved on Carter's behalf the following oral message: "I wish to take this opportunity to express my satisfaction at the recent positive developments in relations between our two countries and peoples. It is my desire and intention to continue building on these relations to the mutual benefit of our peoples and in support of those principles and goals embodied in the Final Act of the Conference on Security and Cooperation in Europe." (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary, Crown of St. Stephen 12/77) The text was transmitted as part of the instructions in telegram 292670 to Budapest. See footnote 2 above.

developed. He wanted to make clear that Hungary was an independent country with its own domestic and international policies although, of course, it was loyal to its alliances. He always read with amusement stories that said that while Hungary was a “satellite” on international affairs, it was freer domestically where its policies were more liberal than any other Eastern European country. Hungary had its own traditions, history and culture with its own national interests. These factors, plus the “size of our country, our location on the map and the nature of our economy” were the main criteria in the international and domestic policies that Hungary pursued.

5. He then spoke at great length about the Hungarian economy, stressing that it was by far the most important aspect of Hungarian life today. He is pleased with the progress that had been made and is determined that this progress continue. This depended, he pointed out, on expanding the country’s foreign trade. Forty-five percent of Hungary’s GNP derived from that trade and it had to be increased if the standard of living was to be raised. For every increase of one percent in GNP, Hungary required a one and a half percent increase in exports. At present, Hungary’s foreign trade was divided roughly sixty percent with the East and forty percent with the West and for the foreseeable future that was probably the right proportion. The main Western trading partners were the traditional ones: Germany, Italy and Austria. American trade, unfortunately, was “just a trickle” and he hoped that situation could be changed.

6. He talked at some length about the unfairness of the lack of MFN and the inhibiting effect it is having on our future relations, although he was pleased that several joint enterprises with American companies had been launched and others were in the planning stage. He saw no ideological obstacle to this kind of collaboration because Hungarian industrial enterprises were practically independent.” More than once he stressed that the most important political element to Hungarian life was the way in which it handled its economic development.

7. He then turned to a once-over-lightly review of Hungarian-American relations since World War I, ending up with the story of the Crown. He understood fully, he said that successful bilateral relations depended on mutual understanding of the differences in the domestic policies and attitudes of the two countries involved. Whereas for the Hungarians the issue of the Crown was simple—Hungarian people knew it belonged to them—he realized why it was more complicated for the Americans. He very much appreciated the President’s decision to return the Crown. He said that he was always confident that this issue would be resolved one day because we had succeeded in resolving the more complicated Mindszenty issue. He particularly understood

and agreed with the President's emphasis on the fact that the return of the Crown was a people-to-people act. The Hungarians were ready to receive it in this spirit. When I broke in to urge him to clear the communique and the letter we had proposed as rapidly as possible, he said that although we both desired quick action, "the Hungarian Government also had its procedures" and therefore it might be early next week before we had an official Hungarian response. (1& . . . 3, 5: Ambassador Bartha told me later in the day that after my meeting with Kadar the latter had phoned the Foreign Ministry to press them on the two documents.)

8. He then asked me to tell President Carter that he appreciated the oral message and had no difficulty in being responsive to it. The Helsinki Accords provided a basis for improved relations among all the signatory countries and the Hungarians had found its provisions compatible with their own historical experience and outlook on life. They mean to continue to implement those provisions in reasonable order.

9. He concluded his remarks by recalling his meeting in Moscow with Governor Harriman in 1963 when the Governor was there to sign the Test Ban Treaty. He remembered in great detail that evening at the sports stadium when Harriman came in with Khrushchev and was introduced to Kadar. He mentioned his discussion with Harriman on the Mindszenty issue and the Hungarian position at the United Nations.⁵ He spoke warmly of the Governor, stating no man understood East-West relations better than he and asked me to convey his greetings to him.

10. After quipping that I could report that the Governor's story of that evening in Moscow coincided on every detail with Kadar's own, I responded to the main points he had raised.

11. I pointed out first of all the significance of the President's decision on the Crown. It was not only right morally but it was an act of political courage and explained why. I mentioned too that both the President and Secretary Vance had always recognized that the Crown was Hungarian property and that in spite of some domestic opposition felt that the time had come to return it to the Hungarian people. I said that this act reflected the President's general approach to East-West relations and spelled out the points made in State 292670: That the President was committed "to cooperation and not confrontation," as evidenced by his determination to reach a SALT Agreement, to pursue MBFR to a successful conclusion and to prevent proliferation of nuclear

⁵ No record of this conversation was found. See *Foreign Relations*, 1961-1963, vol. XVI, Eastern Europe; Cyprus; Greece; Turkey, footnote 4, Document 28.

weapons. Because of the President's technical knowledge of the nuclear problem no Chief of State had a better appreciation of the full significance of the nuclear threat. I pointed out that Averell Harriman and Marshall Shulman typified the kind of advisers that the President had on Soviet-American relations, and emphasized that Secretary Vance had long since been known for his constructive, moderate approach to East-West relations. I suggested that if he hadn't already done so, Kadar should read the President's Charleston speech⁶ to get a realistic exposure to the President's views on world affairs. He said he was familiar with it.

12. In regard to MFN, I emphasized that the Executive Branch of the government was in favor of granting it to Hungary, but we had to meet the requirements of the 1974 Trade Act.⁷ We thought that this could be done to the mutual advantage of both countries without adversely affecting either nation's self-esteem. As Kadar undoubtedly knew, we had made our first proposal for meeting the political requirements of the act and we were waiting for the GOH's response. We hoped we could solve the political aspects of the matter fairly soon so that we could proceed to negotiate a trade agreement. To my surprise, he asked whether MFN was linked with the Crown. I made it clear that there was no linkage. (Comment: I am puzzled by this question, but perhaps it results from the fact that when we told Foreign Minister Puja about the President's decision to return the Crown we also made our first proposal about MFN. Budapest 3749).⁸

13. I also commented on the importance of extending our bilateral contacts. We were pleased with the cooperation between members of our Embassy and officials of the Foreign Office and other government departments. We would now like to develop similar relationships with members of the Party. When Senators McGovern and Biden and Counselor Nimetz were here they had a chance to talk with Mr. Gyenes and Mr. Berecz, top Party officers, and this had proved very useful. In fact, we had invited Mr. Berecz to visit the United States and we hoped that he would be able to accept.

14. We also desired to increase our contacts between the private individuals of our two countries and between organizations, particularly in the fields of education, science and technology and culture. I saw no reason why our exchanges should not be on a scale similar

⁶ Reference is to President Carter's speech on U.S.-Soviet relations at the annual meeting of the Southern Legislative Conference in Charleston, South Carolina, July 21. For the text of the speech, see *Public Papers: Carter, 1977*, Book II, pp. 1309–1315.

⁷ See *Foreign Relations, 1969–1976*, vol. XXXI, Foreign Economic Policy, 1973–1976, Document 223.

⁸ See Document 149 and footnote 3 thereto.

to those of Poland and the Soviet Union. His response was positive in regard to all the above contacts and exchanges. He stated in his direct simple way these "exchanges were reality."

15. Finally, I said that in addition to bilateral issues, I hoped that our dialogue would also deal with important international issues of common interest. I recalled that when Secretary Vance had seen Foreign Minister Puja in New York, the Secretary discussed at some length Middle East developments and progress in the SALT negotiations, as well as bilateral subjects.

16. Before the conversation ended, Kadar asked me again to be sure and convey his appreciation to the President for the decision to return the Crown and to emphasize that he foresaw increased cooperation between our two countries. We could accomplish a great deal on a realistic basis, he added. We could live normally with each other, and we don't have to announce our achievements in "bright neon lights."

17. Comment: A. Although Kadar has the complexion of a man of his actual years—it is slightly blotchy and puffy—the vigor of his movements and the liveliness of his mind belie his age. He walks with an attractive strut which reminds one of a confident athlete. He articulated easily and with animation in spite of the fact that the only other person present was a woman interpreter. This is in contrast with his public speaking style which is apparently rather diffident. One is struck by his poise. He has the dignity of a man who has gone through severe trials and emerged on top, but has learned the appropriate lessons from his earlier experience. He is a smoker. He consumed about five cigarettes. Early in our meeting two scotch and sodas were brought in which we imbibed at about the same speed in the course of our conversation.

B. Perhaps the most striking aspect of our substantive discussion was his emphasis on the economic side of Hungarian life. More than once he referred to the political importance of Hungary's economic progress. There is not only pride in what has been achieved, but determination to effect a steady improvement in the standard of living. He appreciates the fact that the achievement of this objective requires important economic ties with the West.

Kaiser

160. Editorial Note

At noon on December 15, 1977, the Department of State released the text of the U.S.-Hungarian Joint Communiqué and exchange of letters setting forth the understanding between the two governments regarding the return of the Crown of St. Stephen. The day before, while transmitting the final text agreed in Budapest, the Embassy reported: "The communique contains the language we wanted on every point which was discussed" and that the Hungarian Government would "release the communique, Puja's text, and the essential points of the Ambassador's letter. Reference to Cardinal Lekai's participation will be included in these points." (Telegram 4319 from Budapest, December 14; National Archives, RG 59, Central Foreign Policy File, D770465–0686)

Three days earlier, on December 12, Representative Mary Rose Oakar wrote to Assistant to the President for National Security Affairs Zbigniew Brzezinski regarding media speculation on the return of the Crown and complained she had received no reply to her November 29 letter to President Jimmy Carter outlining her conditions for its return. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St Stephen: 12/77) Robert King of the National Security Council Staff had received Representatives Oakar and Frank Horton on November 29 and accepted a letter to the President outlining conditions under which the return of the Crown would be deemed acceptable by the Hungarian-American community. The two Representatives also expressed their concern that Congress be informed of any decision regarding the return of the Crown. King reported his meeting to Brzezinski in a November 29 memorandum. (Ibid.)

On December 15, the day of the official announcement of the return of the Crown, Brzezinski wrote Oakar that the President's "decision to return the Crown of St Stephen to the Hungarian people has been made on the basis that this important historic relic belongs to the Hungarian nation. In making that decision he is fully aware of its symbolism." Brzezinski also outlined the conditions under which the United States agreed to return the Crown, included in the Joint Communiqué and exchange of letters. (Ibid.)

161. Letter from Representative Mary Rose Oakar to President Carter¹

Washington December 15, 1977

Dear Mr. President:

I am outraged by the State Department's announcement today that the Holy Crown of Saint Stephen will be returned to Hungary on January 6th and 7th of next year. Deceit and deception have characterized the entire handling of this issue by your Administration. Just as this decision shows gross insensitivity to the plight of the people in Hungary, so the manner in which the issue has been handled shows a total lack of concern for the millions in America and throughout the world who feel so strongly about the Crown and object to its return.

On November 9, I, along with several other Members of Congress, personally heard you tell the Hungarian-American leaders I brought to the White House that you wanted them to list the conditions under which they felt return of the Crown would be acceptable, and that you would listen closely to what they had to say.² Believing you to be a man of your word, these men and women who represent thousands of concerned citizens carefully and thoughtfully composed messages to you on the conditions they felt should be imposed upon return of the Crown. Also in response to your request, on November 29 I personally delivered to your representative, Mr. Robert King of the National Security Council staff, a letter to you in which I summed up the views on the Crown that were unanimously expressed to me by the Hungarian-American community.

I never received a reply to this letter from you.³ Because the Crown was not returned during Secretary Vance's trip to Europe in early December as had originally been planned, I began to believe that you were indeed going to listen to our views before making a final commitment on the Crown. Earlier today, just an hour or two before the State Department's announcement, a member of my staff called Mr. King to ask when I could expect to receive a reply to my letter. She was told that no reply could be sent yet because the Hungarian government had

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary, Crown of St. Stephen, 12/77. No classification marking. A stamped notation on the letter indicates that it was received at the White House Congressional Liaison Office on December 19. Hunter forwarded the letter to Brzezinski under a December 20 covering memorandum, recommending that, in light of his December 15 letter to Oakar, no response was necessary.

² See Document 152.

³ Brzezinski signed a letter to Oakar on December 15. See Document 160.

not yet replied to messages of the United States regarding conditions for return of the Crown that you insisted upon. He said that my letter thus could not be answered, because you did not have the information needed to answer it.

About four hours later, at approximately two o'clock, I received by special messenger from the State Department copies of correspondence between the American Ambassador to Hungary and the Hungarian Foreign Minister stating the very conditions that just a few hours ago supposedly were not known. Just yesterday, George Boutin, an economic officer of the Department of State, outright denied the news account in the *Washington Post* calling for the Crown's return on or about January 7th and 8th. He said details on the Crown's return still had not been made between our two countries.

These statements, obviously, were false, and so apparently were the statements you made concerning your desire to listen to and consult with Hungarian-Americans on this issue. Hungarian-Americans and others concerned about the safety of the Crown were never consulted in the first place when, according to the State Department, a review of U.S. policy on the Crown was undertaken during the late spring and summer of this year. To my knowledge, no one outside the Administration, even those who pointedly asked about the Crown, was ever told that a review of this policy was underway. It is clear that even the cryptic announcement made by the State Department on November 3 would not have been made but for a leak of the decision to the media.

It is also clear that since that announcement and our November 9 meeting, the Administration has conducted what amounts to an elaborate charade, speaking in terms of concern for the views of those opposed to return of the Crown, but going ahead with your plans as if we did not exist. While you were under no obligation to accept the views we offered, you could have kept your word and at least listened, and you could have at least provided us with truthful answers to our questions. The events of today show that you did neither. For the second time in a little over a month, I have, as a Member of Congress, heard of an important Administration decision on a matter on which I repeatedly expressed great concern, from a State Department functionary after members of the press had the same information. And in both instances, the substance of the message was contrary to what I had been told repeatedly by the Administration on earlier occasions.

To me, this is a very sad day for our country and for all of the oppressed people of the world. I had fully supported the human rights policy you enunciated at the beginning of your Administration, believing it to be consistent with the highest traditions of American foreign policy. Now, it is clear that your human rights policy is nothing more

than empty rhetoric, and freedom loving people everywhere today feel the pain of this realization.

Sincerely,

Mary Rose Oakar

162. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, January 7, 1978, 1408Z

105. Subject: SecState Visit—Secretary-FonMin Meeting Jan 7. Uncleared Memcon of the Secretary's Meeting With FonMin Puja.

Begin summary: The Secretary and FonMin Puja discussed emigration assurances and MFN; the favorable effect the return of the Crown will have on bilateral relations; and other current topics in bilateral relations (property settlement and cultural exchanges). The Secretary also briefed Puja on the Middle East and the two exchanged views on the Belgrade CSCE meeting, MBFR, and East-West relations in general. The Secretary invited Puja to visit him in Washington if Puja comes to New York for the Special Session on Disarmament. Puja extended an invitation to the Secretary for an official visit to Budapest. End summary.

1. Secretary Vance and FonMin Puja met for one hour Jan 7. Additional Hungarian participants: Deputy Minister Nagy; Ambassador Esztergalyos; Office Director Bartha, and American Desk Officer Revesz. U.S.: Ambassador Kaiser, Counselor Nimetz, Luers, King, and Wilgis.

2. The Crown: Puja thanked the Secretary for the important role he had played in the President's decision to return the Crown. He said that it was a courageous step which would give further momentum to U.S.-Hungarian relations in that it eliminated a long-standing obstacle. Hungary is ready to develop bilateral relations, and the fact that it is a small country while the U.S. is a world power does not exclude good relations. Cooperation is not only possible, but a necessity, and will

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780012-0202. Confidential; Exdis; Immediate. A summary of the return ceremonies was transmitted in telegram 228 from Budapest, January 13. (National Archives, RG 59, Central Foreign Policy File, D780021-1184)

serve the cause of peace in general. The Secretary informed Puja that the press coverage of the Crown's return in the U.S. had been both positive and extensive. The return is a real step forward in public perception of the state of bilateral relations. It will facilitate further steps, which the USG is prepared to take.

3. MFN: Puja referred to the Hungarian proposed language of Dec 16,² as well as the Hungarian procedural proposal.³ From the U.S. reply it can be seen that both sides take a positive approach on the question of emigration assurances and the two positions are growing closer. As to procedure, the GOH agrees to exchange letters on assurances, as long as the exchange of letters deals not only with MFN but also with other issues. The GOH is prepared to table a draft, in which reference would be made to the Secretary's visit and other issues. While the competent authorities still must be consulted on the question of publication of the letters, Puja personally had no objection. On the assurances themselves, Puja referred to the U.S. insertion of the Universal Declaration on Human Rights (UDHR) into the Hungarian language. Puja noted that this Declaration was adopted by the UN in 1948, when Hungary was not a member. Those Socialist countries who were members abstained. In light of this history, the GOH would prefer to refer to a more recent document, such as the Covenant on Civil and Political Rights. Hungary has ratified and signed the Covenant; the U.S. has signed but not ratified. In that this Covenant refers to the UDHR, the GOH hopes its use would present a practical solution.

4. In reply the Secretary agreed that an exchange of letters between Ambassador Kaiser and the Foreign Minister covering the assurances would be an acceptable way to proceed. He personally thought that references to additional subjects would be satisfactory and he would

² In order for Hungary to receive MFN, the administration sought to receive assurances that the Hungarian Government would continue to interpret its emigration law—considered strict in its letter—liberally. In telegram 4358 from Budapest, December 16, 1977, the Embassy reported that the Hungarian Government proposed changes to the U.S. draft statement. For initial instructions on MFN provided to Kaiser, see Document 149. Rather than the U.S.-requested promise that cases would be solved in a satisfactory manner, the Hungarian Government proposed the U.S. language be replaced with: "Concerning cases of emigration, both parties undertake to act in accordance with the letter and spirit of the Final Act of the Conference on Security and Cooperation in Europe." (National Archives, RG 59, Central Foreign Policy File, D770469–0765)

³ In a December 16, 1977, conversation, reported in telegram 4358 from Budapest, Nagy informed Kaiser that, on procedure, "assurances should be made publicly in the form of a joint communique issued upon the occasion of a meeting at 'higher level,'" later clarifying that to mean at the Foreign Minister level. (Ibid.)

favor publication. He would send instructions to Ambassador Kaiser concerning further discussions of this matter.⁴

5. On the language itself, the Secretary explained his initial reaction that reference to the Covenant of Civil and Political Rights would be an appropriate way to deal with the U.S. desire to refer to the UDHR. The U.S. would consider the Hungarian proposal and send instructions to Ambassador Kaiser.

6. The Secretary referred to the limited number of outstanding family reunification cases and expressed the hope for their early resolution. Puja replied that the GOH is studying these cases which were only raised recently, and would continue to maintain a liberal policy in these matters.

7. High level meetings: Puja then repeated a hope expressed by Prime Minister Lazar that the leaders of the two countries could meet soon.⁵ He then extended a formal invitation to the Secretary to pay an official visit to Budapest.

8. The Secretary accepted Puja's invitation, with a date to be set at some time in the future. On higher level meetings, the Secretary said that he would discuss this question with the President and be back in touch.

9. Property negotiations: Puja referred to progress and expressed hope for resolution. The Secretary noted our pleasure at the progress

⁴ In telegram 15152 to Budapest, January 19, the Department informed Kaiser that, after reviewing the Puja proposals, it believed "that reference to International Covenant on Civil and Political Rights likely to produce unhelpful controversy in U.S." The cable instructed Kaiser to propose to the Hungarian Government that the language in the assurances statement provide "an obligation to 'act promptly, constructively, and with good will' concerning emigration cases" in the letter and spirit of the Helsinki Final Act. The telegram also informed Kaiser that the Department had no objections to the Hungarian Government proposal of also including other subjects in the letters. (National Archives, RG 59, Central Foreign Policy File, D780029-0464)

⁵ In telegram 103 from Budapest, January 7, the Embassy reported Vance's meeting with Prime Minister Lazar. The two discussed bilateral relations, the return of the Crown, and MFN for Hungary. (National Archives, RG 59, Central Foreign Policy File, D780012-0162) Vance also met with the President of the Hungarian National Assembly, Antal Apró, on January 6. (Carter Library, National Security Affairs: Staff Material, Europe, USSR, and East/West, Hunter Subject File, Box 14, Hungary: Crown of St Stephen: 1/78) Discussions on a possible meeting between Vance and Kadar had taken place in late December 1977, and in telegram 4421 from Budapest, December 22, the Embassy reported that, despite using "oblique" language, the "message was clear: The GOH would appreciate the Secretary requesting a meeting with Kadar." (National Archives, RG 59, Central Foreign Policy File, D770477-0938) The Department replied in telegram 305669 to Budapest, December 23: "We do not repeat not wish to request a meeting between the Secretary and Kadar. Our strong inclination is to avoid such a meeting if possible." (National Archives, RG 59, Central Foreign Policy File, D770478-0850) The Embassy reported in telegram 4440 from Budapest, December 23, that the Hungarian Government understood and that "it is possible the Hungarians will let the matter stand that way." (National Archives, RG 59, Central Foreign Policy File, D770479-0823)

which has taken place and said that a solution to this problem would be useful in light of our relations.

10. Cultural exchanges: Puja expressed the hope that the cultural agreement would be “filled.” He said Hungary follows an open door policy and is ready for exchanges. The Secretary replied that the USG feels strongly the importance of cultural exchanges and is pleased at the progress being made.⁶

11. Puja visit: The Secretary said he hoped Puja would come to the Special Session on Disarmament and that, if he did, he would come to Washington to meet with the Secretary.

12. Middle East. Puja requested a briefing on the U.S. view of the Middle East. The Secretary replied that Sadat’s visit to Israel was a major breakthrough in that it helped to remove distrust which has been a principle obstacle to negotiations. The Israeli reaction was real and spontaneous, and there has been a fundamental change in the perceptions of both sides. Difficult problems remain and must be solved by long and hard negotiations. The initial discussions have not dealt with the most serious problems. The upcoming meetings between Foreign Ministers and Defense Ministers will be a proper forum to carry on discussions.

13. The U.S. hopes to make progress through the establishment of a set of principles designed to create a framework for further negotiations.

A. Nature of peace: There is a difference of views on this principle, but it is a subject on which agreement can be reached.

B. Withdrawal from occupied territories: The Secretary did not discuss this principle other than to mention it.

C. Resolution of the Palestinian question in all respects: This principle is the most difficult. He referred to the President’s Aswan formulation to which we do not yet have the reaction from all parties. We have received privately generally positive reactions. Drafting is still ahead of us, but this new formulation is a start and can serve as a basis.

14. The Secretary said that during his upcoming 2–3 day visit to Jerusalem beginning Jan 15, he would press hard for a resolution of the above principles. He added that the U.S. believes that a comprehensive settlement is the only solution. A piecemeal settlement would not last long. We hope that a general agreement on the above set of principles

⁶ In telegram 4293 from Budapest, December 12, 1977, the Embassy reported that U.S. and Hungarian negotiators reached an ad referendum agreement on textual changes to the “Agreement on Cooperation in Culture, Education, Science and Technology” for the 1978–1979 period. The agreement was signed by Assistant Secretary Hartman on April 6, 1977. (National Archives, RG 59, Central Foreign Policy File, D770463–0438)

would be sufficiently broad to allow those nations who presently abstain from the negotiations to rejoin them. The U.S. does not believe the forum of the ultimate discussions is a matter of great consequence. They can take place in Geneva or some other city.

15. Puja said the GOH sees the Arab world as split into two. He agreed that the Palestinian question is the most difficult one to solve. Hungary rejects extremist solutions, such as the Iraqi solution. The right to self-determination is the nucleus of the Palestinian problem. Hungary is interested in a global settlement because any complication in the Middle East leads to East-West confrontation.

16. CSCE. Puja noted the large number of proposals on the table and asked U.S. views on how to proceed. The Secretary replied that we believe progress has been made and that, through the constructive review which has taken place an important principle has been established. It is now important that we agree on a date for a follow-on meeting. A final document for the Belgrade meeting should be rather general in nature, thus taking care of many of the proposals.

17. Nimetz added that we believe Belgrade has been very successful. It is part of a longer term process; in the interim period bilateral exchanges of views and concrete steps have been and should be taken. The U.S. would like to conclude the meeting on schedule, mid- or late February. Specific proposals which cannot be agreed upon should be left to discussions in other forums. The tone of the final document should reflect the positive atmosphere of Belgrade, but should not hide our differences of views. In conclusion Nimetz said the U.S. delegation would return to Belgrade with instructions to seek a general and positive final document.

18. Puja said that Hungary wants to end the conference by mid-February and prefers a short and noble final document. The GOH will pursue proposals that remain on the table in bilateral channels.

19. MBFR. Puja referred to reports that the FRG is preparing a new proposal and asked for the Secretary's views. The Secretary said it is important to make progress in MBFR, which has languished too long in a state of uncertainty. There are two current questions: Data exchange and the relation between Phase I and II. On data exchange, we hope to solve this question. Resolution would not only create a better atmosphere but it is important that both sides have facts about the other. The allies realize that the relation between the two Phases is a major concern to the Warsaw Pact. The Allies have not reached any conclusion about any new initiative, although this is under consideration.

20. Puja said the GOH believes some progress has been made in MBFR; that the negotiations are worthwhile and that both sides have made concessions. While there is a strong divergence of views on percentage reductions, the GOH believes this is the way to proceed.

While the Socialist countries have stronger conventional forces in the reduction zone, the fire power and tactical nuclear weapons of the West must be considered in any reduction. Agreement on any initial percentage reduction would create confidence and provide a basis for further steps. At the same time, Hungary, as an observer, does not play an important role.

21. SALT: The Secretary said the U.S. believes that progress can be made on MBFR independent of SALT. In SALT, we believe we are making real progress and that it may be possible to reach agreement with the Soviets in the not-too-distant future. Puja underlined the importance of SALT for East-West relations in general and therefore, Hungary.

22. CBM's: The Secretary expressed the hope for progress on CBM's, noting their importance for the U.S. Congress. In this we feel that pre-announcement of maneuvers are particularly important, especially since troops from the USSR can be introduced into Central Europe quickly. Puja claimed that undetected large troop movements are not possible.

23. The meeting concluded with Puja reiterating appreciation for the return of the Crown. He said the road is now open to the solution of other outstanding problems.

Kaiser

163. Memorandum From Secretary of State Vance to President Carter¹

Washington, March 22, 1978

SUBJECT

Trade Agreement with Hungary

In Presidential Directive/NSC-21² you directed that, following return of the Crown of St. Stephen, the United States negotiate a trade agreement with Hungary provided that Hungary gives adequate emigration assurances. Since the Crown's return we have obtained these

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 50, PD 6/77-4/78. Secret.

² See Document 16.

assurances and have negotiated and signed a trade agreement which meets the requirements of the Trade Act of 1974.³ The Agreement must be approved by Congress.

The Trade Agreement

The agreement, which provides for reciprocal extension of most-favored-nation tariff status, will improve the competitive position of US exports to Hungary. It will also pave the way for the extension of Exim Bank and CCC credits and for increased sales of US goods. The agreement contains strong safeguards to protect US markets against sudden increases of imports from Hungary. STR, Commerce and Treasury participated actively in negotiation of the agreement. Agriculture and Labor have also approved the text.

Emigration Assurances

The assurances received from Hungary rest on several separate elements:

- our review of Hungarian emigration and more than a year of detailed discussions with Hungarian officials about their emigration law, practice and handling of individual problem cases;
- Hungary's generally positive record on emigration; and
- a recent exchange of letters in which Hungary has confirmed the constructive nature of its future emigration policy (Tab 1).⁴

We have determined that, although Hungary's emigration law is formally strict, its emigration practice is the most liberal in the Warsaw Pact. As a result in Hungary we have few divided family cases. Hungary's laws, including that on emigration, do not discriminate against its Jewish population. See Tab 2 for further information.⁵

The Hungarians have agreed that the exchange of letters containing confirmation of their future emigration policy may be made public. I

³ In telegram 557 from Budapest, February 8, the Embassy reported the beginning of negotiations with the Hungarian Government on MFN and the initial meeting between the two negotiating teams. (National Archives, RG 59, Central Foreign Policy File, D780058-0974) On March 2, King reported to Brzezinski that the negotiations were successful and that the agreement would be signed in a matter of days. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1/78-1/81)

⁴ Tab 1 is the exchange of letters between Hungarian Foreign Minister Puja and Ambassador Kaiser. See also footnotes 2-4, Document 162.

⁵ Not found. In telegram 4048 from Budapest, November 21, 1977, the Embassy reported the conclusions of airgrams A-70 and A-71 from Budapest detailing the Embassy's understanding of Hungarian emigration law, policy, and practice. The Embassy concluded that the law was strict, but sufficiently flexible to allow the Hungarian Government to carry out a liberal emigration policy, that the U.S. Government had developed an effective method for handling family reunification problems, that prospective emigrants did not suffer from discrimination, and that emigration to Israel was not a problem. (National Archives, RG 59, Central Foreign Policy File, D770431-0262)

propose that you append these to the documents which you must submit to Congress for its approval of the agreement.

Congressional and Public Attitudes

Key Congressmen, including Jackson, Ribicoff, Javits, Vanik and Frenzel, and the Senate Finance and House Ways and Means staffs have reacted favorably to the agreement and the emigration assurances. We have encountered no opposition among Hungarian-American organizations, and the leaders of the American Jewish community have been positive.

Timing

Representative Vanik has urged that the Administration submit the agreement to Congress by the end of this month, in order to insure its consideration during this session.

164. Editorial Note

On March 27, 1978, Assistant to the President for National Security Affairs Zbigniew Brzezinski forwarded a memorandum to President Jimmy Carter recommending that he sign the necessary documents for waiving the Jackson-Vanik Amendment requirements and submitting the Hungarian trade agreement to Congress. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject Chron, Box 64, [Eastern Europe]: 12/78–12/80) Carter signed the documents on April 7. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 50, Presidential Determinations: 6/77–4/78)

On April 14, the U.S. House of Representatives Trade Subcommittee of the House Ways and Means Committee held hearings on the Hungarian trade agreement. Telegram 96847 to Budapest, April 15, informed U.S. Ambassador to Hungary Philip Kaiser that “congressional questioning was wide and ranging, but not contentious” and generally supportive of the agreement. Administration spokesmen included Counselor of the Department of State Matthew Nimetz, Kaiser, and William Barraclough, Deputy Assistant Secretary of Commerce for International Trade Policy. (National Archives, RG 59, Central Foreign Policy File, D780162–0145) The House Ways and Means Committee approved the agreement on April 27 and sent it to the full House for a vote. (Telegram 108345 to Budapest, April 27; National Archives, RG 59, Central Foreign Policy File, D780181–0537) The Subcommittee

on International Trade of the Senate Finance Committee took up the matter on May 9 and approved the agreement on June 20. (Telegram 156979 to Budapest, June 21; National Archives, RG 59, Central Foreign Policy File, D780257-0839) The Senate adopted the measure on June 27. (Telegram 164324 to Budapest, June 28; National Archives, RG 59, Central Foreign Policy File, D780267-1010) Following an exchange of notes between the United States and Hungary, the Agreement of Trade Relations Between the United States of America and the Hungarian People's Republic entered into force on July 7, 1978. (29 UST 2711)

165. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, May 30, 1979

SUBJECT

Extension of Jackson-Vanik Waivers

Cy Vance has forwarded a package recommending that you (1) extend your general waiver authority; and (2) continue the waivers for Hungary and Romania for another 12 months. (Tab C) Treasury, Commerce, STR, and Agriculture concur.² (C)

This is a routine action. However, failure to renew your waiver authority would mean that the United States would no longer be able to extend MFN on a reciprocal basis to any East European country or to the Soviet Union or China. Failure to continue the Hungarian and Romanian waivers would severely damage our relations with these two countries and undermine the policy set forth in PD-21 regarding Eastern European countries. (C)

Under the Trade Act Presidential action on both these issues is required by *June 3*. (C)

RECOMMENDATIONS:

1. That you sign the transmittal message to the Congress at Tab A which forwards your recommendation on the general waiver

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 50, Presidential Determinations: 5/78-7/79. Confidential. Sent for action. Tabs A through C are attached but not printed.

² The "Recommendation for Extension of Waiver Authority" is printed in *Public Papers: Carter, 1979*, Book I, pp. 978-979.

authority and the continuation of the waivers for Romania and Hungary.³ (C)

2. That you sign the Presidential Determination at Tab B that the further extension of the waiver authority granted by subsection 402(c) of the Trade Act will substantially promote the Jackson-Vanik objective of free emigration.⁴ (C)

OMB concurs.

³ The President's message is printed in *Public Papers: Carter, 1979*, Book I, p. 978.

⁴ Carter signed the waivers. See Presidential Directive 79–10 printed in *Public Papers: Carter, 1979*, Book I, p. 979.

166. Memorandum of Conversation¹

Washington, July 16, 1979, 3:15–4 p.m.

SUBJECT

Summary of Dr. Brzezinski's Meeting with Hungarian Deputy Prime Minister Istvan Huszar (U)

PARTICIPANTS

H.E. Istvan Huszar, Deputy Prime Minister, Hungarian People's Republic
 H.E. Janos Nagy, Deputy Foreign Minister, Hungarian People's Republic
 H.E. Ferenc Esztergalyos, Ambassador to the United States
 Mr. Gyorgy Banlaki, Interpreter
 Dr. Zbigniew Brzezinski
 Mr. Stephen Larrabee, Notetaker

Dr. Brzezinski opened the meeting by welcoming DPM Huszar to the United States.² He said that he had spoken earlier to the President

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 17, Hungary: 1979–80. Secret. Drafted by Larrabee. The meeting took place in Brzezinski's office.

² On July 9, Larrabee informed Brzezinski that Huszar was traveling to the United States at the invitation of Secretary of Commerce Kreps. Kreps requested that the President briefly meet with Huszar. Larrabee recommended that, in light of the President's busy schedule, Brzezinski meet with the Hungarian official instead, with a Presidential "drop-by," if his schedule permits. Brzezinski disapproved both recommendations. (Ibid.) However, on July 16, Tarnoff forwarded a Department of State briefing paper for Brzezinski's meeting with Huszar. In his memorandum to Brzezinski forwarding the paper, Larrabee stated that Vance was sick and could not meet with Huszar as scheduled. (Ibid.)

(who was making a speech in Kansas on energy). The President had specifically told Dr. Brzezinski to tell DPM Huszar how happy he was to have a Hungarian statesman visiting the White House. (U)

DPM Huszar thanked Dr. Brzezinski. He informed him that on Friday he had met with First Secretary Kadar to discuss his upcoming trip to the United States. During the meeting Kadar had asked him to convey his best regards to President Carter. Huszar then added that he fully understood the busy schedule which the President had and asked that Dr. Brzezinski convey to him his best regards. (U)

Dr. Brzezinski stressed the importance that the United States attached to relations with Hungary, both symbolically and substantively. The US felt that relations had been developing well. The return of the Crown had been important symbolically in contributing to the improvement of relations. (U)

DPM Huszar agreed. He felt that relations were developing well. The return of the Crown and the Coronation Jewels had had an important impact on relations. He understood that Dr. Brzezinski had also played an important role in the decision and he wished to thank him for his contribution. (U)

Dr. Brzezinski said that he was pleased to have played a role and noted that perhaps his ethnic background had been helpful. (U)

DPM Huszar then gave Dr. Brzezinski a gift of a coin commemorating the return of the Crown. (U)

Dr. Brzezinski stated that he had been to Hungary several times. He had been impressed with the Hungarians' sense of history and the importance that they attached to history. He had been particularly pleased to see a monument to General Bem. (U)

DPM Huszar noted that Bem was a common national hero. The Hungarian people referred to him as Father Bem. He then turned to political relations, noting that he could not say very much new, but that this was good. (U)

Dr. Brzezinski interjected that it was often more important who said it, not whether it was old or new. (U)

DPM Huszar commented that political relations were improving and that meetings between officials of the two countries were becoming more frequent. He was glad that Representatives and Senators were visiting Hungary in increasing numbers. In this connection he noted that he was the third Hungarian Prime Minister to visit the United States. Continuing, he stressed that he wanted to say that the Hungarian Government was officially prepared to raise the level of political relations. He had come to the United States with this specific task. Beyond this, however, he had no specific agenda; there were no agreements to be signed. He was glad to have the opportunity for an

exchange of views on ways to remove obstacles to improve relations. The United States and Hungary should have relations appropriate and worthy of the two countries. (C)

Turning to the economic area, Huszar stressed that US and Hungarian firms should be encouraged to deal with each other. He hoped that the visit would lead to concrete gains in this regard. He was happy that he had had an opportunity to meet people in the government at the political level as well as the financial and monetary circles. In general, there had been no change since the visit of US officials. Noting that the Hungarian Government was crossing its fingers that SALT would be ratified, he said that Hungary hoped that the ratification would have a beneficial impact on the MBFR discussions in Vienna. (C)

Huszar then returned to the subject of bilateral relations. It was a source of great satisfaction to the Hungarian Government that a lot had transpired in relations between the two countries. The trade agreement had brought its first results. Hungarian exports had grown by two thirds over the last year. Imports had increased, but to a lesser extent. Talks at the recent Joint Economic Commission meeting had been useful and constructive. Noting that interest in American firms and markets on the part of Hungarians had increased, he said that the Hungarian Government hoped to see the active involvement of American firms and companies; however, the US occupied only eighth place in Hungarian trade with capitalist countries. (C)

In response, *Dr. Brzezinski* said that he would like to make three points. First, the United States was also prepared to move further on the political level. There were always practical scheduling problems, but he wanted to register the basic point that we were ready to move forward. He suggested that the appropriate authorities in both countries stay in touch in order to find the right moment for announcing this publically. (C)

Noting that bilateral relations were moving well, *Dr. Brzezinski* said he would like to make two additional points on wider issues. The first was in regard to SALT. The United States attached considerable importance to SALT and the impact that this could have on US-Soviet relations and detente. If the Senate were to refuse to ratify SALT it would be a setback for detente. The Senate would not ratify the agreement unless it was sure that it could be verified. In order to verify the agreement, the United States had to engage in verification activities and overflights over Turkey. Whether or not to permit such activities over Turkey was a decision for the Turkish government alone. However, the Turks would not give this permission if the Soviet Union regarded it as an unfriendly act. Therefore, positive Soviet acquiescence was needed. This was not the same as Soviet permission, *Dr. Brzezinski* emphasized, because it was not the Soviet right. The question was one

of acquiescence. The Soviets did not seem quite to understand this. They seemed to equate the verification activities with more traditional forms of intelligence gathering. The United States felt there was a fundamental distinction and that a more sophisticated Soviet attitude on this question would be an important contribution to detente. Precisely because Hungary had a fundamental interest in US-Soviet detente, the Hungarians had an interest in this question and could make a contribution to detente if they could influence the Soviets in a positive direction on this question. (S)

Dr. Brzezinski stated that his last point was motivated by his desire to widen and make more firm US-Soviet detente. Contrary to his reputation, he strongly believed that unless US-Soviet detente was broadly based and genuinely reciprocal, the American people would eventually reject it. He then turned to the question of instability in the Third World. To the end of this century, many parts of the world were going to be in turmoil. This was not our doing, nor was it the Soviet's doing. This was a result of internal dynamics in many of the countries involved. However, he wished to emphasize that if this turbulence was exploited by one side or the other, it could undermine detente. The US was particularly concerned by the Soviet use of Cubans as proxies in certain areas of the Third World. This use of the Cuban military was bound to have an impact on American attitudes, and in fact the impact was already beginning to be felt. It was always more difficult to start something like that than to terminate it. We did not expect the Soviet Union to turn it off like a faucet, but we would hope that the Soviets would be sensitive to our concerns, whether in Africa or Latin America. We had been sensitive to Soviet concerns so far. But the Soviet side had to understand the need for restraint. This was why in Vienna that we told the Soviets that it was not our purpose to use our relations with China against the Soviet Union. We understood Soviet concerns and we realized any attempt to use China against the Soviet Union would create problems for detente. However, if present trends continued, there would be a strong reaction in the United States. The Presidential elections had a way of surfacing these visceral attitudes. He mentioned this, he said, because we recognized the larger interest which Hungary had in East-West cooperation and coordination. (S)

Dr. Brzezinski concluded the meeting by taking DPM Huszar on a tour of the Oval Office. (U)

167. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, January 16, 1980, 1226Z

214. Subject: US Goals, Objectives and Resource Management (GORM) for FY 1982: Ambassador's Policy Statement. Ref: A. CERP 0001, B. State 310299.²

1. (C)-entire text.

2. Present state of relations: At the beginning of 1980, U.S. policy toward Eastern Europe is undergoing its stiffest test since the issuance of PD-21 in September 1977.³ The Department is addressing the issue of what our policy would be in light of the response of Eastern Europe to the Iranian and Afghan crises and the convincing display of the power of the Soviet Union these two crises provoked to impose discipline on the Governments of Eastern Europe on issues of crucial importance to the Soviets. I endorse the Department's preliminary position as outlined in State 9408.⁴

3. The differentiated policy called for in PD-21 will be particularly difficult to maintain at a time of East-West tension and polarization. I do not expect the Hungarian regime to adopt positions distinctive from those of the Soviet Union on Iran and particularly on Afghanistan. The Hungarians are well aware of the high price the subservience of their foreign policy to Soviet goals and propaganda will exact, if not in terms of specific issues in our relations, then in the overall deterioration in the East-West climate, to which Hungary is particularly vulnerable. The delay in ratification of SALT II makes the immediate outlook for East-West relations even more bleak.

4. Up to the time of these crises, we achieved step-by-step progress in our bilateral relations with Hungary. We have:

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800032-0785. Confidential. Sent for information to Belgrade, East Berlin, Bucharest, Moscow, Prague, Sofia, Warsaw, and USNATO.

² In telegram 310299 to all diplomatic posts, December 1, 1979, the Department updated the reporting requirements for the Embassies' annual review sent to Washington, effective beginning fiscal year 1982. The Department reported that annual reports were no longer required unless certain conditions warranted such a report. Among those conditions: "the Ambassador or Bureau believes [a report] necessary, including a change in circumstances affecting relations with that country." (National Archives, RG 59, Central Foreign Policy File, [no film number])

³ See Document 16.

⁴ In telegram 9408 to USNATO and Bonn, January 12, the Department provided initial guidance on United States policy toward Eastern Europe in the wake of the Soviet invasion of Afghanistan. (National Archives, RG 59, Central Foreign Policy File, D800021-0454) See Document 36 and footnote 6 thereto.

—Successfully concluded the program document to the cultural and scientific exchange agreement⁵ and secured a satisfactory site for our first major independent cultural exhibit in Hungary.

—Deepened our economic cooperation through an EXIM/National Bank Agreement, a Double Taxation Agreement,⁶ a successful first meeting of our Joint Economic and Commercial Committee, and implementation of a bilateral MTN agreement.⁷

—Continued to urge the GOH to resolve outstanding family reunification problem cases, which have been kept to a minimum.

—Made progress toward a property settlement; and

—Maintained a high level political dialogue through successful visits: Codels O'Neill, Brademan, and Vanik and Assistant Secretary Vest to Hungary and Deputy Prime Minister Huszar to the United States.⁸ Further substantial (although unspectacular) progress on such projects as the provision of Consular services to increasing numbers of Americans and Hungarians, markedly increased distribution of ICA materials, and the opening of offices in Budapest by Dow Chemical and an American bank underlined our growing practical interaction with Hungary and consequent decrease in Hungary's dependence on the Soviet Union.

5. We still have problems: Some family reunification cases persist in spite of our general success in this area; a serious dispute over patent rights or the violation of them; slow development of our share of the Hungarian market following the extension of MFN; too slow progress in our property negotiations; discouragingly limited contact with Party officials; and above all at this time, unacceptable criticism in the Hungarian media of the U.S. and our policies reflecting a comprehensive identification with Soviet policies.

6. The Hungarian regime, for its own reasons, continued to follow policies which will redound to our long-term benefit; an international

⁵ The "Agreement between the Government of the United States of American and the Government of the Hungarian People's Republic on Cooperation in Culture, Education, Science and Technology" went in effect May 21, 1979. (30 UST 1502)

⁶ The United States and Hungary signed an exchange of notes on the "Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income" in Washington on February 12. The Senate approved the agreement on July 9 and President Carter signed the instrument of ratification on August 7. (Carter Library, White House Central Files, Countries, Box CO-30, CO 67, 1/20/77-1/20/81) The agreement entered into force September 18, 1979. (30 UST 6357)

⁷ Telegram 6432 from Budapest, December 28, 1979, reported that the United States-Hungarian Tariff Agreement went into effect January 1, 1980. (National Archives, RG 59, Central Foreign Policy File, D790596-0235)

⁸ See Document 166 for a memorandum of conversation between Huszar and Brzezinski.

approach to economic problems, including economic reform; toleration of limited internal dissidence and criticism; and reasonably settled church/state relations which permit, *inter alia*, increased interaction with American religious institutions.

7. The next two years: It is not possible at this time to predict how long the deterioration in East-West relations will last, but this trend will undoubtedly dominate our relations with Hungary for the first part of this period. We should expect our ability to make progress in bilateral relations with Hungary will be affected even though the Hungarians have already told us that they hope the present international scene will not hurt our bilateral relations.

8. We should take into account other specific developments which may also have some influence on our policies:

A. Party Congress: The Hungarian Party Congress will be held in March.⁹ The outlook is that the leading political personality in Hungary, Janos Kadar, will remain in power and that his policies, most notably economic reform and relatively relaxed domestic policies, will be reaffirmed and continued. The main themes of Hungary's foreign policies, including its loyal support of the USSR, will also be reaffirmed. If the examination of Hungarian policy which will take place at the Congress results in any major changes leading away from internal liberalization or produces such changes in the Hungarian relationship with the Soviet Union as an increased military role for Hungary within the Warsaw Pact, our policies will need reassessment. In this regard, we should examine the Hungarian posture in case instability develops in Eastern Europe as a result of some crucial development such as Tito's death.

B. Economics: Hungary is attempting both economic reform and stabilization at the same time. Reform opens up possibilities which we should be alert to pursue to increase Hungary's integration into the West and encourage its development of a decentralized and market oriented economy. Trade and possible membership in the IMF are obvious areas of possible cooperation. Stabilization means that the Hungarian regime will be less capable of responding to the needs of the Hungarian people for a better standard of living. Both elements introduce elements of potential political instability into a overall stable situation. For the foreseeable future, Hungary will be following a policy of relative economic austerity, which will hamper our efforts to increase our exports and may undercut to some extent the political acceptance by the Hungarian people of the present regime.

C. CSCE: The Madrid Conference is scheduled for November. On balance, I believe we should continue to plan to consult with the Hun-

⁹ See Document 168.

garians to explore areas of cooperation which are in the U.S. national interest. At the same time, we should clear up a few lingering aspects of our relations which date from the past: remove personnel ceilings on our respective Embassies and agree on the issuance of multiple-entry visas for businessmen. We welcome the Hesburgh Commission's mandate to examine the INA and hope that the present section 212 (a) 28 will be rewritten to permit more flexibility, thereby reducing both a political irritant as well as our Consular work load.

D. Complexion of relations: With the signing of the Trade Agreement in 1978 and implementation of the steps which flowed from this development (EXIM facilities, for example) the emphasis on economic relations has shifted to practical hard work directed toward increased trade and economic cooperation. Implementation rather than striking new advances is what we should expect. On the other hand, we should be able to look forward to cooperation in the cultural field to an extent unprecedented since the end of the war now that we have established the framework. The new result of these two developments is that the emphasis in our current work may shift from economic to cultural.

9. Political work will continue to be difficult. A dialogue through high level visits remains our best tool here. In this connection, the desire of Kadar to visit the U.S. must be addressed after the elections of November 1980. This may be the dominant issue in our relations in 1981.

10. Our highest administrative priority will be a property settlement. For the first time in several years an administrative issue may well be at the forefront of our relations.

11. Hungary in a regional and global context: Global issues—Iran, Afghanistan, SALT II—are bound to have an adverse effect on our relations with Hungary and may eventually dominate them if the present downward trend in the East-West climate continues. I expect Hungary to remain in the middle of the Eastern European pack. They will try hard to preserve the progress they have made with the U.S. in the economic field, because it is in their long term interest as well as ours. At the same time they will continue to identify closely with the Soviet Union, with some nuances which are not really that important to us, but of some significance to the more "progressive" elements in the society. The Hungarians would not want to risk a sharp Soviet reaction which would sweep away completely the relative economic independence they have worked so hard to achieve.

12. Resources: The nature of our relationship with Hungary has changed substantially over the past two years, but the resources of the Embassy have not kept up with this change, especially in personnel. We have greatly expanded our ICA work and have prospects of an even greater expansion in cultural exchanges. We need an additional

person in the field. Both our political and economic work have increased to the point where with existing staff we can handle little more than day-to-day operational work. We do not have the resources to report in depth on significant developments affecting Hungarian internal economic and political policies, as well as our bilateral relations. We are forced practically to ignore analysis of the highly significant labor and religious scenes. We need an additional political officer and an additional economic officer if we are to more than scratch the surface in our analysis of Hungarian political, social and economic developments.

Kaiser

168. Intelligence Assessment Prepared in the Central Intelligence Agency¹

Washington, March 1980

Hungary on the Eve of the 12th Party
Congress [*classification not declassified*]

Key Judgments

At the 12th Congress of the Hungarian Socialist Workers Party, scheduled to begin on 24 March, First Secretary Janos Kadar will seek endorsement of current policies rather than undertake new ones.

As Hungary enters the 1980s, Kadar must draw heavily upon the reserves of popular trust he has established during 23 years of rule. Public confidence in Kadar's leadership, probably unparalleled in other Warsaw Pact countries, rests upon his responsiveness to the demands of Hungarian consumers and to his use of compromise and moderation rather than repression to maintain political control. Compromise and moderation have been particularly evident in Kadar's handling of intellectuals and, in recent years, in his relations with the Catholic Church.

Major challenges confront Kadar in the area of economic policy. To improve Hungary's hard currency balance of payments, the regime

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 81T00208, Production Case Files (1979–1980), Box 2, Folder 24, Hungary on the Eve of the 12th Party Congress. Secret; [*handling restriction not declassified*]. The assessment was prepared in the Office of Economic Research and coordinated with the Office of Central Reference and the National Intelligence Officer for the USSR and Eastern Europe.

will continue to curtail economic growth and allow the standard of living to stagnate. It will also continue to implement an economic reform plan that entails relaxation of central controls and greater reliance on market forces. Prices, which are flexible and in many cases market determined, are to be generally responsive to world price changes. Enterprises have received greater freedom to determine wages and discharge workers; they will retain a substantial portion of their profits but will no longer be immune from bankruptcy.

In the conduct of foreign policy, Kadar has managed to secure from Moscow a degree of latitude that surpasses that of any other Warsaw Pact state except Romania. He has done this by adhering closely to the Soviet line on issues the USSR considers most important while cultivating better relations with the West, particularly in the commercial sphere. Kadar appears to retain the confidence of Soviet leader Brezhnev, who said in Budapest last May that recognition of the "specific features" of each country had become the "norm" in Soviet-Hungarian relations.

Notable benefits have come from improved relations with the United States. The Kadar regime gained politically from the US decisions to return the Crown of St. Stephen—the symbol of Hungarian nationhood—and to grant Hungary most-favored-nation trading status.

The months ahead will test Kadar's ability to maintain both his domestic and foreign policies. Complex economic problems will confront those charged with implementing reform; public apprehension and resentment over stringent economic measures will tax the ability of the regime to maintain popular confidence; if the international situation continues to deteriorate, Kadar may find it increasingly difficult to accommodate Soviet sensitivities while maintaining positive relations with the West.

[1 line not declassified]

[Omitted here is the body of the assessment.]

169. Memorandum From Timothy Deal of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 19, 1980

SUBJECT

SCC on March 20: Hungarian Grain

The SCC asked for an assessment of reports that Hungary is selling grain to the USSR and might replace it with US grain. We have confirmed that the Soviets have asked Hungary for 800,000 tons of wheat. The Hungarians told us they will meet this request from domestic supplies. (C)

After the Soviet invasion of Afghanistan, we informed East Europe Governments that diversion of US grain or controlled technology to the USSR would adversely affect bilateral relations and jeopardize additional purchases from the US. In the case of Hungary, we also said we would take into account any significant change in the pattern of Hungarian grain imports from the US and Hungarian exports to the USSR which might indicate surrogate purchases for the USSR. (C)

State has prepared an options paper (attached)² for SCC consideration. The Implementation Group reviewed it at today's meeting. The paper sets forth three options: (1) continue present policy; (2) request East European countries not to sell grain to the USSR from domestic supplies above traditional export levels and avoid diversion of US grain; (3) seek commitments from NATO allies and other Western grain exporters on the establishment of quantitative limits on grain exports to each Eastern European country. (C)

After extended debate, agencies recommended that the SCC approve Option 1, as amended in the discussion. State will present this position in the meeting. Under option 1, we would: (a) continue to urge Eastern European countries to avoid diversion of US grain to the USSR or use grain to replace exports to the USSR; (b) not object to sales of grain to the USSR from domestic supplies; (c) monitor carefully Hungarian and Eastern European grain trade with the US and other cooperating countries; and (d) urge West European governments not

¹ Source: Carter Library, National Security Council, Institutional Files, Box 111, SCC 291, 3/20/80 Iran/Afghanistan. Confidential. A stamped notation at the top of the page indicates that Brzezinski saw the memorandum.

² The undated paper, entitled "East European Grain Sales to the Soviet Union," is attached but not printed.

to make extraordinary shipments of grain to Hungary and other East European countries. (C)

I recommend you support Option one for the following reasons:

—We have no evidence that Hungary or other Eastern European countries are diverting grain to the USSR although there are still numerous possibilities for swaps or transshipments.

—It would be exceptionally difficult to define “traditional” or “normal” Hungarian or East European trade with the USSR. For example, in the past five years, Hungarian grain exports to the USSR have ranged from 137 to 854 thousand tons.

—Option 2 would require a greater degree of cooperation from Hungary than we would expect from our allies and third world countries.

—Western grain exporters will not agree to quantitative limits on exports to East Europe as proposed in Option 3.

—We have a strong a political stake in treating East Europe differently from the USSR so long as these countries limit their involvement in Afghanistan or in other future Soviet ventures. (C)

Whatever option the SCC chooses, State should reemphasize to the Hungarian government that we consider this a critical issue and that efforts by Hungary or other East European countries to circumvent our controls will have a serious, long-term impact on overall relations.³ (C)

³ On March 21, Brzezinski informed the Secretaries of State, Defense, Agriculture, the Treasury, Commerce, and the Director of Central Intelligence that the President had “approved the recommendation of the SCC as follows: We should deal with the Hungarian case on its own merits, without attempting to expand it into a universal set of guidelines. We should inform the Hungarians that we consider sales of 800,000 tons to the USSR this year to be excessive by about 200,000 tons and inform them that sales in that amount—as well as diversion of high technology items—would be seen by the U.S. as unfavorable and would be taken into account in our future sales of grain and other items to Hungary.” (Carter Library, National Security Council, Institutional Files, Box 111, SCC 291, 3/20/80 Iran/Afghanistan)

170. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 29, 1980

SUBJECT

Hungarian Wheat Sales to the USSR

The Department of State has implemented the approved recommendation of the SCC meeting of March 20, 1980, by calling in Hungarian Ambassador Esztergalyos on March 28 and informing him as follows:²

—We attach importance to the limitations we have placed on sales of both grain and high technology to the USSR. We have explained to your government and to many others that diversion of such items to the USSR would be viewed most unfavorably by us.

—On high technology exports, we have purposely continued sales to Eastern European countries because we have wanted to recognize their special needs and their noninvolvement in the invasion of Afghanistan.

—On grain, we understand that the Soviet Union has asked to buy an abnormally large amount of grain from Hungary this year, up to several hundred thousand tons above the shipments in the most recent years. We believe shipments of this magnitude would be somewhat excessive. They would be viewed unfavorably by the US and taken into account in our own future sales of grain to Hungary because such Hungarian shipments would undercut our policy of reducing the total of our grain shipments to the Soviet Union.

In addition, we have instructed our embassies in Canberra and Ottawa and our mission in Brussels to inform host governments and the Commission of our approach to the Hungarians on grain exports

¹ Source: Carter Library, National Security Council, Institutional Files, Box 111, SCC 293, 3/25/80 Iran/Afghanistan. Confidential. Deal forwarded the memorandum to Aaron on April 2, informing Brzezinski that the Department had not included hard numbers in the discussion with the Hungarians to protect the Hungarian source who had provided the information to the USDA. (Ibid.)

² In telegram 83534 to Budapest, March 29, the Department informed the Embassy of the discussion between Barry and the Hungarian Ambassador the day before. The points outlined in the March 29 memorandum to Brzezinski were delivered to Ambassador Esztergalyos as a non-paper. (National Archives, RG 59, Central Foreign Policy File, D800158–0779) In telegram 1732 from Budapest, the Embassy suggested that the Hungarians “definitely have the message and understand our position” but that “from our viewpoint, we believe that we should not continue to hit the Hungarians on wheat diversion until we have more evidence that we should be concerned.” (National Archives, RG 59, Central Foreign Policy File, D800168–0763)

as soon as we have advised them that the demarche has been made in Washington.

Peter Tarnoff

**171. Memorandum From the Executive Secretary of the
Department of State (Tarnoff) to the President's Assistant for
National Security Affairs (Brzezinski)¹**

Washington, May 27, 1980

SUBJECT

Briefing Paper for Mr. Aaron's Meeting with Hungarian Deputy Foreign
Minister Janos Nagy, Wednesday, May 28, 1980, at 4:30 p.m.

I. PARTICIPANTS

Americans

Mr. Aaron

Hungarians

Janos NAGY, Deputy Foreign
Minister

(Phonetic: NODGE)

Ambassador Janos PETRAN,
Chief MFA Department V

Ferenc ESZTERGALYOS,
Hungarian Ambassador to the
U.S.

(Phonetic: Ess-ter-GUY-oash)

II. INTRODUCTION

Nagy is responsible for Hungary's relations with the West. He will be named very shortly to be State Secretary, the number two position in the Foreign Ministry. Petran is Hungary's chief CSCE and disarmament negotiator, and has just been named to head MFA Territorial Department V, which conducts Hungary's relations with the U.S., Canada, the

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1/78-1/81. Confidential. No memorandum of conversation was found. Stephen Larrabee, of the NSC, forwarded the briefing paper to David Aaron under a May 28 covering memorandum outlining the main points. (Ibid.) Attached biographic material is not printed.

U.K., the FRG and Benelux. Nagy and Petran are heading a Hungarian delegation to the U.S. for annual consultations on CSCE.²

Hungary continues to stand out among Warsaw Pact countries in terms of its relatively relaxed domestic situation, commitment to economic reforms, and forthcoming attitude toward CSCE implementation. In the post-Afghanistan period Hungary has continued to stress detente and CSCE. The Hungarians welcome our policy of continuing to seek further improvements in U.S.-Hungarian relations.

III. ISSUES

A. Afghanistan and East-West Relations

—U.S. opposition to the Soviet invasion of Afghanistan arises from a sincere desire to further the cause of international peace and stability. The Soviets' use of force against a small country threatens the security of all nations and raises serious questions about their future intentions.

—The actions we have taken against the Soviets, therefore, are not intended to affect Eastern Europe. We continue to sell grain and controlled technology to Hungary. While our export licensing controls have been extended, we will continue to grant exceptions to specific restrictions for exports to Hungary and other Eastern European countries.

—However, as we have pointed out to Hungarian officials on a number of occasions, continued access to U.S. grain and sensitive technology will depend on Hungary's willingness to respect our concerns regarding their end use.

B. Iran

—Although we appreciate Hungary's private statements strongly disapproving of Iran's holding of diplomatic hostages, we are disappointed by Hungary's public statements which tend to emphasize Iran's alleged grievances against the United States and imply that the hostages are strictly a bilateral issue.

—We are actively pursuing all opportunities for discussion with Iran that could lead to an honorable resolution of the crisis. We are convinced that economic sanctions supported by nations committed

² Nagy also met with Counselor Ridgway and Under Secretary Nimetz. In telegram 142884 to Budapest, May 31, the Department informed the Embassy of Ridgway's discussions with Nagy, which focused on East-West relations, high-level visits, trade, economic, and cultural relations. (National Archives, RG 59, Central Foreign Policy File, D800266–0800) The Department transmitted the memorandum of conversation between Nimetz and Nagy on June 3, to Budapest in telegram 145697. The conversation focused on East-West relations, bilateral relations, Yugoslavia, and CSCE. (National Archives, RG 59, Central Foreign Policy File, D800272–0403)

to the peaceful resolution of disputes will have a constructive impact, contributing to the resolution of the crisis.

—We believe that Hungary shares an interest in the release of the hostages, which would contribute to the easing of tensions and would create a safer environment for diplomats of all nations. Active steps by Hungary to secure the hostages' release would be deeply appreciated by our government and people.

C. Bilateral Relations

—We are pleased with the great progress we have made in our bilateral relations over the past three years. It is no exaggeration to say that the President's decision to return the Crown of St. Stephen to the Hungarian people and the signing of the Trade Agreement in July 1978 marked the beginning of a new era in U.S.-Hungarian relations.

—We remain committed to improving relations with Hungary on the basis of mutual respect and advantage.³

- It reflects our mutual desire to expand economic and commercial relations.

- It reflects our mutual desire to implement the provisions of all three baskets of the Helsinki Final Act.

Peter Tarnoff

³ For an attached political overview of Hungary, see Document 172.

172. Paper Prepared in the Department of State¹

Washington, May 1980

*Hungary—Political Overview**Foreign Affairs*

Hungary is allied with the USSR and consistently backs Soviet positions on major international issues. However, on matters of lesser significance to the Soviet Union and of direct importance to Hungary, Hungarian foreign policy displays independent and sovereign aspects. One such area arises out of Hungary's heavy dependence on foreign trade and its desire for Western technology. Accordingly, since 1977 Party First Secretary Kadar has made official visits to Austria, West Germany, Italy and France, and Hungary has developed an extensive set of primarily economically-oriented relations with Western countries, including the U.S. Western countries, in turn, utilize Hungary's forthcoming attitude toward the Helsinki Final Act to engage in constructive dialogues with Hungary on all three Baskets of CSCE, including its humanitarian and cultural provisions. (U)

Hungary has followed what it calls a "principled" policy in regard to Iran. This couples expressions of understanding for Iran's grievances against the United States with low-key denunciation of the holding of diplomatic hostages as a violation of international law. After initial hesitation, Hungary has followed the Soviet line on Afghanistan, with emphasis on the arguments that the Soviet intervention was "lawful" under agreements between the USSR and Afghanistan and that the latter had the right to request "self-defense" aid from its neighbor. (U)

U.S.-Hungarian relations have improved dramatically in the past several years. The two most important elements in this improvement were the return of the Crown of Saint Stephen to the Hungarian people on January 6, 1978, by a Presidential delegation headed by Secretary Vance, and the entry into force on July 7, 1978, of a trade agreement establishing MFN tariff treatment for the exports of both countries. The trade agreement negotiations entailed discussions and understandings with Hungary on questions of emigration in compliance with the Jackson-Vanik provisions of the Trade Act of 1974. (U)

Although there have been no major outstanding political issues between the U.S. and Hungary since conclusion of the Trade Agreement in 1978, deteriorating U.S.-Soviet relations have made more difficult

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 27, Hungary: 1/78-1/81. Confidential.

the task of maintaining and building on the recent progress in U.S.–Hungarian relations. Although both sides have signaled a desire to maintain positive aspects of the bilateral relationship, Hungary has quietly exhibited some nervousness about being placed in an embarrassing position relative to the Soviet Union by being ostensibly favored by the U.S. in the framework of our differentiated policy toward Eastern Europe. Hungary also is concerned about the degree to which U.S. export-control measures directed against the Soviet Union may impinge on it. We, in turn, have concerns about the potential diversion of U.S. grain or technology to the USSR. (C)

Domestic Affairs

The Communist Party leadership retains control over political life. However, through its “alliances” policy the Party encourages participation of Communists and non-Communists alike in building “socialist” Hungary under the maxim, “who is not against us is with us.” (U)

Party First Secretary Janos Kadar has gained a large degree of acceptance among the political elite and the public, and Hungarians credit the government with having achieved substantial improvements in living standards, a relaxed cultural atmosphere, and political and economic stability over the years since 1956. (U)

In 1968 Hungary introduced an economic reform called the New Economic Mechanism (NEM) which is in large part responsible for Hungary’s relative domestic prosperity. The NEM provides for a large degree of enterprise and managerial autonomy in making production and pricing decisions. In mid-1979 Hungary began to implement a series of measures to revitalize this mechanism to make the economy more efficient and internationally competitive. The new measures have already entailed major consumer price increases which, coupled with energy conservation stringencies, portend a pause in the increase in living standards. (U)

Although the Hungarian Government does not encourage religion, it tolerates it. It is at peace with Protestants and Jews, and has reached a *modus vivendi* with the Vatican and with the Catholic Church in Hungary. Laszlo Cardinal Lekai was recognized in 1976 as head of the Catholic Church in Hungary, the first primate since Cardinal Mindszenty. (U)

Hungary permits a significant degree of freedom of travel for its citizens to Western countries. Some 355,000 Hungarians (out of a population of 10.6 million) currently visit the West annually. Hungary’s record on permitting emigration is modestly positive. (U)

The Twelfth Congress of the Hungarian Socialist Workers Party in late March endorsed Hungary’s unique (in communist terms) economic reform measures while reiterating Hungary’s allegiance to its alliance with the USSR and support for Soviet foreign policy positions. Billed as

a “working Congress,” this quinquennial meeting addressed primarily domestic concerns. In a thematic context which both emphasized and called for more trust between Party and people, the Congress in effect ratified the Kadarist domestic course, including new economic reform measures. (C)

173. Telegram From the Department of State to the Embassy in Hungary¹

Washington, September 6, 1980, 0128Z

237207. Madrid for Zimmerman, CSCE Del. Subject: Hungarian Ambassador’s Meeting With the Counselor.

1. (C)-entire text

2. Summary: Meeting with Counselor Ridgway following home leave consultations in Budapest, Hungarian Ambassador Esztergalyos confirmed Hungary’s intent to maintain and extend positive bilateral relations. Esztergalyos expressed concern about the President’s reference to Hungary’s human rights practices in his nomination acceptance speech,² and exchanged views with the Counselor at some length on CSCE-Madrid topics. The Counselor praised careful management by both sides of the bilateral relationship and took note of Esztergalyos’ remarks about the President’s comment. The conversation touched also on economic and business topics. End summary.

3. Bilateral relations. Esztergalyos said his home leave consultations confirmed that in Hungary’s view, nothing has changed for the worse in bilateral relations and Hungary’s aims and goals remain as before. He had been gratified to see his colleagues in Budapest on the same wavelength as himself concerning the positive nature of the relationship. Ridgway responded that a well-managed, realistic approach by both sides had yielded positive results. Neither side has exaggerated

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800424–0288. Confidential; Priority. Sent for information to Madrid. Drafted by Longo; cleared by Bridges and Barry; approved by Ridgway.

² Referring to human rights in his August 14 speech accepting the nomination of the Democratic Party, Carter said, “ask the former political prisoners who now live in freedom if we should abandon our stand on human rights. Ask the dissidents in the Soviet Union about our commitment to human rights. Ask the Hungarian Americans, ask the Polish Americans, listen to Pope John Paul II.” He continued: “As long as I am President, we will hold high the banner of human rights, and you can depend on it.” (*Public Papers: Carter, 1980–1981*, Book II, p. 1536)

expectations, and a careful, case-by-case approach to issues was and is useful. Regarding larger international issues, use of measured language to describe differences is helpful and is noted. Ridgway noted that she retains the same favorable impression of U.S.-Hungarian relations as during her visit to Budapest last June,³ and that she had been particularly favorably impressed by the quality and content of her talks with Janos Nagy and other Hungarian officials in Washington last May and in Budapest.

4. Ridgway continued that we should keep it this way regarding items on the bilateral agenda. Esztergalyos responded that the U.S. and Hungary have molded a good businesslike relationship in which candor is also important. Each side realizes that problems should not be left for time to heal since, instead, they can grow worse. Ridgway acknowledged that smaller problems, left unresolved, can grow into bigger ones. She noted favorably both governments' conscientious handling of the chemical patents disputes, and recent resolution of the old question of Embassy personnel ceilings. She expressed hope that another old question of USG properties in Budapest would be taken care of, and said she thought we have now found a way constructively to discuss that issue. Esztergaylos replied he thinks a solution can be found.

4. The President's statement. Esztergalyos said he had been surprised to see President Carter's reference to human rights in Hungary during his nomination acceptance speech ("...ask the Hungarian-Americans."). He volunteered that he had not called Budapest's attention to the comment lest it precipitate a sharp reaction there. Likening the comment to "thunder from a blue sky," Esztergalyos said it could raise questions in certain circles both in Hungary and the U.S. that Hungary has bowed to pressure from the United States in its human rights practices. Esztergalyos denied that this had been the case. He said he personally could accept the remark as an election-year comment, but hoped that the President does not truly believe that progress with Hungary has been made because of U.S. pressure. "I know the whole story back 10-15 years, and I know our people—that's a most sensitive point." Pressure leads to a negative reaction. Esztergalyos worried

³ Ridgway traveled to Budapest June 15-17. In telegram 3374 from Budapest, June 19, the Embassy reported Ridgway's conversation with Ministry of Foreign Affairs State Secretary Nagy on June 16. Nagy, the Embassy reported, "stated that the long term continuation of tension between the U.S. and USSR will cause Hungary problems. If Hungary is forced to withdraw into 'its own world again,' it will not be helpful to either Hungary or the U.S." (National Archives, RG 59, Central Foreign Policy File, D800301-1122) In telegram 3350 from Budapest, June 19, the Embassy reported Ridgway's meeting with Puja. The discussion with the Foreign Minister, the Embassy reported, focused on the Iranian hostage crisis, NATO-Warsaw Pact relations, and Afghanistan. (National Archives, RG 59, Central Foreign Policy File, D800301-1026)

that the President's remark would give encouragement to circles in Congress which oppose abolition of the requirement for annual review of Hungary's most-favored-nation tariff status, and to certain Hungarian-American circles. Esztergalyos said the latter would pose problems "not for Hungary, but for the Department." The Counselor took note of the Ambassador's comments, recalling that an Hungarian Embassy officer had earlier raised the question in EUR/EE.

5. CSCE/Madrid. The Counselor asked about the Hungarian delegation's position at Madrid. Esztergalyos replied that:

(A) Hungary does not want to see Madrid become a "mudslinging forum" since this "would kill the whole process." It would be better to have discussions without illusions.

(B) Disarmament will be a main issue in the political field. Hungary is willing to accept that Madrid should not be used as a disarmament forum, but hopes for a kind of post-Madrid mandate to discuss this key issue.

(C) Hungary also seeks how to resolve larger common European projects such as energy, water resources, communications, and transportation issues. Progress in such areas pays not only economic but political dividends in contributing to reduction of tensions and to greater understanding. Esztergalyos said the idea would not be to institutionalize such project discussions since institutions come to fend for themselves, but a start could be made at Madrid. He cited the Hamburg scientific forum as having shown an interest and willingness to start.

6. The Counselor said that the U.S. regarded the Hamburg experience as very important for Madrid. While the public may focus on the CSCE biennial reviews, day-by-day gradual progress is the real CSCE "process." There had been a vigorous exchange of views at Hamburg. While there had been no agreement on implementation, there had been a candid discussion and a final document. The U.S. looks at Madrid in the same way. We have no desire to be confrontational, but we should be candid, thorough, and have a full review. We will focus on balance of all aspects of the Final Act.

7. Esztergalyos agreed that all three baskets are a unified whole. He emphasized that actual fulfillment of individual Helsinki commitments is a bilateral task between participants. He noted that it is helpful that the November conference convenes only after the FRG and US elections. Otherwise there would be pressure for electoral publicity-plays. The Counselor responded that the Final Act was signed for the U.S. by a Republican administration and has been implemented for several years by a Democratic one, and that U.S. views on CSCE transcend party lines.

8. Economic and business topics. Esztergalyos reported his consultations included an extensive discussion with Deputy Prime Minister for Economics Marjai on US-Hungarian business relations. Esztergalyos reported Hungary's main economic task is to increase efficiency and productivity and that 1979 through early 1981 is the crucial period. He noted favorably that Hungary has gotten its debt-service ratio down to about 20 percent.

9. Ridgway noted that although as a matter of policy the U.S. does not seek to achieve bilateral trade balances, congressional and other inquiries do arise. She hoped that in future years the mix of bilateral agricultural versus industrial trade will evolve to a more stable situation. Esztergalyos responded that Hungary has a major interest in entering into long-term relationships with U.S. firms, including some Hungarian investments in the US, and in altering the basic structure of bilateral trade. He noted that last year for the first time Hungarian industrial exports exceeded agricultural ones, and said Hungary wants to import more industrial goods than agricultural and raw materials.

10. Particular business issues.

(A) Chemical patents dispute. Esztergalyos said he had heard that a Hungarian court ruling had recently gone against the Chinoin Chemical enterprise. He said this proves what the Hungarian Government has consistently maintained: that Hungarian courts and procedures are objective and do not automatically favor the Hungarian party. Esztergalyos said it is logical that as commercial relations expand, particular problems will arise but it is important that—as was done regarding the chemical patents disputes—both governments work to promote solutions between the disputing firms and enterprises and not permit things to become politicized.

(B) Rockwell/Raba. Esztergalyos said it appears clear that in its MFN testimony last July Rockwell was trying to inject politics into a purely competitive question. It resents seeing Raba get a foothold in the United States with products as good as its own. Esztergalyos labeled as significant Rockwell's inability or unwillingness to answer Senator Ribicoff's question on how much business from it Raba's new role is taking away. He said Rockwell has been invited several times to Hungary to discuss business prospects, including with Raba, but that sometimes companies seek to "win by political ways." He said it was good to see that Congress and STR, on the contrary, look at things objectively.

(C) Occidental. Esztergalyos reported that Occidental's Armand Hammer may come to Hungary in the fall to review a number of prospective projects with Deputy Prime Minister Marjai and others.

11. Comment. Discussion was cordial and ran for 1¼ hours. There were no particular surprises except that Esztergalyos raised the President's comment, which he did in low key and ostensibly on his

own and without instructions. Embassy will have received a memcon of discussion in EUR/EE on that topic on August 21.⁴ End comment.

Muskie

⁴ Not found. In his August 14 speech accepting the Democratic Party's presidential nomination, Carter accused the Republicans of wanting to move away from his policy of emphasizing human rights: "Ask the former political prisoners who now live in freedom if we should abandon our stand on human rights. Ask the dissidents in the Soviet Union about our commitment to human rights. Ask the Hungarian Americans, ask the Polish Americans, listen to Pope John Paul II. Ask those who are suffering for the sake of justice and liberty around the world. Ask the millions who've fled tyranny if America should stop speaking out for human principles. Ask the American people. I tell you that as long as I am President, we will hold high the banner of human rights, and you can depend on it." (*Public Papers: Carter, 1980–1981*, Book II, p. 1536)

174. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, September 10, 1980, 0840Z

4840. Subject: Poland and Eastern Europe: Analysis and Policy Implications. Ref: State 238732.²

1. (C-entire text)

2. We concur in the general thrust of the analysis presented in the referenced message on how events in Poland may affect the USSR and Eastern Europe. As it pertains specifically to Hungary, we agree with the estimate that Poland's uniqueness, for the various reasons stated, makes it unlikely that there will be any dramatic spillover effect over the short term. While Hungarians follow events in Poland with keen attention, they invariably express the view that "Hungary is different". This, of course, is merely another way of stating that "Poland is different". Our interlocutors stress:

—The relative strength of the Hungarian economy and the attention Hungarian leaders have long given to supplying the consumer sector.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800431–1060. Confidential. Immediate. Printed from a corrected copy.

² See footnote 2, Document 41.

- The well managed and productive agricultural sector.
- The general, popular acceptance of the Hungarian Party's leadership.
- The scant politicization of Hungarian labor.
- The absence of links between workers and the small group of intellectual dissidents.
- The cooperative (to the point of appearing co-opted) role of Hungarian religious leaders.
- The relatively successful national alliance policies of Kadar's regime which have given even non-Communist Hungarians a sense of national pride and participation in the country's life.

3. Many Hungarians with whom we have talked look at the Polish events through a local prism. The prism is small and reflects mostly economics. Hungarian officials are not confident that events in Poland have run their course, and that is naturally worrisome. Any argument picturing what has happened this summer in Poland as being solely about free trade unions is doubly worrisome because that, standing alone, could combine political danger and economic ruin. Here they would rather see Polish events in the context of economic reform, as a vindication of Kadar and the economic reform program as elaborated and pursued since 1968.

4. Although Poland in some ways provided the political backdrop against which Hungarian reform was first made possible, Poland has been regarded here as a foot-dragger. The importance of the Party and government keeping its word is often heard and the Polish record of broken promises to the workers held up in comparison to what is claimed a perfect Hungarian record of promises kept. Communication with the workers and keeping faith with them is seen as the foundation for the Hungarian economic reform model which has at least these six major components:

(A) A commitment to economic growth, not export led but with a vigorous East and West export component.

(B) A modernized planning system which is both precise and flexible and does not fully allocate all resources.

(C) Less centralized control and more authority for local enterprise management.

(D) An increased role for consumption, being critical not only for public support, but, of equal importance, for expanding capital formation.

(E) Allowing initiative to develop at all levels, through the profit motive and profit sharing.

(F) Allowing the market to play a significant role in resource allocation and pricing.

5. The Hungarians think this model is adaptable to most of their partners, at least for those to the north. In their optimistic moments they believe the Poles may now have opened the way and the Soviets will have to swallow reform in the EE countries, even if it contains heresies against Leninism, because the alternative options are just too costly. The Hungarians will probably try to push their model to their EE friends as they like to think the others live in envy of them and they want recognition that Hungary has indeed been the pace-setter.

6. However, we very much doubt the larger EE countries, to whom Hungary would like to appeal, will take that much notice of her. Hungary is a fine place for a holiday and it's true the shops are comparatively full, but what strikes the economist is smallness of scale. Moving away from the command economy was less complex, could be undertaken with a leadership that truly enjoys much public support, and even so is incomplete after 12 years. The Hungarian accomplishment has taken place during years of economic growth at home and in the export sector has been supported by solid OECD growth. The years of the 80s will probably not be big growth years and reform, even with 12 years of foundation, may not save the Hungarian economy, much less make it a model for others.

7. The leadership still appears bent on going ahead with planned economic reforms, but the adverse economic environment could affect the speed and manner in which they are implemented. Hungary is attempting to cope with mounting economic difficulties by seeking to increase hard-currency exports, decrease consumer goods purchases from the West, and reduce consumption. A period of zero or negative economic growth with little improvement in the standard of living, could seriously impair the regime's standing in a society that has derived political stability from the steady growth afforded the consumer sector. Hungary's outlook is thus clouded by serious economic and political uncertainties.

8. Over the longer term, we agree that the events in Poland cannot but have some impact on Hungary and other countries in the region. This will be particularly true if the Polish liberalization succeeds (especially in the area of free trade union development); but it would also be true in the case of a major reversal. We have had reports that workers in some factories "discussed" the Polish situation, but this activity did not extend to work stoppages or demonstrations. Particularly if the Poles succeed, we believe it possible that Hungarian workers may similarly demand a more democratic trade union structure. We suspect, however, that the workers here will carefully weigh the potential economic and social costs before engaging in any agitation. The memory of 1956 remains strong in Hungary and will continue to act as a brake on worker-initiated activity or reforms not closely concerted with the party and governmental leadership.

9. Finally, while the government and party can be expected to prevent the formation of any coalition of dissidents and workers, we do not believe that the regime will feel compelled to increase internal vigilance or otherwise seek to insulate the populace from Western influence. Throughout the Polish events, the Hungarian media followed a deliberate policy of keeping the public informed of the main elements of the situation.

10. Policy implications: We believe that the policy recommendations outlined for both the region and Hungary specifically are valid. We see no need to alter our basic policy of differentiation (para 6–A). Indeed, the GOH seems to have gotten over its post-Afghanistan jitters and decided to go ahead with a full range of contacts with the West. While our policies may need to be tuned to meet the requirements of an evolving Polish situation, we see no need to make any major readjustment in our approach here.

11. We agree we should continue to maintain the useful political dialogue established in recent years with the Hungarians through increased high-level visits. There are also new areas, such as energy, that can be usefully exploited to maintain the momentum of an active, differentiated policy toward this country. We agree we could be more aggressive in expanding exchanges and cultural programs. We are less certain, however, that international institutions can be effectively utilized—at least for the present—to influence Hungarian behavior. Despite indications of renewed interest in IMF membership, Hungary is not yet a member. The ILO enjoys little influence on Hungarian internal policies. In sum, we agree that the Hungarian situation should be watched in the light of the Polish events to assure we take advantage of opportunities for US policy initiatives but our assessment for now is that we are on the right track.

Bergold

175. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, November 26, 1980, 1420Z

6196. Subject: Official-Informal. EUR/EE only; three copies only. For Bridges from Kuchel.

1. (U) Transition: Peter, we are most grateful for the background information² you have been giving us on the composition and interests of the foreign affairs transition teams. The Ambassador and I find it extremely helpful to have your comments which both amplify and lend a little chiaroscuro to the wireless reports.

2. (C) We hope that the following appraisal of the current situation in Hungary and US-Hungarian relations will be useful in preparing your briefing paper on Hungary for the transition staff.

3. (C) Kadarism—Under Janos Kadar Hungary has forged a unique position in Eastern Europe. During the past twenty-five years, Kadar has brought Hungary out of the depression of a failed revolution and into a period of sustained stability and general prosperity at home. The essence of Kadar's policies has been substantial, if sometimes nuanced, support for Soviet foreign policy goals in exchange for a measure of latitude to pursue internal reforms and a relatively relaxed social policy. The success by Eastern European standards of the new economic mechanism in achieving prosperity at home and the politically adept implementation of Kadar's National Alliance policy has allowed the Hungarian Communist Party to achieve a level of legitimacy that few would have imagined in 1956. By achieving compromises with religious institutions, permitting individual travel to the West every three years and generally allowing Hungarians of all persuasions to work within the system, Kadar has earned the acquiescence, if not the support of most of Hungary's population. Kadar's famous dictum "Those who are not against us are with us" remains the basis of the Hungarian Party's approach.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800566–0890. Confidential; Immediate.

² In telegram 307509 to Budapest, November 19, the Department informed the Embassy of the transition papers proposed by the Bureau of European Affairs following Reagan's election. While Hungary did not figure as a separate topic, EUR/EE requested that Budapest send suggestions of what might be included in a separate paper if one was requested. (National Archives, RG 59, Central Foreign Policy File, D800553–0952) In telegram 6142 from Budapest, November 21, the Embassy cabled a brief overview of U.S.-Hungarian relations, concluding that it did not see any "pressing or immediate issues in Hungarian-American relations that warrant isolated attention." (National Archives, RG 59, Central Foreign Policy File, D800557–0751)

4. (C) Hungary in the 1980's—Although Hungary's economic performance and management has been better than in most Eastern European countries, the nation will confront serious problems in the next decade, over many of which the Hungarians have no control.

—As elsewhere in Eastern Europe, Hungary faces the prospect of significantly decreased economic growth in the 1980's. Hungary is particularly vulnerable to international economic pressures, worldwide inflation and the rising cost and uncertain availability of energy) since it depends on imports for 80 percent of its raw materials and now exports 50 percent of its GNP (25 percent of its trade is with the West).

—As a result, the next five-year plan projects only a 7–9 percent increase in personal income. Over the last decade, however, the Hungarian populace has been accustomed to steady, perceptible increases in the standard of living. The political cost of a modest, albeit realistic, economic strategy designed to preserve rather than improve existing lifestyles will be a major factor in the Hungarian leadership's calculations over the next five years. An austere economic policy could also hinder the Party's ability to implement fully the economic reform program.

—The Helsinki Final Act and relaxed East-West atmosphere of the 1970's served as an umbrella by which Hungary promoted its economic, political and cultural ties with Western Europe and the US. Any additional chill in East-West relations forcing a cutback of these relations will have serious implications for Hungary.

—The uncertainties surrounding the Soviet succession and the possibility of the passing of the now 68 year old Kadar also raise questions about the long-term outlook of Hungary. "Can Kadarism survive Kadar?" remains an important question. Kadar has changed the perspectives of a generation of Hungarians and his overall approach has been widely accepted. But many of his policies are more stylistic adaptations of Communist policy rather than substantive institutional changes. For the moment Kadar appears healthy enough. Most Hungarians, however, prefer not to think about what might happen when he goes.

5. (C) Implications of Polish events—The Hungarian Party has reviewed the internal situation in the wake of Polish events. It has congratulated itself on the efficacy of Kadar's economic reform policies but has also taken steps to promote a more aggressive, public role for Hungary's controlled trade unions. Underlying the Party's professions of confidence (bordering on smugness) that it has the situation under control is a genuine fear that the Polish example could present a political alternative and challenge to the Party. The Hungarian populace seems to be impressed that the Polish workers have so far "got away with it" by creating their own unions and base of power. The 1956 experience, however, continues to condition the Hungarian perspective toward the

Soviet Union. Many continue to believe that in the end the Soviets will not countenance the Polish challenge to Communist ideology and control. The longer Lech Walesa and his colleagues maintain their power, the greater the Polish example will influence Hungary.

6. US-Hungarian relations—The return of the Crown of St. Stephen in January 1978 paved the way for a steady expansion of US-Hungarian relations. The 1978 Trade Agreement, extension of MFN, the Cultural Agreement and a steady exchange of high level visitors have resulted in a significant increase in bilateral contacts across the board. The Hungarians have responded to our own policy of differentiation in Eastern Europe following the Soviet invasion of Afghanistan. With the exception of the postponement of a parliamentary delegation's visit to the US in February, the bilateral agenda has been almost completely carried out to mutual advantage. The Embassy has been able to expand contacts significantly in the Hungarian community and we have begun exploring new areas of cooperation such as increased military contacts, energy development and narcotics control. The Hungarians worry about the possibility of continued stalemate or further deteriorations in US-Soviet relations. This is compounded by the tenseness created by the fluidity of the Polish situation. Nevertheless, Hungarians continue to emphasize their desire to see the bilateral agenda expand and contacts with the U.S. increase. The future, barring a catastrophic East-West confrontation such as Soviet intervention in Poland, two areas deserve the attention of the new administration:

—High-level visits: Over a year ago the Hungarians noted the possibility of a Kadar visit to the U.S. We have had recent indications that the Hungarians will soon raise the question again.³ Depending on the circumstances, a Kadar visit could serve not only to promote bilateral relations with Hungary but also to demonstrate our interest in Eastern Europe as a whole. They would also be pleased to have President Reagan visit Hungary if he were to make at least one other stop in the Bloc.

—Improve economic relations: Trade between the U.S. and Hungary now totals about \$250 million per year (with a U.S. trade surplus). The Hungarians hope that bilateral trade will surpass \$500 million by 1985, bringing the U.S. from its current eighth position among Hunga-

³ In telegram 5775 from Budapest, October 31, Ambassador Bergold reported on his conversations with the British Ambassador to Hungary and with Hungarian officials on the results of the visit by British Foreign Secretary Lord Carrington to Budapest. Hungarian State Secretary Janos Nagy, praising the positive effects of the Carrington visit, told the Ambassador that, following the U.S. elections, he would like to discuss "the evolution of Hungarian-American relations, looking toward the possibility of high level visits in each direction within the next several years." (National Archives, RG 59, Central Foreign Policy File, D800529–0185)

ry's Western trading partners to fourth behind the FRG, Austria and Italy. Economic factors hindering increased commercial exchanges include a lack of dependable availability of parts and servicing for U.S. equipment and Hungary's need to conserve foreign exchange. Policy issues influencing trade expansion include the annual U.S. review of MFN status which Hungarians see as an impediment to long term trade development and the U.S. failure in some cases to act expeditiously on export license applications not involving strategic items.

Conclusion. Without losing sight of the overall geopolitical realities which condition Hungary's relationship with the U.S., we can say our policy of differentiation has paid dividends. Hungary continues its internal economic decentralization and increased use of market economy techniques. Its record of CSCE compliance, while still requiring improvement, is second to none within the Soviet Bloc. The opportunity for average Hungarians to travel to the West and be exposed to Western culture at home continues to increase. All of these factors are in the long-term interest of the United States. Encouraging their development should continue to be at the core of our policy toward Hungary.

[Omitted here is information unrelated to Hungary.]

Bergold

176. Telegram From the Embassy in Hungary to the Department of State¹

Budapest, January 13, 1981, 1602Z

153. Subject: Ambassador's Meeting With Mr. Gyula Horn, HSWP. Ref: Budapest 0131.²

1. Horn and I had agreed to meet January 13 for a general review of the international situation. Horn is Deputy Head of the HSWP International Department; he specializes on Western countries and is adver-

¹ Source: National Archives, RG 59, Central Foreign Policy File, D810019-0324. Confidential; Priority; Exdis.

² In telegram 131 from Budapest, January 12, the Embassy reported the conversation between Bergold and the State Secretary of the Hungarian Foreign Ministry, Janos Nagy. Bergold reported that Nagy was optimistic about the Reagan administration, and believed relations would return "to a more predictable and reliable atmosphere in East/West relations associated with the early and middle seventies." (National Archives, RG 59, Central Foreign Policy File, D810017-0314)

tised by many of our Hungarian contacts as the real “comer” on the Central Committee Staff.

2. I went over much of the same ground that I covered with Nagy yesterday and found Horn, if anything, more au courant than Nagy about Washington developments, particularly the Haig testimony before the Foreign Relations Committee. Horn said the HSWP had been very worried about a Reagan victory up until the debate which seemed to them to show Reagan’s position as more responsible than Carter’s and he added that their positive feelings about the Reagan administration have increased as they have read various statements of the President-elect and his Cabinet-designates since the election.

3. Horn divided his comments into the following five areas:

—East/West relations—Horn emphasized what he called the subjective factors here, which he thought gave some opportunity for an improvement in US/Soviet relations, although he conceded that Afghanistan and probably Poland would prevent those relations from getting very much better in the near term. He said the Soviets had become so disenchanted with Carter and Brzezinski that their very removal from the scene is positive in that the Soviets will no longer be able to dwell on them as personalities and will have to face new personalities and hopefully “pay more attention to the issues.” He thought the evolution of US/Soviet relations would take up most of 1981 given the US “structural impediments” (our political system) and what he called Soviet preoccupation with “border issues”.

—(A) SALT—Horn said the Soviets will be looking early on for some signals about what the U.S. intends to do on SALT even though they and all other Warsaw Pact members acknowledge and understand that SALT II will not be ratified in its present form. He pointed to the need for some re-statement by the new administration of President Carter’s assurances of a year ago that, pending ratification of SALT II, the configuration of U.S. strategic forces would not violate the terms of the draft treaty.

—(B) TNF—Horn characterized US/Soviet technical talks in Geneva as a complete failure. He said he and others had accepted what he called the “Genscher explanation” of the TNF modernization decision made by NATO in December 1979, namely that the modernization was needed to fill a gap in the FBS, both land-based air in Europe and elements of the Sixth Fleet, which might be needed for deployment in the Third World contingencies. However, he said it must be recalled that TNF are “strategic” for the Warsaw Pact and that their modernization will almost certainly drive the Soviets toward cruise missiles and perhaps an ABM system to protect the SS-20 and oncoming SS-36. He said that this spiraling process would enhance the power of the military in the Soviet Union and would have a deleterious effect on openings of pluralism and “democratic socialism” in the East European countries.

—Madrid—Horn said that Hungary found the outcome in Madrid³ to be surprisingly good given the sulphurous atmosphere that prevailed before the conference actually began. He admitted the true test was yet to come. Although Hungary does not expect many of the 83 proposals on the table actually to be passed, they do hope for two things: (1) that a continuation of the Helsinki process is assured with another meeting scheduled within several years or some variant of the Finnish proposal for an even more permanent process, and (2) that some sort of a disarmament conference follow Madrid although they were not very particular about its form. He did feel the French proposal was totally negative.

—Differentiation—Horn said he hoped that the Reagan administration would not view the Communist world as a monolithic bloc. He thought the Carter administration with its policy of differentiation was basically on the right track but could have made even more headway. He referred to a portion of General Haig's testimony this week⁴ which he interpreted to be a much more realistic viewpoint about China than had characterized anything that Brzezinski had said on the subject. Horn emphasized that Hungary wishes to make even more advances towards opening up the system and sees the Polish situation as an opportunity in that direction rather than a threat to the process.

—Poland—Horn said the Warsaw Pact Summit meeting of December 5 had turned a new corner with respect to the Brezhnev Doctrine; it was decided not to use force but to allow the Poles to work out their own admittedly very difficult economic problems. He characterized the bringing of Soviet and bloc forces to a higher defense condition as political rather than military. Horn said he believed that the Polish situation was also distinct from Hungary 1956 and Czechoslovakia 1968, in that it seemed that the interests of the Soviet Union, the other Warsaw Pact states, the U.S., and NATO were coming to an almost identical position, namely that nobody wanted to see tensions rise in Poland and everyone wanted to see the Poles work out their own problems, giving them a helping hand where appropriate. He said he thought it was inconceivable that the Soviets would actually invade Poland because such an action could do nothing to resolve the Polish economic problems. He was, however, worried about Solidarity and its search for "monopolistic power".

³ For information on the CSCE Conference in Madrid, see *Foreign Relations*, 1977–1980, vol. V, European Security, 1977–1983.

⁴ General Alexander Haig, Ronald Reagan's Secretary of State-designate, testified before the Senate Committee on Foreign Relations during his confirmation hearings beginning January 9, 1981.

4. Comment: Horn is a bright and articulate person whose command of English is really getting quite good although we used Miklos Revesz, MFA desk officer, as interpreter for part of this conversation. Given his interest in getting to know the new people in Washington, I urged Horn to accept an ICA travel grant this spring or summer and he said he would let us know. I think he actually reflects the concerns of this small nation in the Warsaw Pact which still hopes to do business with both sides. He is alternatively optimistic and pessimistic with optimism slightly winning out.⁵ He and others in Budapest will be looking for an early statement of the Reagan administration policy towards this part of the world, as distinct from policy towards the Soviet Union. Horn is much more worried about Poland than he let on and I think his remarks about the monopolistic philosophy of Solidarity reflect concern that the Polish Party is having trouble penetrating and breaking away pieces of Solidarity.

Bergold

⁵ Horn took a much more pessimistic note in a early November conversation with visiting EUR/EE director Peter Bridges, concentrating on the dangers developments in Poland posed for East-West relations in general and U.S.-Hungarian relations in particular. See telegram 5910 from Budapest, November 6, 1980. (National Archives, RG 59, Central Foreign Policy File, D800534–0484)

Romania

177. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, February 22, 1977

MEETING WITH VASILE PUNGAN (Romania)
Wednesday, February 23, 1977
4:00 p.m. (30 minutes)
The Oval Office

I. PURPOSE

To receive a message he is carrying from President Ceausescu, and to review the status and future of American-Romanian relations.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. *Background:* Mr. Pungan (age 50) occupies the position of chief of the group of Presidential counselors; he combines both domestic and international relations as a special advisor. Outside of the formal party structure he ranks as Ceausescu's senior advisor and trouble-shooter. He has been used as a contact with both Presidents Nixon and Ford. He speaks passable English, was formerly Ambassador to London (1966–72), and served in the Embassy here (1959–62). He is close enough to Ceausescu that he can take up almost any subject and speak with assurance. The current rumor is that he will become the Foreign Minister.

His mission is to make an early contact with your administration in order to reconfirm the "special" relationship that we have developed with Romania over the past decade. This relationship, symbolized by visits to Romania of Presidents Nixon and Ford, and return visits by Ceausescu, has served the interests of both sides: for us it underscores our willingness to deal with East European countries, independent of

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 2/77–12/78. Secret. In telegram 43644 to Bucharest, February 26, the Department reported that Carter and Pungan discussed Romania's position on several international issues, including CSCE and disarmament, as well as Romanian desires for improved relations with the United States. (National Archives, RG 59, Central Foreign Policy File, P850052–1843) During his visit, Pungan also met with other U.S. officials, including, on February 22, Secretary of Commerce Juanita Kreps to discuss economic issues concerning U.S.-Romanian trade, especially the possibility of eliminating the annual review of Romania for MFN. (Telegram 46496 to Bucharest, March 2; National Archives, RG 59, Central Foreign Policy File, D770072–0554)

the impact on Moscow, and to encourage those countries which have had the temerity to take autonomous stands on foreign policy; for the Romanians, we serve as a partial counterweight to the Soviets, and as a demonstration that independence is reciprocated by mutually advantageous relations, especially in commerce, and by enhancing the voice of Romania in international councils.

Thus, by receiving Ceausescu's special emissary early in your term, you are demonstrating a basic continuity and our willingness to continue a reasonably close relationship.

Beyond this general aspect, Pungan will be probing for a willingness to invite Ceausescu to Washington, probably later in the year if he visits Canada.

He will leave Washington for New York and then join Ceausescu, who is currently touring West Africa.

B. *Participants*: Mr. Pungan will be accompanied by the Romanian Ambassador Nicolae Nicolae; Vice President Mondale, Secretary Vance, Zbigniew Brzezinski, and a notetaker.

C. *Press Plan*: The meeting has *not* been announced in advance; after the meeting, Jody Powell could simply say that you received Mr. Pungan as an emissary from President Ceausescu, and that you discussed Romanian-American relations.

III. TALKING POINTS

American Romanian Relations

Economic: The main concern of the Romanians is that the new Administration continue the policy of its predecessor in granting a waiver under the Jackson-Vanik amendment that requires free emigration as a condition for Most Favored Nation treatment. As a result of a carefully negotiated understanding, Romania permits a small emigration of Jews to Israel, which satisfies the letter of the law. Since this waiver is granted under a Presidential finding, Pungan will probably seek an indication that you will continue this policy. (In fact, emigration has fallen off, but Israel is not yet concerned because it does not appear to be a result of any internal crackdown.)

Technology-Nuclear: The Romanians are negotiating with Canada for a nuclear reactor, and are seeking assurances that we will grant licenses to American parts; they understand our non-proliferation problems, though Ceausescu recently told our Ambassador that Romania could make nuclear weapons if it wished at any time (an exaggeration), and that no one could foresee where technology would lead in ten years. In any case, the Romanians have been clearly forewarned about our reservations concerning a full fuel cycle or manufacture of heavy water.

1. I want to assure President Ceausescu of the willingness of my administration to develop mutually advantageous relations with Romania; we respect Romania's position of independence and this is the basis on which we can continue, as in the past, with a beneficial relationship.

2. Trade is one of the main points in our relations, and we expect it to continue under the conditions worked out to comply with our laws on Most Favored Nation treatment.

3. As for the export of technology, we regard it as politically significant that Romania has turned to the West for the purchase of a nuclear reactor; we will not place obstacles in the way of dealing with Canada, but as our Ambassador has already told your President, we are determined not to permit the export of technologies that would facilitate weapons development.

4. I hope that President Ceausescu has an occasion to visit the US later in the year.

International Issues

Romania has developed an independent position on the Middle East question, breaking with the Soviet line in 1967 and refusing to denounce Israel. Subsequently, however, a more even-handed position has emerged, and occasionally the Romanians put themselves forward as possible intermediaries; for example, they might offer to carry messages to the PLO. In fact, we have used them as an indirect channel to get our views across on the assumption that whatever we say they will repeat to the Arabs.

Somewhat similarly, the Romanians offer their services in relaying messages to the North Koreans, and even the Chinese, since they try to take a semi-independent stand on the Sino-Soviet dispute.

Since Ceausescu is traveling in Africa, anything you may want to say about the situation in southern Africa may also be taken into account in his discussions there.

Finally, of course, the Romanians are deeply concerned with the politics of the Soviet bloc, East-West issues such as the Helsinki agreements, MBFR, and disarmament issues in general; Romanian representatives are often helpful in giving us frank assessments and have cooperated in preparing for Helsinki.

Romanian relations with Moscow have improved since Brezhnev's visit in November. They are always fragile, however, and depend on Soviet restraint in not pressing for greater Romanian integration in the Warsaw Pact.

1. I would appreciate hearing your analysis of how you believe European security issues may develop. For our part we are serious

about making progress in arms control—specifically SALT, mutual force reductions in Central Europe and a test ban. Moreover, we want the preparatory conference in Belgrade for the review of the Helsinki Accords to yield real progress; we would welcome your suggestions on how these issues could be advanced, in particular, what the situation will be in Yugoslavia after Tito.

Human Rights

In the last week, the Romanians have found themselves confronted by the first sign of public dissent by their intellectuals. A well known Romanian novelist Paul Goma issued an open letter signed by eight others, not as well known outside Romania. The letter expressed solidarity with the Czech Charter 77, and an appeal to the Government for human rights. Ceausescu responded immediately with a strong denunciation (without naming names). But the protestors have not been arrested (as erroneously reported in the Western press). On the other hand, the Romanians claim they are granting free emigration (more than 5,000 in January–February), but the real figure for 1976 was about 3,000.

Almost certainly this subject will *not* be raised by Pungan, but you may wish to advert to it.

1. The defense of human rights is a matter of principle with this country, and we will not hesitate to speak our mind when the situation warrants it.

2. We are not linking our concerns to specific policies nor embarking on a moralistic crusade, but it is best that there be no misunderstanding of our intentions.

Attached is an advance copy of Ceausescu's letter (Tab B[A?]).²

Additional background and briefing material from the Department of State is at Tab B.³

² Dated February 18, attached but not printed. On March 23, Brzezinski hand-delivered Carter's signed response to Ambassador Nicolae. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 33, Memcons: Brzezinski: 1–9/77) The text of the letter was transmitted to the Embassy in Bucharest in telegram 65360, March 24, with instructions that the Ambassador seek an early appointment with Ceausescu to review the points made in Carter's letter. (National Archives, RG 59, Central Foreign Policy File, P850052–1846)

³ Attached but not printed is a February 21 memorandum from Christopher to Carter.

178. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, April 8, 1977, 1015Z

2608. Subj: PARM—Annual Policy and Resource Assessment—Part I. Ref: A. Cerp 0001; B. State 38356.²

A. U.S. interests in Romania

We define the principal long term U.S. interests as:

—Maintenance and enlargement of Romanian independence from the Soviet Union.

—Reduction of restrictions on human rights.

These interests are not new. What I see as new is a willingness to pursue both of them with greater energy, despite some greater risks. They need to be seen in the context of a still broader U.S. interest, valid not only in Romania but throughout Eastern Europe, of undermining Soviet control—carefully, but consciously.

B. Overview

Current policies have helped promote these interests. The successes are there: Two way trade is up. Substantial numbers of family reunification cases are solved, useful high level visits take place, new agreements are signed. We are in for a rough period, however, as we try to promote simultaneously both our principal interests, with only one of which Ceausescu is in accord.

Romanian-Soviet relations—For the past decade or so, Romanian leaders for their own reasons have pursued a policy of relative independence from the Soviet Union. They have shown themselves adept at sensing the limits of Soviet tolerance, while at the same time maneuvering adroitly to expand them. We do not foresee a basic change in this policy, in spite of a heavily publicized “rapprochement” with the Soviets beginning in mid-1976, nor do we foresee an internal economic crisis of such magnitude that Ceausescu would have no place to turn except to the Soviet Union, paying whatever cost in terms of Romanian independence the Soviets demand. A post-Brezhnev succession struggle would undoubtedly cause considerable uneasiness here, but we

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770123-0556. Secret. Sent for information to Belgrade, East Berlin, Budapest, Moscow, Prague, Sofia, Warsaw, Bonn, Athens, Ankara, Tel Aviv, Paris, West Berlin, USNATO, USUN, and pouched to Munich.

² In telegram 38356 to all diplomatic posts, February 19, the Department issued instructions for the format of the annual policy review and resource assessment. (National Archives, RG 59, Central Foreign Policy File, D770060-0449)

would also expect Ceausescu to try to take advantage of Soviet internal problems to expand his maneuvering room as in the immediate post-Khrushchev era.

Eastern European context—We see Romania as the least likely of the Eastern European countries to be affected by the ups and downs of U.S.–USSR relations. Leaving aside a serious post-Tito disintegration of Yugoslavia, Romania is also less likely to be influenced by the general effervescence of a restive region. Except for Bulgaria, however, it is also potentially the most susceptible in Eastern Europe to internal ferment because so relatively little has taken place and the sparks could come from outside. We definitely agree with the S/P assumption that planning be done for a broadening of U.S. relations with the countries of Eastern Europe, so as to position ourselves to take advantage of opportunities as they arise. At the same time we assume the USSR and some individual countries like Romania will, perhaps almost in rhythm with CSCE, resort to a policy of increasing ideologicalization to “protect” their peoples against hostile influences.

Romania’s international role—We anticipate no diminution of Romania’s active and often frenetic pursuit of cordial relations with all Communist countries and parties, Balkan cooperation, courtship of the Third World, strengthened ties with the countries and economic institutions of the developed West, disarmament, a new international political/economic order, the role of “honest broker” in such crisis situations as the Middle East or Korea—all designed somehow to raise the cost to the Soviets of any drastic behavior toward Romania, to obtain both increased quantities of raw materials or access to markets to dispose of manufactured products, and to establish Romania’s credentials as a “developing” country eligible for trade preferences and easy credits.

Internal factors—With his overriding goal of perpetuating himself in power, Ceausescu has built a highly centralized system in which he exerts total control subject only to very general limits. For the next year or two, we see practically no chance of his being unseated in a party power struggle or of being forced from office by explosive discontent among the populace. His internal approach is based more on his perception of how Romania should be governed than on worries about Soviet pressure. Nonetheless we believe, even if Ceausescu doesn’t, that present controls could be substantially relaxed without risking either Soviet intervention or spontaneous internal combustion. There is no doubt that Romania’s rapid pace of industrialization has strained the social fabric, produced large inefficiencies and misallocation of resources, and produced a potentially serious energy crisis. Ceausescu’s post-earthquake policy of meeting and exceeding five year plan goals while at the same time recouping the losses and providing for

unplanned needs in such areas as housing will place even more burdens on the populace. Nevertheless barring another natural disaster, we do not expect that these strains will reach a crisis point during the assessment period. For one thing, Romanians traditionally accept their fate and improvise to get by from day to day. For another, even with its inefficiencies, the Romanian economy is still the fastest growing in Eastern Europe. The hard currency debt position is manageable. There has been a gradual improvement in the standard of living which provides some room for maneuver. As in his dealings with the Soviets, Ceausescu is aware of the limits to which he can push the people and is sufficiently flexible to back off in the face of serious economic discontent.

Human rights—This is a trickier area to predict than the economic one if only because dissidence is so recent a contemporary Romanian phenomenon. Small though it may also be, we anticipate Ceausescu will continue to be plagued by it so long as there is any continuing CSCE process and his dexterity will be put to a greater test because dissidence challenges the legitimacy of his regime. Ceausescu's natural tendency will be to tighten controls, if only because he probably believes relatively few in Romania are prepared to do that much about their rights.

Romanian-U.S. relations—Our leverage so far has been small. It derives from Romania's own desire for independence from the Soviet Union as well as for access to advanced Western technology and financial institutions. It also serves Ceausescu's personal and national ambitions to have, and to be seen to have, a close working relationship with a series of U.S. Presidents. The foregoing does not imply that Ceausescu needs us to survive. He clearly does not. Many of his political goals are already being met in Romania's relationships with other countries, and he can obtain many of the economic benefits he seeks from other Western countries with equal or greater ease. Our relationship in many ways has been more symbolic than substantive, but that is beginning to change and will change still more—and our leverage may increase—if Congress votes reconstruction aid for Romania. Day-to-day relations on most levels are reasonably businesslike, sometimes cordial as well, but in other ways have become considerably more difficult and frustrating because of a tighter internal situation. In areas which Romania considers peripheral (e.g. the exchange program), it only half-heartedly will go along with many of the things we would like to do, while in areas in which there are real conflicts of interests (e.g. human rights/humanitarian questions) extracting positive and continuing action requires the use of a considerable amount of our limited leverage. The interplay between our human rights concerns and Romanian internal restrictiveness assures continuing tensions between us. While our long

term interest is enlargement of human rights, we may be lucky to be able just to help modify the restrictive tendencies.

Romanian leverage on the United States is so far not great. Romania has no raw materials or industrial products which are vital to the U.S. economy. While some Romanian petroleum and petroleum products are presently being shipped to the New England area, this is a small fraction of our total imports which could readily be purchased elsewhere. The Romanian market for U.S. exports at present is small, but it could grow appreciably in the next few years. Their greatest leverage is in their knowledge that we also have an interest in their independence.

C. Objectives, issues, and courses of action

1. Objectives

We see the following as key U.S. objectives for the next one or two years:

—An active but candid relationship with the Romanian leadership based on mutual respect and understanding of each other's interests.

—Expanded contacts and mutual involvement between individuals, institutions, and bureaucracies of both countries in order to widen and solidify the regime's stake in successful cooperation with the West.

—Improved Romanian performance on the human rights issues embodied in Helsinki Basket III and the Jackson/Vanik Amendment.

—Moving economic-commercial relations faster toward the one billion dollar 1980 goal, especially through increased U.S. penetration of the Romanian market with our industrial goods.

These objectives are basically similar to those contained in last year's policy assessment (76 Bucharest 2230), but, unlike last year, we do not see them in any particular order of priority since they are closely interrelated and mutually reinforcing.

2. Issues

"Pecking order"—We believe that it is no longer useful to maintain a set "pecking order" in our relations with the countries of Eastern Europe other than in terms of our inherent interests. We should position ourselves so that if there is an opportunity for moving ahead anywhere we could do so. This, we realize, will call for more flexibility than we usually have allowed ourselves. We believe that, because of the U.S. presence already established in Romania and the extensive though admittedly often erratic opportunities which that affords, our bilateral relationship will continue to be one of the most active in Eastern Europe, with or without a "pecking order."

Foreign policy independence v. internal liberalization—There seems to be no set formula in Eastern Europe for prescribing the necessary inter-relationship between these two factors. Thus during Ceausescu-

cu's regime, a period of relative foreign policy independence from the Soviet Union, there has been only one period of substantial internal relaxation (68-70), although the scene still much more relaxed than in the 50's. As to our own relations with Romania or any other East European state, we see no need to prescribe a set formula either. It is in our interest to encourage both independence, especially national independence, and liberalization for their own sakes, but also because they erode Soviet control. We should not be overly "rewarding" or ignoring one kind of behavior over another but rather be using our influence to work toward each, recognizing that in a country like Romania liberalization will come harder. We need to keep reviewing our operational definition of "internal liberalization" which has been focused almost entirely on emigration and only marginally on the right of dissent, minority rights, religious freedom, and freer exchange of information. So far we have correctly in our judgment made no sustained effort to modify the other repressive features of Romania's internal regime other than through our support of RFE. Given the limited leverage we are likely to have on this most sensitive of areas a carefully calculated approach, using CSCE to the maximum, is the most realistic one. Ceausescu knows well the U.S. concerns in this area but is not going to give much on his own restrictive approach. If dissidence increases here and repression too, we may need to speak out about Romanian practices as we now do about Soviet ones. Frequent and candid contacts at all levels of the type we have had in the past are the best guarantee of keeping things in perspective. It is worth thinking in this context of the leverage the possibility of a meeting with the President later this year might have on Ceausescu.

U.S. immigration/emigration policy

Because of Jackson/Vanik and CSCE we intercede forcefully in individual emigration cases and in general for freer movement. On the other hand, we are forced to work within the bounds of an immigration law which is both restrictive in spirit and letter. To many Romanians, the U.S. position on human rights translates into a U.S. endorsement of their "right" to leave Romania and to live in the United States. Some of these people are not qualified for an immigrant visa with consequent embarrassment to us. This contradiction has caused us to establish such expedients as the Rome TCP program which, although it does allow us to process many additional (but not all) types of cases, does not eliminate the basic dilemma which is reconciling our humanistic traditions with our unemployment situation. There is a comparable contradiction between our advocacy of unrestricted travel and our barring of CP members. We applaud the President's decision to study these problems, and hope a new consensus, which will obviously

require legislation, can be reached soon. Coordination of our policies with those of other Western countries is also worth undertaking.

A related issue is that of emigration of Romanian Jews to Israel or Romanian Germans to the FRG. We are expending more of our limited leverage on the Jewish emigration question than on any other single item and the Israelis are understandably perfectly content to let us continue to carry the ball. We believe that more balance has to be achieved and our efforts should at most equal those of Israel or any other third state.

[Omitted here is more specific discussion of U.S. goals and the likely reactions of the Romanian Government.]

Barnes

179. Telegram From the Department of State to the Embassy in Romania¹

Washington, May 6, 1977, 2321Z

104105. Subject: Human Rights in Romania—Nimetz/Nicolae Meeting May 5. Ref: Bucharest 3132.²

1. Summary: Counselor Nimetz told Ambassador Nicolae that current Romanian crackdown, if continued, would likely become public irritant in US-Romanian relations. Counselor also said Carter-Ceausescu meeting be most difficult to arrange under present circumstances, but might be considered at appropriate time. Nicolae presented lengthy exposition of Romanian viewpoint, implying that US is seen as undermining Romanian internal discipline. End summary.

2. Counselor Nimetz called in Ambassador Nicolae alone May 5 to express administration concern at recent Romanian crackdown on dissidents and anti-US press campaign. Deputy Assistant Secretary

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 2, Romania—CSCE. Confidential; Priority; Exdis. Drafted by Silins; cleared by Armitage and in S/S; approved by Nimetz.

² In telegram 3132 from Bucharest, April 28, the Embassy reported on the increasingly repressive nature of the Romanian regime. Barnes suggested that the ongoing crackdown and anti-Western media campaign was decided by Ceausescu himself and that, with regard to Ceausescu's internal policies, the U.S. ability to influence a positive outcome was very limited. (National Archives, RG 59, Central Foreign Policy File, D770148–1290)

Armitage and Desk Officer Silins also participated. Meeting lasted just over one hour.

3. Counselor said we are troubled and distressed by events of recent months in Romania, particularly by what appears to be purposeful anti-US press campaign and arrest and imprisonment of persons such as Goma, Georgescu and Ton who appear to be doing nothing more than speaking in support of Helsinki principles. Counselor noted that both he and Armitage had testified before House International Relations Committee in support of earthquake aid and, in response to several questions on human rights in Romania, had painted generally favorable picture and said we know of no imprisonments. So far the present situation has not become a major public issue, and we have not made any public statements. President Carter and Secretary Vance have made clear the US is not interested in interfering with or overturning other governments, but have made it equally clear US must speak out when clear violations of human rights are involved. We would not want to have public issue on human rights in Romania unless absolutely necessary, but with MFN renewal process, earthquake aid appropriation, and Belgrade Conference coming up, questions are bound to arise, and it will be difficult to avoid comment. We are confused by these latest Romanian actions because we do not perceive threat to the Romanian leadership, which appears popular and strong. Nor do we believe the US has caused any affront to Romania which would justify the anti-US press campaign. We hope the situation can be cleared up so as to avoid a public debate; hence this private talk.

Armitage added that some of those arrested have expressed a desire to leave Romania; obviously the reaction in the US will be different if people are allowed to leave than if they received harsh sentences.

4. Nicolae replied that Romanian interest in good relations with the US remains high. President Ceausescu had reaffirmed this to Nicolae during his recent consultations in Bucharest. GOB also appreciates US offer of earthquake aid. However, it is important to keep in mind Romanian interests. As Foreign Minister Macovescu had explained to Ambassador Barnes, GOR was surprised at "unpleasant attitude" of US newspapermen, which caused certain articles to go beyond criticism to insult.³ Even "sensitive matters" had been reported on, such as

³ In telegram 2473 from Bucharest, April 4, the Embassy reported on the recent anti-American campaign in the Romanian media and the meeting on April 3 between Barnes and Macovescu on the subject. Macovescu explained that Romania felt the need to strike back as a result of negative stories in the U.S. press and negative RFE reporting and commentary. Macovescu accused the U.S. Government of intentionally planting anti-Romanian stories in the U.S. press, and accused the U.S. press of focusing on negative aspects of the post-earthquake recovery and attacking President Ceausescu personally. (National Archives, RG 59, Central Foreign Policy File, D770187-0096, D770116-0953)

alleged killing of woman by Ceausescu motorcade. Nicolae maintained this report was false. Continuing his lengthy rebuttal (partly in Romanian), Nicolae touched on US press reports that Romanian people are being forced to work weekends; reference to “concentration camps” in Romania (by which he presumably meant short article which referred to “labor camps”); RFE broadcasting of Goma’s telephone number; and US emphasis on specific human rights cases, as opposed to general principles. Thrust of his presentation was that in order to meet development goals, which are precondition for Romania’s ability to deal equal terms with other countries, including “Socialist” ones, GOR must act very prudently in mobilizing population. By implication, US is making internal discipline more difficult to maintain. Further, Romania cannot accept any interference in internal affairs. Which can take various forms and be interpreted in different ways by different countries (i.e. USSR).⁴ Keeping in mind Romania’s geographic position, Romanian leadership remains confident but must also be prudent.

4. In part of conversation he emphasized was “unofficial,” Nicolae said he knew something about Ton’s status but not the others mentioned. Ton, he said, had done something “very bad for relations between the Romanian Baptist Church and the Romanian authorities”: he sent a letter to RFE “explaining various cases.” Other Romanian Baptists, not the GOR, had removed Ton as pastor in Ploiesti for this reason. However, Ton is at present not rpt not under arrest; he is being allowed to conduct religious services at “some churches” in Bucharest. Nicolae also stressed the general point that if some persons had been arrested in Romania, which was possible, it was because they had clearly violated Romanian law by doing something more than simply criticizing GOR, which was not illegal. Therefore, such arrests were an internal matter, not a proper subject for international debate.

5. Counselor responded that US also recognizes need to be prudent in these matters and sympathizes to some extent with problem Romania faces. We are not attempting to interfere in Romania’s domestic affairs, nor are we discussing the legal aspects of the cases mentioned; rather, our concern is with the possible problem in our relations caused by arrests of persons for supporting Helsinki principles or for religious activity. US press is not controlled by anyone; general earthquake coverage was highly sympathetic. Perhaps GOR is too sensitive about press items. On other hand, deliberate selection of negative items about

⁴ In a March 7 intelligence information cable, the CIA reported that, in late February, the Romanian Foreign Ministry instructed all Romanian missions abroad not to issue visas to U.S. legislators unless authorized by the Foreign Ministry and refrain from any contact with U.S. Senators investigating human rights issues. (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 2, Romania-US (General))

US, even if taken (as Nicolae claimed) from US press, reflects GOR policy and is interpreted accordingly by Romanian people. Nicolae said there is no place for anti-Americanism in Romanian policy, but the “increasing presentation of realities in capitalist countries is because of increasing presentation of Romanian realities in Western press.”

6. Nicolae said it was important to look to the future course of relations between Romania and US. In this connection, it was important to arrange a meeting in the near future between Presidents Carter and Ceausescu, so they could discuss issues directly. Ceausescu is very interested in meeting Carter, preferably in Romania, where he could get some first-hand impressions. Counselor replied that first months of new administration are difficult time to arrange such travel, but perhaps it could be discussed at an appropriate time. Under present circumstances, in view of events such as arrest of a Baptist pastor and professor who had studied in US, it would be impossible to propose such a visit. Counselor and Armitage both pointed out that our intent in this meeting was to be sure that President Carter’s views on human rights were clearly understood and to underline that it was important for our relations that handling of cases of those arrested for defense of Helsinki obligations be restrained. Otherwise, public confrontation might ensue. We asked that Nicolae convey this message to President Ceausescu with whom US leaders had enjoyed such good relations.

Christopher

180. Memorandum From the President’s Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, undated

SUBJECT

Romanian Trade: Presidential Waiver

The Trade Act of 1974, as amended by the Jackson-Vanik provision, requires a Presidential waiver to extend Most Favored Nation (MFN) treatment and government sponsored credits to any “socialist” country.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 45, Romania: 1977. No classification marking. Sent for action. Hyland forwarded it under a covering memorandum to Brzezinski on May 26. Printed from a copy that does not bear Brzezinski’s initials.

Your determination and waiver must be received by the Congress by June 2, 1977. There are two decisions: (1) a general recommendation to continue the Presidential waiver authority, as provided for under the law; this permits you to grant MFN to a communist country if you find that doing so will promote the objectives of the law, i.e., freer emigration; and (2) a specific waiver of the law as applied to Romania so that the US-Romanian Trade Agreement of 1975 will continue in force.

In the past it has seemed clearly in our national interest to exempt Romania from the Jackson-Vanik provisions, which were directed against the USSR. Recently, however, there has been some growing concern that Romania was not permitting emigration and was hardening its internal repression. Fifty-five Congressmen sent you a letter indicating such concerns.² Nevertheless, emigration to Israel continues at a rate (undetermined) that is satisfactory to the Israeli government, which concluded a secret arrangement with Romania. And emigration to the US has actually increased in the years since the waiver was first granted.

Secretary Vance recommends that you extend the waiver to Romania for another 12 months, and that you also recommend the general extension of the waiver provision (Vance memo is at Tab C).³

RECOMMENDATION

1. That you sign the Presidential determination at *Tab A*, that extends the general waiver provisions.⁴
2. That you sign the specific waiver for Romania and the message to the Congress at *Tab B*.⁵

² Not attached.

³ Not attached.

⁴ Carter signed PD 77–14 on June 2. (*Public Papers: Carter, 1977*, Book I, p. 1057)

⁵ The President signed the specific extension of the waiver for Romania on June 2. (*Public Papers: Carter, 1977*, Book I, pp. 1055–1056)

181. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to Secretary of State Vance¹

Washington, July 27, 1977

SUBJECT

Visit from the Romanian Ambassador

Prior to going home on leave, the Romanian Ambassador called on me to say goodbye. He raised two specific points:

—He expressed concern that out of the \$20 million US relief funds for Romania, only \$7 million have been “handed over”. Can something be done to expedite this?²

—He expressed a very strong hope that President Ceausescu could come and visit with President Carter. He pleaded for this year, but obviously would be satisfied with something next year. In my view, a visit by Ceausescu would be useful. How do you feel about it? Should we put in a recommendation for the President?

Zbigniew Brzezinski

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 45, Romania: 1977. Secret.

² On July 29, Treverton sent a memorandum to Brzezinski with an update on the situation for aid to Romania. He reported that Representative Clarence Long was holding the supplemental appropriation bill in the Appropriation Committee, despite having no objections to it, and urged Brzezinski to call Long. (Ibid.) On August 4, Treverton again wrote Brzezinski, urging a call to Speaker O'Neill to ask the Speaker to intervene with Long. Treverton wrote: “Romania has been extremely cooperative in the CSCE Preparatory Conference; it was, in several cases, a more fervent advocate of Western positions than were the Allies themselves.” (Ibid.)

**182. Report Prepared in the Bureau of Intelligence and Research,
Department of State¹**

No. 843

Washington, August 18, 1977

CEAUSESCU'S LEADERSHIP POSITION*Summary*

Romanian President and party boss Nicolae Ceausescu has concentrated more power in his own hands than has any other Warsaw Pact leader; his control of the party and state apparatus is seemingly unassailable. There have been indications, however, of a steady erosion in the extent of support he enjoys both within the party and among the population at large.

Ceausescu's handling of the aftermath of the earthquake which struck Romania in March—he completely dominated the relief and reconstruction activities—highlighted and increased the gap between him and the rest of the party leadership. Since then, his intensification of an already blatant personality cult and his failure to modify unpopular economic policies have further alienated a dissatisfied public. The June 13 riot at Bucharest's "August 23" stadium and the coal miners' strike in western Romania in early August reflect a considerable degree of popular frustration and anger.

Although no immediate challenge to Ceausescu's leadership position is likely, his isolation probably will grow, further hampering effective policy formulation and implementation. Within the next few years the resulting pressures could pose serious problems for Romania's political stability.

Ceausescu's Leadership Style

Ceausescu remains Eastern Europe's most unusual Communist leader, integrating nationalism and Marxism in a uniquely Romanian blend. His domestic policies in recent years (he has ruled Romania for 12) increasingly have departed in significant ways from prevailing Soviet and East European norms. These deviations, while less publicized than his foreign policy initiatives, may be of greater importance in the long run for Romania's stability and policy orientation.

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1958–1978, Lot 92D468, Box 6, Eastern Europe Misc. 1977–1978. Secret; Noform; Orcon. Drafted by Rackmales; approved by Mautner.

Broadly speaking, the new internal political actions introduced by Ceausescu fall into four interrelated categories:

- promotion of a “cult of personality” on a scale unparalleled in Eastern Europe since the 1950’s;
- frequent shifts of personnel between party and state organs, and between Bucharest and the rest of the country;
- gradual dilution of the prestige and authority of key party organs, such as the Central Committee; and
- blurring of party and state functions and the creation of new mass organizations with vaguely defined mandates.

Ceausescu’s mastery of political maneuver has enabled him to manage these changes so as to concentrate more and more power in his own hands.² The centralization and personalization of decisionmaking in Romania has reached the point where Ceausescu overshadows not only the other members of the leadership but also the party and state institutions themselves. Most observers agree, however, that the decline of the prestige and effectiveness of these institutions has not been accompanied by a corresponding increase in popular or party support for Ceausescu or his policies.

Such support was at its peak following Ceausescu’s courageous defiance of the Soviet Union at the time of the 1968 invasion of Czechoslovakia and the subsequent dramatic opening to the United States symbolized by President Nixon’s visit to Bucharest in August 1969. The enthusiasm that these gestures evoked in Romania facilitated Ceausescu’s drive to consolidate his personal power, but the gradual stabilization of Romanian relations with the two superpowers since 1970 has reduced the role of nationalism as a means of winning popular allegiance.

As patriotic euphoria has declined, increasing public disillusionment with Ceausescu’s economic policies has surfaced. Living standards in Romania rank well below those in the other East European countries. The level of personal consumption is estimated to be 50 percent lower than that in neighboring Bulgaria, and the absence of adequate health care is reflected in an infant mortality rate that is the highest of any Warsaw Pact country. These shortcomings are the result partly of historical factors (Romania at the end of the Second World War faced particularly severe problems of rural over-population and general economic backwardness), but it is the regime’s investment

² Ceausescu is now President of the Socialist Republic of Romania, General Secretary of the Romanian Communist Party, President of the Council of State, Chairman of the Socialist Unity Front, Chairman of the Defense Council and Supreme Commander of the Armed Forces, Chairman of the Supreme Council of Economic and Social Development, and Chairman of the Ideological Commission of the Romanian Communist Party. [Footnote is in the original.]

policy favoring maximum expansion of heavy industry at the expense of the consumer which is increasingly seen as the major cause of the lagging standard of living.

Against this background, the earthquake that struck Romania last March provides a useful focal point for an assessment of Ceausescu's leadership.

Ceausescu's Leadership in Action

Ceausescu faced his most dramatic leadership test in years when an earthquake measuring 7.2 on the Richter scale struck Romania on March 4, 1977. More than 1,500 persons were killed and 35,000 families made homeless; Bucharest and some provincial centers were damaged extensively. The extent of the disaster drew all elements of the party and government leadership into relief and reconstruction activities, but it was Ceausescu who directed and completely dominated the process. No other official was delegated meaningful authority or permitted to receive public recognition for his contribution.

When the earthquake struck, Ceausescu was in Nigeria completing a five-country African tour; thus the initial emergency actions were taken by others. Ceausescu, who was on the scene within 18 hours, lost no time in publicly criticizing "certain responsible factors for shortcomings in the organization of urgent acting to eliminate the effects of the earthquake." Privately, according to a clandestine report, Ceausescu angrily reproached most of the top party leaders, accusing them of being "utterly confused" after the earthquake struck. The earthquake's initial effect on the leadership was, therefore, not to promote solidarity in the face of disaster, but to increase the gap between Ceausescu and his colleagues.

Ceausescu's subsequent management of the relief effort provided further evidence of his ingrained distrust of party institutions. On March 5, it was announced that the nine-man Permanent Bureau of the party's top-level Political Executive Committee (Polexco) would "function as command center" for all earthquake-related activity. That decision was never implemented; instead, the full 34-man Pollexco, acting as a "political staff," met daily to "lead and organize the struggle against the effects of the earthquake."³ The language of the Pollexco daily communiques left no doubt, however, that on key decisions the Committee merely rubber-stamped Ceausescu's "recommendations."

³ The reason for the change is unclear, but it probably reflects Ceausescu's known dislike for anything that smacks of collegial leadership. [Footnote is in the original.]

The Cult of Personality Intensifies

The earthquake provided Ceausescu with an unparalleled opportunity to display his complete dominance of party and state activity. The press provided saturation coverage of his highly visible control of relief and rescue operations, which extended to personal supervision of (and sometimes participation in) individual rescue operations. Praise of Ceausescu's "titanic" leadership reached a new pitch of intensity. The eulogies even took on quasi-religious overtones, as when the Foreign Minister announced that the "miracle" of recovery from the earthquake did not come from heaven but from "the great force of mobilization and action of our party Secretary General Nicolae Ceausescu whose example in those tragic days has already entered the heroic history of our people."

Attempts were also made to include Ceausescu's wife Elena (appointed to the Permanent Bureau in January) in this glorification campaign. The increasingly prominent role played in recent years by Mrs. Ceausescu, who by most evidence is the most unpopular member of the leadership, has been a political liability for her husband.⁴ Evidently her appointment on March 10 to head a "National Committee of Assistance" to coordinate internal and foreign donations was not well received. Nothing further has been heard about the committee or about Mrs. Ceausescu's role in earthquake assistance.

Popular Discontent in Post-Earthquake Period

Ceausescu's political exploitation of the catastrophe clearly alienated the Romanian elite. For the average Romanian, however, political issues remain secondary to pocketbook issues, and in the aftermath of the earthquake the latter took on added significance and sensitivity.

Any hopes the public may have had that the trauma would prompt a fundamental reevaluation of economic priorities were disabused within a few days. Even before the full extent of economic loss could be assessed, Ceausescu emphasized that the five-year plan targets would have to be met "in accordance with the initial provisions." Subsequently, however, the need to give a psychological boost to a weary and disillusioned population was recognized, and in May the regime announced a program of wage and pension increases designed to put more money in consumers' pockets. The program as a whole has nonetheless been greeted with skepticism because of uncertainty

⁴ An unflattering portrayal of a character thought to represent Elena in a 1971 novel by Paul Goma caused the book's rejection and completed Goma's alienation from the regime. Ceausescu's three children—Valentin, Zoe, and Nicu—are—less prominent, and therefore less unpopular than Elena, but their personalities and penchant for high living are further liabilities for Ceausescu. [Footnote is in the original.]

over the extent of real gain for the consumer. More seriously, the proposed pension law changes, while increasing pension payments, contained provisions adversely affecting certain categories of pension recipients.

In early August, Ceausescu was forced to interrupt a vacation to rush to the scene of a strike by coal miners angered by provisions of the new pension law. Reportedly, Ceausescu, who was greeted with open hostility by the miners, agreed to change some of its more onerous provisions, and the strike ended.

The August strike was the second overt expression of popular discontent since the earthquake. On June 13 a mass riot at Bucharest stadium, triggered by public anger at the overselling of tickets to a pop concert and soccer match, had taken on a clearly anti-regime cast. These two unrelated incidents indicate that popular frustration has reached the point where traditional Romanian passivity toward political authority can no longer be taken for granted.

Conclusion

After 12 years of rule, Ceausescu's élan appears undiminished. His handling of the earthquake crisis and its aftermath demonstrated anew the qualities of decisiveness, energy, and tactical skill which have long been hallmarks of his style. The initial period of confusion was very brief, and while some have questioned the emphasis placed on cosmetic aspects of the relief program, there is no denying the impressive results achieved.

Offsetting these accomplishments was Ceausescu's seeming unwillingness or inability to modify characteristics of his rule which threaten further erosion of his support within the party and among broad strata of the population.

—The increasingly blatant cult of personality is viewed with cynicism or embarrassment by many Romanians.

—Mistrust permeates the top ranks of the country leadership, while the circle of Ceausescu supporters constantly narrows.

—Rigid adherence to unpopular economic policies, aggravated by ineptness in their implementation, continues.

As yet, there is no immediate, visible threat to Ceausescu's overwhelming dominance of the levers of power. His skill in maneuvering potential critics out of positions of influence appears to have prevented formation of alternative leadership clusters. A new confrontation with the Soviets, should one occur, could once again permit him to rally Romanians behind the banner of nationalism.

Over the longer term, however, Ceausescu's failure to reverse what looks like a gradual but steady erosion in his political backing could increasingly isolate him, making effective policy formulation and exe-

cution more and more difficult and threatening the stability of his regime.

183. Editorial Note

On August 25, 1977, Israeli Prime Minister Menachem Begin visited Bucharest for discussions with Romanian President Nicolae Ceausescu. The Embassy in Bucharest reported in telegram 6444, September 1, that while the Romanian media had been "singularly uninformative on substance of talks," according to the Israeli Ambassador to Romania, the two leaders had begun "getting through to each other if only in terms of personal rapport" despite serious disagreements between them on the Middle East issue. "Each side restated its well-known positions" the Embassy reported, and, although "no offer was made by Ceausescu to mediate nor was he so asked by Begin," the two sides agreed to stay in touch with one another on the issue. (National Archives, RG 59, Central Foreign Policy File, D770316-0847)

Telegram 6719 from Tel Aviv, September 8, provided further details on the Ceausescu-Begin meeting reported from Bucharest. In his conversation with U.S. Ambassador to Israel Samuel Lewis and the Deputy Chief of Mission following his return from Romania, Prime Minister Begin recounted that Ceausescu "claimed [Egyptian President Anwar al-] Sadat told him earlier this year that he is ready for a direct meeting between representatives of Egypt and Israel. Begin asked if Sadat meant he was ready to meet with him (Begin). If so, Begin said he was prepared. Ceausescu thought a meeting at such a high level was not yet in the cards, but that the initial contact would have to be between 'representatives' of the two countries at a lower, unspecified level. When Ambassador asked whether Begin understood that 'ball remained in the Romanian court' to arrange meeting, response was that it remained in the Egyptian court." (National Archives, RG 59, Central Foreign Policy File, D770325-0731)

Talk of a Romanian mediation effort in the Middle East was not without basis. Bucharest was the only Eastern European Communist country to maintain diplomatic relations with Israel following the 1967 War, despite pressure from Moscow and the Arab countries to isolate Israel. Bucharest had also been involved in back-channel diplomacy in 1967 in Vietnam (see *Foreign Relations*, 1964-1968, volume V, Vietnam, 1967, Document 411) and in the initial stages of the Sino-American rapprochement from 1969 to 1970. (See *Foreign Relations*, 1969-1976,

volume XXIX, Eastern Europe; Eastern Mediterranean, 1969–1972, Document 199; and *Foreign Relations*, 1969–1976, volume XVII, China, 1969–1972, Documents 20, 94, and 96)

184. Memorandum of Conversation¹

Washington, September 14, 1977, 3:50–4:35 p.m.

SUBJECT

Middle East

PARTICIPANTS

U.S.

Secretary Vance

Deputy Assistant Secretary William Luers

Ints M. Silins, EUR/EE (Notetaker)

Romania

Ambassador Nicolae Nicolae

Third Secretary Petre Anghel (Interpreter)

SUMMARY: Romanian Ambassador Nicholae briefed the Secretary on Prime Minister Begin's talks with President Ceausescu in Romania August 25–29. The Romanian account of these meetings shows that Romania pressed Begin to adopt a more reasonable position on solutions in the Middle East; the Romanian position has similarities to our own. The Romanians believe the Israelis may eventually show some flexibility but have no particular evidence for this conclusion. The Secretary said we will keep in touch with the Government of Romania on Middle East Issues and would welcome any suggestions on approaches to a peaceful settlement. *END SUMMARY*

Ambassador Nicolae called, on instructions, on Secretary Vance to present a detailed report on Israeli Prime Minister Begin's visit to Bucharest during August 25–29. Ambassador Nicolae read his account from a written report, which he said was based on a stenographic record of conversations between Prime Minister Begin and President Ceausescu.

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, unlabeled folder. Confidential; Nodis. Drafted by Silins; cleared by Glaspie; approved in S/S on September 21. The meeting took place in the Secretary's office.

1. The Romanian Position

Ceausescu had presented the Romanian position on conditions necessary for a just and lasting peace in the Middle East. These include: (a) Israel's withdrawal from the occupied territories; (b) recognition of the legitimate interests and aspirations of the Palestinians, including the right to create an independent state; (c) assurance of the independence and integrity of all states in the region. Ceausescu had expressed concern with some Israeli actions; namely, illegal settlements in the occupied territories, and Israeli involvement in Lebanon. Ceausescu said that Israel must revise its position and recognize the national rights of the Palestinian people, lacking which, no lasting solution is possible. He said that it is necessary to break the vicious circle around relations with the PLO by a clear statement of the right of self-determination of the Palestinian people. He added that the establishment of a Palestinian state will not satisfy all Palestinian demands; there is also the problem of compensation for losses suffered by Arabs who were resettled in other countries.

Ceausescu said that no one can imagine a solution in the Middle East without participation by the PLO at Geneva on an equal footing and with full rights. He said that conditions are now most favorable for progress toward peace, and he particularly emphasized that responsibility rests with Prime Minister Begin and with Israel for not taking advantage of these favorable conditions. Ceausescu noted that Israel hangs on to old and rigid positions, and it is a grave mistake not to meet the flexible positions of the Arab states. Ceausescu said the situation may change at any time with grave consequences for peace.

Ceausescu pointed out that the framework offered by the UN cannot be ignored. Israel has to recognize the UN role, including that of the Committee on Special Rights of the Palestinian People.

Ceausescu noted that Romania does not want to assume the role of mediator but seeks to make its contribution to peace in the Middle East along with other states.

2. Begin's Position

Prime Minister Begin repeatedly underlined that it is his desire and that of Israel to achieve peace and avoid another war in the Middle East—this is the sole motive for his actions. There are no preconditions for a reconvened Geneva Conference, and all problems should be subject to negotiations. Begin offered no new ideas on the framework of the negotiations but explained the content and sense of proposals he had made during his visit to the United States.

Begin said Israel would not oppose the inclusion of Palestinian representatives in a Jordanian delegation, if they are not known PLO members. Begin said that a single Arab delegation would not be justified since peace treaties must be negotiated and signed separately.

Begin pointed out that the policy of non-recognition and rejection of the PLO is motivated by the fact that the Palestinian national charter calls for the destruction of Israel.

Israel apparently plans an overall settlement through the conclusion of peace treaties. Begin did not mention the possibility of partial solutions during his meetings with Ceausescu. The essential content of these peace treaties, according to Begin, should be cessation of the state of war. Begin said that territorial problems and settlements in the occupied territories should not be obstacles to peace, everything being negotiable. Begin said the Israeli position on the delimitation of frontiers is dictated entirely by national security reasons and is not a pretext for territorial aggrandizement. The final borders are to be jointly established only through negotiations and reflected in the peace treaties. The establishment of diplomatic and other relations must be an integral part of the peace treaties—but this is a problem for the negotiations, not a precondition.

Begin attached great importance to the contacts at Foreign Minister level at the UN this fall. Israel would have preferred direct contacts, but in any case some progress can be made toward a conference.

With regard to the problem in southern Lebanon, Begin said he does not want any Lebanese territory and would do anything to avoid the outbreak of another war, but Israel cannot be indifferent to the fate of the Christian minority in the region.

3. Romanian Conclusions

The Romanian Government considers that Prime Minister Begin's visit was a good opportunity to set forth the Romanian position toward establishment of peace in the Middle East. Efforts should be intensified to convince Israel to revise its rigid position. During the talks, the Romanian side got the impression that, despite Begin's rigid statements, the Israeli Government might be considering the possibility of revising its positions. Begin did not reject the possibility of a peaceful solution to the Palestinian question, but said that it would be hard to do this as long as the PLO does not renounce the idea of destroying Israel. Begin said that he would think over the comments and analysis made by President Ceausescu.

If only for this reason, the Romanians consider the visit useful. It was never expected that Begin would revise his positions in Bucharest or find the solution to the Middle East problem while there. The opinion of the Romanian Government is that Begin's intransigent statements do not represent the final word. The possibility of an understanding is not closed, but it is necessary for all countries to help bring the respective positions closer together so that the Geneva Conference can reconvene and a solution be found for PLO participation.

Ambassador Nicolae conveyed President Ceausescu's thanks for the briefing he had received on the Secretary's Middle East visit,² and he conveyed the hope that exchanges will continue, including a meeting between Secretary Vance and Romanian Foreign Minister Macovescu at the UN.

Secretary Vance expressed his great appreciation for the report on Prime Minister Begin's visit. He said it was useful that such a conversation took place and that it was good for Begin to hear as many views as possible. The Secretary said there are many similarities between the US and Romanian positions on what is required for a settlement in the Middle East. The statements made by Prime Minister Begin in Romania are in line with what he said to us here. There are two crucial issues, however, on which we see no flexibility on the Israeli side: the West Bank and the question of a Palestinian entity or state. We agree there must be some Palestinian participation at Geneva; otherwise, there can be no lasting settlement. It is, therefore, both a procedural and a substantive question. We hope that at the UNGA we can help move the positions closer together and bring about a Geneva meeting no later than December.

The Secretary said that we look forward to keeping in touch with the Romanian Government on the Middle East and would appreciate any suggestions Romania might offer. The parties to the conference will have to make the final determination themselves, but they will need help.

² In telegram 197399 to Bucharest, August 19, the Department forwarded Secretary Vance's summary of his trip to the Middle East to be used in a briefing for Ceausescu. (National Archives, RG 59, Central Foreign Policy File, D770299-0562) No report of when the Embassy in Bucharest briefed Ceausescu on the trip was found.

185. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, October 17, 1977, 1035Z

7631. Subj: GOR's Campaign for Multi-Year MFN. Ref: Bucharest 6891.²

1. Summary: During Counselor Nimetz's visit in Romania, he met with three high-level GOR officials who, each in his fashion, issued a clear signal that the Romanians intend to launch a full-blown campaign for the eventual achievement of multi-year Most Favored Nation treatment. President Ceausescu has clearly put this issue at the head of his list of priorities in terms of US–GOR economic relations. The point man in this campaign will be Deputy Prime Minister Patan who is scheduled to visit Washington, October 27–November 3. The culmination of this phase of the campaign would logically occur with the Ceausescu visit. Meanwhile we need to think out how best to achieve our own interests. End of summary.

2. The Government of Romania's serious intent to attempt to achieve the extension of Most Favored Nation treatment for longer than one year at a time was clearly and repeatedly expressed in conversations held with Counselor Nimetz in the course of his visit to Romania, October 10–12. Foreign Minister Macovescu said that it was politically important to avoid an annual debate in Congress which tends to be treated as an open invitation for a debate focusing on any topic whether or not it has any direct bearing on US–GOR economic relations. He said that if it appears now to be politically impractical or unwise to attempt to separate out the Romanian case from the 1974 Trade Act, some provision should be found which would permit that the congressional review take place only every three years. Noting that the Foreign Minister was even more familiar with the MFN issue than he was, the Counselor pointed out that emigration performance was bound to be important, especially in coming months, as we assess it on a bi-annual basis. Anything GOR could do to make this performance

¹ Source: National Archives, RG 59, Central Foreign Policy File, D770380–1259. Confidential. Also sent to Budapest.

² In telegram 6891 from Bucharest, September 19, the Embassy reported on a September 14 conversation between Barnes and Patan. Despite understanding the challenges multi-year MFN for Romania would have to overcome, Patan made clear "GOR will persist in discussing here and in D.C. the desirability of multi-year review and continue to explore modalities, direct and indirect, for attaining their objective." (National Archives, RG 59, Central Foreign Policy File, D770340–0145)

attractive, especially with regard to emigration to Israel, would be helpful.³

3. RCP CC Secretary for International Affairs Stefan Andrei noted October 10 that U.S. was surely aware both of Rom desire for more ample relations and of President Ceausescu's desire to get away from the annual review of the MFN clause; the President's argument that we need a more stable basis for the whole relationship strengthened this desire, Andrei said. Counselor replied that it is difficult to be optimistic about short-term prospects. Multi-year review would be a serious matter in the Congress, as most recent annual extension had not been, and it would be necessary to lay the groundwork very carefully. Acceleration of the process of good relations between the two countries and a demonstration to our public that progress on human rights is possible here would be the kinds of developments needed. It is important to continue to consult on these matters.⁴

4. In Nimetz's meeting with Deputy Prime Minister Patan on October 11, Patan stressed the peculiarity of the Romanian fate, pointing out that it was the single country which had concluded an arrangement under the provisions of the Trade Act of 1974 for Most Favored Nation treatment. By doing so, Romania had set a sort of example for those states which were and remain highly skeptical that any satisfactory accommodation on this issue can be reached with the United States. Patan stressed that the example set by the GOR should be a more positive model. There are diplomatic representatives in Bucharest, who, having advised against the GOR entering into the agreement with the USG concerning MFN, are now saying, quote, I told you so, end quote.

5. In October 12 meeting, FornMin Macovescu was somewhat less elliptical in comments on annual review process.⁵ As Foreign Minister he wished to give the political viewpoint, he said: It is important from all points of view to avoid the kinds of things that happen during the

³ In telegram 7677 from Bucharest, October 18, the Embassy reported on Nimetz's discussions of bilateral issues with Gliga and Macovescu, including the proposed Ceausescu visit to Washington, other high-level exchanges, arms control, and scientific and cultural exchanges. (National Archives, RG 59, Central Foreign Policy File, D770382-0169)

⁴ In telegram 7726 from Bucharest, October 19, the Embassy reported that Andrei told Nimetz that Communist parties in the West are in the process of establishing an independent line, with the strongest parties having a special role. (National Archives, RG 59, Central Foreign Policy File, D770385-0502)

⁵ Nimetz also discussed international issues with Macovescu during their meeting. In telegram 7602 from Bucharest, October 14, the Embassy reported Macovescu's assertion to Nimetz that the joint U.S.-Soviet declaration preoccupied Romania, and that Bucharest was wary of any agreements between the superpowers which might infringe on its sovereignty. (National Archives, RG 59, Central Foreign Policy File, D770378-0592) In telegram 7655 from Bucharest, the Embassy reported Macovescu's summary to Nimetz of the Romanian position on the Middle East and his conversations with Israeli Foreign Minister Dayan. (National Archives, RG 59, Central Foreign Policy File, D770380-1259)

annual renewal. If discussion were normal, on the substance of U.S.-Romanian economic relations, this would be fine, but what is actually discussed is neither to Romania's advantage nor to that of the U.S. Romania is not afraid to confront serious issues but needs to know what it is doing so far. On Transylvania, quote, we know whom we should discuss it with, end quote, and have all sorts of arguments at our disposal, but the U.S. Congress is not the place to talk about rights or non-rights in Transylvania. Both the U.S. and Romania can live without such discussion and, after all, we entered into the trade agreement from other motives.⁶

6. Counselor responded that U.S. citizens are free to raise any topic which interests them in such congressional hearings, but that what Macovescu had called the Transylvanian problem is not a problem for us; it is a Romanian domestic affair. Like Mexican-Americans and other Americans of foreign descent, Americans of Hungarian descent sometimes like to consider the cultural affairs of their country of origin their own, but we do not consider that this has political significance. During the last renewal period there were not many questions on the topic in the Congress. From time to time members of Congress are given papers and speeches to read, but these should not be overrated; at times we have the impression that only the GOR reads them. Cultural diversity in the sense defined by the Helsinki Final Act is a valid topic of discourse, but this is a very general proposition. Using the example of putting Spanish on the ballot and in the schools of New York City, Counselor noted that Americans are used to discussing these issues and expressed view that Hungarian-American thinking should not be considered at any other level.

7. Macovescu concluded discussion by noting that Romania has a public opinion, too, and while it may not be as "tough" as ours, GOR officials can still be asked uncomfortable questions—such as what possible link there is between Transylvania and a trade agreement—in Parliament. Transylvania is not a problem for Romania, but it may be a problem in bilateral relations; it would be wrong to ignore issues which seem small today but which may be important tomorrow, "in both directions."

8. Counselor indicated in his conversations that these issues would continue to be studied in Washington, and GOR interlocutors expressed

⁶ In his September 29 meeting with Vance in New York at the UNGA, reported to Bucharest in telegram 238769, October 4, Macovescu had made a similar pitch. The Romanian Foreign Minister pressed for de-coupling issues such as human rights and emigration from the review of "a trade agreement." Vance suggested that multi-year review could be discussed, but that too would require legislation. (National Archives, RG 59, Central Foreign Policy File, D770362–1086)

appreciation for his willingness to listen and for frank responses, showing that he was thinking seriously about the problem.

9. Comment: Romanians clearly saw Counselor's visit as Bucharest opener for process leading up to Ceausescu's visit in the spring, and Patan's upcoming trip will be opener in U.S. just as clearly, multi-year MFN review will be the repeat the central issue in preparing successful Presidential visit. Macovescu's frank references to Transylvania also suggest political context in which Romanians see these matters, and Department may wish to consider next steps in U.S.-Hungarian relations in this context as well as broader Soviet-EE framework.

10. As Ambassador discussed with Counselor, we feel it important to keep bearing in mind our own interests—both political and commercial—in achieving a more solid long term relationship with Romania. Patan's visit should be used to further the process of helping GOR to understand the context in which multi-year MFN might become possible. In fact the pre-Ceausescu visit period needs to be thought of in terms of how we can best make use of the Romanian push for a revised MFN status.

Barnes

186. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, November 15, 1977

SUBJECT

A Presidential Letter for Romanian President Ceausescu

Ambassador Rudolph Aggrey, the new US envoy to Romania, will be leaving shortly to take up his post in Bucharest. I think it would be appropriate when he presents his credentials also to deliver a letter from you to Romanian President Nicolae Ceausescu.²

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 2/77–12/78. Confidential. Sent for action.

² Aggrey suggested the letter during a meeting on November 11 with Aaron. King edited a Department of State version and forwarded it to Brzezinski on November 14. Aaron wrote on King's memorandum to Brzezinski: "ZB—I think this is worth doing so that we have *our* channel." Brzezinski approved the recommendation. (Ibid.)

Ambassador Aggrey is replacing Harry Barnes, who has been a particularly effective envoy and has established excellent contacts with Romanians at all levels. There have been intelligence reports that at least some high level Romanian officials interpret Aggrey's assignment to Bucharest as a sign of declining American interest in Romania. Using Aggrey as the channel to deliver a Presidential letter will both reaffirm interest in Romania and underline your confidence in him.

At the present time, it is important that we make gestures to the Romanians to reaffirm our interest in their foreign policy.³ Although much could be done to improve its internal policy, Romania is still the Warsaw Pact state which shows the greatest foreign policy autonomy from the Soviet Union. We are in the process of reaffirming our interest in Poland (through your visit) and Hungary (through returning the Crown and then negotiating a trade agreement), but the only sign of our interest in Romania is a visit to Washington by Ceausescu next spring for which we are still not able to give the Romanians a date despite their frequently expressed wishes to fix a firm time.

Shortly after your inauguration, President Ceausescu sent a special envoy with a personal letter for you expressing the desire to maintain good relations. It would be useful and appropriate for us to send him a message on this occasion.

RECOMMENDATION

That you sign the letter to President Ceausescu at Tab A.⁴

³ On October 17, King sent a memorandum to Brzezinski recommending a brief meeting between Carter and Patan, who was to travel to Washington for the Joint U.S.-Romanian Economic Commission November 1–3. King wrote: "A Presidential meeting with Patan would be an important political gesture at present. Our latest actions have probably raised doubts in suspicious Romanian minds about our interest and concern with their affairs," pointing to the upcoming visit by Carter to Poland and the return of the Crown of St. Stephen to Hungary. Recommending disapproval, Aaron wrote "ZB—I disagree. This is *not* worth the President's time at this stage." Disapproving the recommendation, Brzezinski highlighted Patan's position as Deputy Prime Minister and Minister of Foreign Trade and wrote in the margin "The P. is not an Asst. Sec. of State!" (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 1/77–5/78) On November 2, Patan met with Vice President Mondale for 15 minutes and was briefly received by the President. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 45, Romania: 1977)

⁴ Carter approved the recommendation and, after revising the text, signed the letter on November 15. Several drafts, including one with Carter's revisions, are attached but not printed.

187. Memorandum of Conversation¹

Washington, November 23, 1977, 9:30–10 a.m.

SUBJECT

Summary of the President's Meeting with the Romanian Foreign Minister

PARTICIPANTS

The President

The Vice President

Mr. Philip Habib, Under Secretary of State for Political Affairs

Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs

Mr. William B. Quandt, NSC Staff

The Honorable George Macovescu, Foreign Minister of Romania

His Excellency Nicolae M. Nicolae, Ambassador from Romania

Foreign Minister: President Ceausescu sends his best regards.

President Carter: I am very proud of our friendship with him.

Foreign Minister: I have a message for you from my President. (The Foreign Minister hands the President a letter.)²

President Carter: It's a pleasure to have you here. You have made a long trip. We are looking forward to next spring when we hope to have President Ceausescu with us.

Dr. Brzezinski: We hope to find a time in the late spring for his visit.

President Carter: It will be a pleasure to have him here. We have a strong friendship with your country and we are proud of our good relations.

Foreign Minister: We feel that our relations have developed well, and President Ceausescu wants to extend this. He considered this to be a good time to send me here with some ideas on the Middle East, especially after the visit of President Sadat to Jerusalem. In the last three months, President Ceausescu has met with Prime Minister Begin and then with President Sadat. He talked at length with both of them. You have also talked to them. I would like to tell you about our interest

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 36, Memcons: President: 11–12/77. Top Secret. The meeting took place in the Oval Office. Brzezinski forwarded a copy of the memorandum to Vance on November 28. A summary of the meeting was also transmitted in telegram 283125 to Bucharest, Tel Aviv, Cairo, and Damascus, November 26. (National Archives, RG 59, Central Foreign Policy File, P840072–0448)

² Ceausescu sent Carter a letter designating Macovescu as a special envoy on "some considerations on the situation in the Middle East and on the continued development of Romanian-American relations." (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 2/77–12/78)

in the Middle East. We have no special interest, no strategic or economic interests in the Middle East. We do trade with the Arabs and with Israel but we have no special interests. Our main interest is in peace. We consider our security to be in danger if peace is not reached. We want peace and understanding in the Middle East and we are working hard for it but we are not mediators in the Middle East. We try to provide an open channel for the two parties to use, so that they can transmit ideas, can see each other's point of view, and we sometimes add our own, but we are not mediators.

President Ceausescu saw both Begin and Sadat, and now they have met each other.³ Our estimation is that this is an important step for peace and for understanding, but I have travelled many times between Jerusalem and Cairo and I know how deep the lack of confidence between the parties is. Now a first step has been taken toward building some confidence and we think it is a good step. The next main step is to go and convene the Geneva Conference, but the parties needed to help prepare it directly, and we think that has been done. There are now some differences in the Arab world.

President Carter: I've noticed!

Foreign Minister: We see a dramatic situation, and my President believes it is the right time to help Sadat. Sadat has support at home and support from Saudi Arabia, Kuwait, Sudan, Morocco, Jordan, and Tunisia. In fact, this represents a majority of the Arabs. Against him is Assad, and some others like Algeria and the PLO.

I can say that President Ceausescu has sent a message through an emissary to President Assad and to Arafat. He sent Mr. Pungan, but we have no news yet of his meetings. If we receive news, we will tell you.⁴ Our interest is to try to calm the situation. We understand the Syrian and PLO position but we want them to calm down. Now is the right moment to go for peace. If we lose time, there will be dangers.

³ Ceausescu visited Egypt May 11–12 to hold bilateral discussions with Egyptian President Anwar Sadat. In telegram 8153 from Cairo, May 13, the Embassy reported that the primary purpose of the Ceausescu visit seemed to be bilateral and economic issues, and that there was little evidence that Ceausescu was carrying any special message from either the Soviets or the Israelis. (National Archives, RG 59, Central Foreign Policy File, D770170–0772) Begin visited Bucharest August 25–30. See Document 183.

⁴ In telegram 416 from Bucharest, January 19, 1978, the Embassy reported Aggrey's conversation with Andrei. Andrei informed Aggrey that Ceausescu had decided to send Pungan to Cairo and Jerusalem, and that asked Vance meet with Pungan confidentially in either one of the two cities. (National Archives, RG 59, Central Foreign Policy File, P850101–2417) Vance responded in telegram Secto 1055, January 20, 1978, that a meeting in either city would be impossible and that he would prefer not to meet during the trip, but rather brief the Romanian Ambassador in Washington upon his return. (National Archives, RG 59, Central Foreign Policy File, P840148–1549) Vance and Pungan met January 24 in Washington. See Document 190.

President Carter: President Ceausescu has played a constructive role in getting the meeting started. This shows the confidence that the two parties have in your Presidents. I thought that President Sadat and Prime Minister Begin would get along well, and that seems to have been true.

I have been disappointed by the negative attitude of President Assad. We have tried to encourage Assad to be moderate. He personally has refrained from attacking Sadat, but his government has been very negative. He had some news this morning that Sadat has asked the PLO to leave Egypt. Your officials have relations with Arafat and we do not. Arafat has also been reticent to attack Sadat, but others have been very critical. I agree with you and President Ceausescu that the time has come to move toward a comprehensive peace. We are pleased with Jordan's statement and if Syria were more positive, Jordan would be able to go further. The Lebanese attitude also depends on Syria. What do you suggest doing next?

Foreign Minister: My President has some suggestions. He thinks that it is important to try to convince Begin to respond to Sadat with flexibility. Sadat has played his big card. This is the right time for Israel, with your help, to take steps to show flexibility and to move on to the Geneva Conference. We have to go to Geneva in the near future. We can't lose momentum. Secondly, my President felt that it would be a good idea to send Vice President Mondale or Mr. Vance to Egypt to talk to Sadat and then to travel in the area to show your continued interest in the region. Third, my President feels that the time has come for you to talk to the PLO. Even Mr. Begin does not reject this idea.

President Carter: Perhaps you already know that we have a public agreement that was signed between Mr. Ford and the Israeli Government, and was reaffirmed by me that states that we will not meet with the PLO unless the PLO abandons its insistence on the destruction of Israel. We have asked Arafat to accept Resolution 242, and he can add a statement of his concern that the Palestinian question is not included in 242, because 242 only talks of refugees, and then we would be glad to meet directly. But I can't break a promise as long as the PLO calls for Israel's destruction.

Foreign Minister: I understand. But even Sadat used to say No for a long time and now he has gone to Jerusalem. We need more flexibility. You should tell the Israelis that you want some contacts and then the PLO will become more flexible. We know them well and they are in difficult positions. They don't know how to react. It is also time for you to discuss with the Soviets how to reconvene the Geneva Conference as co-chairmen. We might send an invitation to the parties or do this through the United Nations. We think it is best to talk to the Soviets and to keep them in a positive frame of mind.

President: We are in close touch with the Soviets. I think that there are two or three people now, President Assad and President Brezhnev. We are ready to move rapidly through the UN to call for the Geneva Conference. We can do this once we have an agreement with the Soviets on the format, and indications from Assad that he will attend. I would be reluctant to exclude Syria if they want to cooperate. In a few days, we will have information from the Israelis and the Egyptians. Then we can judge our role. I have talked to Prime Minister Begin, but I have not yet heard from President Sadat. They were both tired after the visit. President Ceausescu could help with President Assad. After your emissary has met with Assad, we would like to know anything you learn about how we might best approach the Syrians. I have been pleased with the Soviet attitude as expressed in the joint statement. They could, of course, obstruct a Geneva Conference but we see no evidence that that is their intention. They have played a constructive role as compared to the past and are now eager to move to overcome the problem we have with Syria.

Foreign Minister: Concerning the substance of my trip, my President was very happy that you would agree to see me. The main point is to make clear that we need to help President Sadat. If he falls or if he is isolated, there can be no peace in the Middle East. His trip to Jerusalem was an important step.

President Carter: What is your relationship to Saudi Arabia?

Foreign Minister: We have had none. We see each other sometimes and talk, but we have no diplomatic relations. They are not prepared for them.

President Carter: We have had good cooperation from the Saudis. They help Egypt, and we don't want to see that disrupted. Most of the world admires Sadat for his move and we hope that the meeting he had will be a success.

Foreign Minister: He sees himself as a strong leader who can afford to make this kind of move.

President: He is a strong leader and he has proved it. I am glad to see that you are taking constructive steps and that they are fully in line with our own. I hope that we will keep exchanging views.

Foreign Minister: This has been our first mission since the Sadat trip.

Dr. Brzezinski: Has Mr. Poungan gone to see Arafat?

Foreign Minister: Yes, he left two days ago.

President Carter: We look forward to hearing the report. We have good relations with Assad and I like him. I think he is a fine man.

Foreign Minister: Our direct bilateral relationships are good and President Ceausescu looks forward to his visit here.

President: I look forward to meeting him.

Foreign Minister: If the Vice President could come to Romania, or Secretary Vance before Ceausescu's visit, it would be very good. It should not be linked to a visit to the Middle East.

President: The Vice President does not need much encouragement to travel.

Vice President Mondale: I went to Romania in 1968, and I met the Foreign Minister at that time and we had a good talk.

President Carter: It is hard to keep him here.

Vice President: I'll become an expert on Romania.

Foreign Minister: It would be good to have you in our country.

188. Memorandum of Conversation¹

Washington, November 25, 1977, 11:30 a.m.

SUBJECT

Meeting with Foreign Minister

PARTICIPANTS

US

The Secretary

Philip Habib Under Secretary for Political Affairs

Alfred Atherton, NEA Assistant Secretary

William Luers, EUR Deputy Assistant Secretary (notetaker)

ROMANIA

Foreign Minister George Macovescu

Ambassador Nicolae Nicolae

Summary of Actions

The *Secretary* told Macovescu he would work on setting a date for the Ceausescu visit and report back to the Foreign Minister soon.

The *Secretary* asked that the Romanians keep us up-to-date on the PLO thinking over the next few weeks.

Macovescu renewed his invitation to the Secretary and to Mr. Habib to visit Romania. No commitments made on these.

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, unlabeled folder. Secret; Nodis. Drafted by Luers; approved in S/S on November 30. The meeting took place in the Secretary's office.

Middle East

Foreign Minister *Macovescu* said he had promised the President he would provide us news from the report of one of Romania's officials (Pungan) who had visited Damascus.² The report is that President Assad intends to keep to his stand on the Sadat visit. The Syrians are making an analysis to determine the consequences of the visit and cannot say exactly what the outcome will be. Assad is still in favor of the Geneva conference and believes this is the way to have a global solution in the Middle East but he is preoccupied that the way Sadat is moving will not lead to Geneva. He is worried about a separate agreement.

The *Foreign Minister*, in referring to the PLO, said that Arafat is still angry. He has learned that the PLO Central Committee decided to attack Sadat but keep the criticism within certain limits. The *Secretary* asked whether the Romanians have specific knowledge that the criticism was to be within certain limits or is that just the Romanian impression from observations. *Macovescu* confirmed that the Romanians have knowledge that the PLO Central Committee agreed to establish certain limits on the criticism. The *Secretary* then said he had heard from UN Secretary General Waldheim that the PLO in the UN had in the last 48 hours played down the attacks on Sadat. The *Foreign Minister* said his Ambassador at the UN had given him similar reports but also that the PLO representatives at the UN were expressing disturbance about being possibly left out of a Geneva conference.

The *Secretary* asked whether the PLO said how they planned to proceed from now on with regard to the Sadat visit. Minister *Macovescu* said no. Mr. *Habib* asked whether the Romanians sense any change in the PLO position as to whether they must be invited as the PLO to a conference. *Macovescu* replied that he had no recent word from Damascus or Beirut but the PLO representative in New York had said several weeks ago that the PLO would not reject the idea of going to Geneva as part of an Arab delegation.

The *Secretary* asked what the PLO reaction has been to the Iraqis and Libyans and how recent events have affected those relations. Minister *Macovescu* said he had no reading on that subject. The *Secretary* said that the US Ambassador will talk to the Syrians in Damascus today to get their view on how they see the situation developing.

Macovescu said, in summation, that the Syrians and the PLO expect to have a conference on the Middle East in the near future and they fear a separate settlement. They even think that the US may be behind the development of a separate settlement between Israel and Egypt.

² See Document 187.

Mr. *Habib* said that had the PLO and the Syrians accepted the earlier proposals of the US we and they would be in Geneva by now. *Macovescu* replied that the Syrians and Palestinians are now analyzing that situation. Mr. *Habib* suggested that the Romanians could be helpful in influencing that analysis. *Macovescu* then reiterated what he had told President Carter that since the PLO and the Syrians want a conference that US should press the Israelis for some concessions to Sadat to bring the conference about.

The *Secretary* said that it is our view that we should continue to strive for a Geneva conference and discourage separate agreements. This Administration has stood for a comprehensive negotiated settlement and continues to do so, realizing that within a comprehensive settlement separate peace arrangements would be possible. The *Secretary* said that it is difficult now to determine how this new element (the Sadat visit to Israel) will affect the timing of the preparations. The *Secretary* said that he is strongly in favor of having such a conference well prepared in advance.

Macovescu replied that he was very glad to hear that the US still favors a Geneva conference and a comprehensive settlement; that there are rumors that the US was behind the Egyptian-Israeli meeting and that the US supported separate settlements. The *Secretary* replied forcefully that the US for years has been saying that we wanted the parties to the dispute to talk to each other. Naturally we feel that the Sadat visit to Jerusalem was a major step in this direction which we fully favor. But this does not change our position that we favor a Geneva conference which will deal with the matter comprehensively. The *Secretary* asked that the Romanians do what they could to kill the rumors to the contrary.

Reception of Ambassador Aggrey

The *Secretary* thanked the Foreign Minister for the warmth of the reception given to Ambassador Aggrey in Bucharest and the speed with which his credentials were accepted. *Macovescu* thanked the *Secretary* for the message conveyed by Ambassador Aggrey and made some general remarks about disarmament issues and the fact that the Belgrade conference is now into its second phase. He said "the show is now over" as they move to work on new proposals and to drafting the final communique at Belgrade.

Human Rights—Goma

The *Secretary* said he would like to raise a delicate matter. He asked what the facts were behind this mornings press reports of the remarks of Romanian writer (Paul) Goma (who had recently left Romania). *Macovescu* replied that he had known about this in advance. The Foreign Ministry had learned of the PEN Club invitation to Goma and

it was finally agreed that he should be given a visa to travel abroad for one year. The *Foreign Minister* said he guessed that Goma would “speak up” once he departed. He said, “We are not scared. One person cannot hurt us.”

The *Secretary* then asked about the facts of the case as Goma alleged them in his press conference.³ *Macovescu* said that it is difficult to say. He, *Macovescu*, does not know all the facts of the case but the *Secretary* should understand that Goma is not a big writer in Romania and he is a liar. *Macovescu* does not believe Goma. “It is not a problem for us.” *Macovescu* said that we can talk together in general about improving human rights in Romania and improving the general situation to provide better conditions for the Romanian people but let’s speak frankly, “We cannot make a problem of Mr. Goma.” The *Secretary* did not reply to this last remark of the Minister.

Middle East

The *Secretary* said he would like to return to a discussion of the Middle East. He asked whether Romania would continue to be in touch with the PLO. *Macovescu* replied they would not be in touch on a continuing basis but would do so whenever the need arose. The *Secretary* said that from our standpoint, we would like an updated reading of PLO views as the situation develops over the coming weeks. *Macovescu* said he would take these US interests into account. He then reiterated that action from the US side would be helpful in determining events. He said that the Americans are a courageous people and should be capable of turning policies around and moving toward a real Middle East settlement.

The *Secretary* asked whether the Romanians had any discussion about the expulsion of the PLO from Cairo. *Macovescu* said that they had no discussion on the subject but that they know the PLO representatives who were allegedly expelled are still in Cairo. *Macovescu* said that he knows that the relations between Arafat and Sadat were and still are good and he does not believe that these relations have significantly changed.

The *Secretary* asked how Arafat’s relations were with the rest of the PLO, particularly with regard to the rejectionist element. *Macovescu*

³ Romanian dissident writer Paul Goma departed Romania in November 1977 for France on a one-year tourist visa. Once in Paris, Goma held a press conference accusing the Romanian Government of inhumane treatment of dissidents, of firing over 4,000 miners as a result of the 1977 unrest in Valea Jiului, and alleging that the Romanian secret police had threatened him. He suggested that the assault on Radio Free Europe Romania desk reporter Monica Lovinescu the previous week by unknown assailants was a Securitate’s attempt to intimidate him and other dissidents. (“Rumanian Dissident Makes Plea in Paris,” *The New York Times*, November 25, 1977, p. 2)

replied that he still believed they were "O.K." and that the left wing of the PLO headed by Habash is not a real problem. Mr. *Habib* said that rejectionist element, not the "left" element, is the most serious and wondered whether the "rejectionists" influenced Arafat toward continuing rejection of Israel's right to exist.

Macovescu said that Arafat will accept the right of Israel to exist.

Date of Ceausescu Visit

The *Secretary* said we were looking forward to the visit of President Ceausescu and we will try to have a date very soon. *Macovescu* replied that this is very important.⁴ Ceausescu is planning to go to London around that period (late spring 1978) and would like to prepare his schedule. Also, he would like to begin preparations on the substance of the trip. The *Secretary* agreed that he would move forward to get a date very soon.

[Omitted here is discussion of Vance's visit to Latin America.]

Continuing Contacts

The *Secretary* thanked the Foreign Minister for coming to Washington to discuss the Middle East and stressed the importance of maintaining these contacts. The *Foreign Minister* said that he had discussed this desirability with Mr. *Habib*. Mr. *Habib* replied that the Romanians have been very kind to keep open their invitation to him to visit Bucharest, but the *Secretary* kept him so busy he could not go. *Macovescu* said that Mr. *Habib* was always welcome and he renewed his invitation to the *Secretary* to visit whenever he could. The *Secretary* thanked the Foreign Minister.

⁴ In December, the Department of State recommended that some visits by foreign dignitaries scheduled for the first half of 1978 be rescheduled for the second half of 1978 or early 1979. The memorandum was forwarded to Mondale by Clift on December 13, with his concurrence. Disagreeing with the recommendation, King wrote "Ceausescu and the Romanians are going to be very upset over this. He has already been told the first half of 1978 and proposed April. To put this off is going to cause real problems for us, since the Romanians are already having doubts about our interest in them. I will do a more formal protest memo if that is required." (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania: President Ceausescu, 4/12-13/78: Cables and Memos, 12/13/77-4/10/78)

189. Telegram From the Department of State to the Embassy in Romania¹

Washington, January 28, 1978, 0204Z

23063. Subject: Inter-agency Group Meeting on Romania, Jan. 20.

1. Summary. Inter-agency group meeting to begin preparations for the Ceausescu visit² was held on January 20, chaired by Nick Andrews of EUR/EE. Participants included a wide range of Department bureaus as well as representatives from Commerce, Treasury, USIA, CIA, DOD, and EXIM-Bank. Discussions dealt with international, economic, political, human rights, nuclear and other issues. A communique and other documents for signing during the visit were considered. End summary.

2. Andrews identified the dual U.S. objectives for Ceausescu's visit: to reinforce Romania's independent foreign policy line and, perhaps even more important, to get some positive movement in the broad area of human rights. The important question was to identify specifically what we want to get from the Romanians. Representatives from S/P and HA recommended that we seek progress on emigration cases and other human rights issues before the Ceausescu visit, and then perhaps include some reference to these concerns in a joint declaration or statement issued during the visit. It was pointed out that it is difficult to identify at this time specific human rights concerns that the Romanian authorities can be asked to resolve, since dissident writer Paul Goma and most others of the "passport-oriented" group of dissidents have left Romania. Andrews said we will have to identify those human rights issues which merit the President's attention and which he should raise with Ceausescu. In this context, Andrews noted that EUR/EE is working on a specific human rights action plan for Romania and would welcome suggestions from HA or other bureaus. The question of what

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780043–0777. Confidential. Drafted by Silins and Fromowitz; approved by Andrews.

² In telegram 20 from Bucharest, January 4, the Embassy conveyed Aggrey's conversation with Macovescu on December 30 and reported growing Romanian concern that the date of Ceausescu's visit was not settled. (National Archives, RG 59, Central Foreign Policy File, D780006–0538) In telegram 9383 to Bucharest, January 13, the Department informed the Embassy that the NSC had proposed April 12–13. (National Archives, RG 59, Central Foreign Policy File, D780019–0362) On January 21, telegram 459 from Bucharest reported Ceausescu's acceptance of the dates and conveyed the Romanian request that the visit might be announced at an early date. Aggrey suggested that while "timing of Ceausescu visit to U.S. has been conditioned by timing of that of another Eastern European visitor"—President Tito visited Washington in March 1978—he hoped that "announcement of Romanian President's visit could be scheduled or made in such a way as to avoid obvious link or priority consideration." (National Archives, RG 59, Central Foreign Policy File, D780037–0064)

incentives the U.S. could offer Romania in seeking improved human rights performance was also raised, but without conclusive answers.

Multilateral issues. Andrews commented that given Ceausescu's interest in international issues, at least one perhaps one-and-a-half of the two meetings between the two Presidents would be devoted to such topics as international security issues including SALT, East-West relations, the Middle East, nonproliferation, and the new international economic order. The upcoming UN Special Session on Disarmament (SSOD) was identified as a particularly appropriate topic that the President might raise. President Ceausescu might also be expected to express an interest in MBFR.

4. Trade agreement renewal/MFN waiver. Andrews said these issues will be major focus of Romanian concern before and during visit. There was general agreement that the GOR should be disabused now of any lingering expectation that a formula for multi-year MFN can be found in time for the visit (or, for that matter, this year). Reference was made to Senator Stevenson's talk with Ceausescu and his blunt linkage of any revision of Title IV of the Trade Act with progress in U.S.-Soviet relations.³ Despite such evidence that the GOR at highest levels should by now have understood the US difficulty with revising Title IV. It was agreed that Pungan's VIP visit will provide another useful opportunity to pour cold water on any Romanian hopes to use the Ceausescu visit as a vehicle to pry out multi-year MFN. Andrews also urged all present to make sure that, in conversations with the Romanian Embassy, they or their principals remain very firm on this issue. There will also be some GOR targets in economic area (such as creation of bilateral cooperation projects) for which Romanians will push, but in which USG cannot play a major role. We will have to repeat this message at a high level. It was also recognized that since we have gone about as far as we can in the economic/commercial area (export controls, MFN, credits, GSP, government support for cooperative ventures), we can expect major problems in fending off the inevitable Romanian requests for much more.

5. On Decree 223, it was suggested that if the renewed assurances of Romanian action do not translate into settlement offers in a reason-

³ Senator Adlai Stevenson met with President Ceausescu at Ceausescu's mountain retreat in Predeal on January 10. In telegram 302 from Bucharest, January 17, the Embassy reported Stevenson's comment to Ceausescu that the Jackson-Vanik amendment to the Trade Act was a consequence of U.S.-Soviet relations. The Senator "indicated that relationship of Eastern European countries with Soviet Union continued to appear to be impediment to the U.S. desire to pursue kind of natural relationships we would like to have with other Eastern European countries." (National Archives, RG 59, Central Foreign Policy File, D780024-0722)

able time (once we have presented the cases to Patan), we should warn the Romanians that we may have to raise this during the visit.

6. World Bank/Human rights. Following a discussion of how we have so far used this linkage with Romania, it was agreed that any negative US action before the visit on a World Bank loan for Romania would antagonize the GOR to such an extent that it would completely undermine the chances of using Ceausescu's visit itself to advance our human rights goals. Nevertheless, we will explore this linkage further in the context of the human rights action plan currently being revised.

7. Exchanges. It was pointed out that even the exchange program had a human rights aspect. For example, some American scientific organizations have complained that travel restrictions prevent Romanian scientists from carrying out their exchange activities. OES recommended that the difficulties with the NSF exchange agreement be raised with Pungan during his visit to the US in February.

8. Consular. A Circular 175 request is still pending for a dual-national agreement with Romania. Efforts will be made to complete this process quickly so that negotiations can begin.

9. Nuclear. It was agreed that it is important to complete action on the Romanian request to purchase highly-enriched uranium fuel for their research reactor and the related question of additional assurances before the April visit. Also pending is the Romanian request to purchase US heavy water manufacturing technology. In this connection, the example of Argentina raises some important questions. It was agreed that an update was needed on the status of Romanian-Canadian negotiations for heavy-water power reactors. Commenting on the possibility that the Romanians might ask to sign a nuclear cooperation agreement, OES said that the benefits to the US of such an agreement were not readily apparent. However, if there were to be a joint declaration or communique issued during the time of the visit, a reference to the need for nuclear safeguards and to nonproliferation might be useful.

10. Documents to be signed. Commerce suggested that we exchange economic information during the Ceausescu visit. The updating the December 1973 Joint Statement of Presidents Nixon and Ceausescu was also suggested⁴ and it was noted that the Romanians can be expected to want to sign a number of documents during the visit. Andrews commented that from the US point of view perhaps it would be best to limit ourselves to simply issuing an unsigned joint communique, in the event we cannot get the language we want in a statement of principles or a signed communique.

⁴ On December 5, 1973, Nixon and Ceausescu signed a Joint Statement of Principles following their meeting at the White House. (*Public Papers: Nixon, 1973*, pp. 997–999)

11. Action requested: Embassy is requested to provide Department with best estimate of what will be on Romanian agenda for the Ceausescu visit.⁵

Christopher

⁵ In telegram 748 from Bucharest, February 3, the Embassy responded to the Department's request with a preliminary list of topics, including the Middle East, China, MFN, and emigration. (National Archives, RG 59, Central Foreign Policy File, D780066-0160)

190. Telegram From the Department of State to the Embassy in Romania¹

Washington, January 31, 1978, 1736Z

25196. Exdis distribute as Nodis—Cairo pass Atherton. Subject: Secretary's Meeting With Romanian Emissary Pungan.

1. Romanian Emissary Pungan met with the Secretary for an hour on January 24. President Ceausescu had wanted him to pass Romanian views to the Secretary and to learn what the U.S. thought about the present Middle East situation. Pungan's presentation reflected the Romanian analysis of recent messages to Ceausescu from both Sadat and Begin, as well as a long meeting which Pungan had with Begin in Jerusalem on January 22.

2. Pungan said that Ceausescu was deeply engaged in the Middle East problem, but not of course as a mediator, having strongly supported the Sadat initiative and having advised both Egypt and Israel that conditions for a settlement as a result were better than ever. Ceausescu, however, was very concerned over the present situation caused by the break-off of the Jerusalem Political Committee talks. He felt that it was essential that channels of communication between Egypt and Israel remain open. For that reason, he considered it important that the Security Committee resume meetings right away since, if it did

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 9, Vance Nodis MemCons, 1978. Secret; Priority Exdis. Drafted by Draper; cleared by Andrews and in S; approved by Saunders. Sent for information Priority to Tel Aviv, Cairo, and Damascus.

not, it might kill all prospects of resumption of talks in the Political Committee framework.

3. Pungan reiterated throughout this conversation—as he said he did to Begin—the Romanian view that there were “circles” hoping for a failure of the Israeli-Egyptian negotiations, including the Soviets. It was important, therefore, that Romania and others wanting progress in the present negotiations do their best to get them going again.

4. Turning to the Sinai aspect of the negotiations, Pungan said that Romania had advised both parties to find a formula for using the air fields in common for civilian purposes including tourism, while preserving Egyptian sovereignty over the area. The Sinai settlements problem was far more difficult. Romania had judged that Egypt would do virtually anything, but would never accept any derogation from its sovereign authority. The Romanians had suggested to Egypt that those among the settlers willing to stay under Egyptian administration be allowed to remain, but with no extraterritorial Israeli military protection.

5. The Secretary said that he had made similar suggestions. He sensed that two of the air fields would not present a problem in the end, and that Gamasy and Weizman had demonstrated some confidence, which Sadat did not share, that the problem of the third air field could be resolved satisfactorily. As for the settlements issue, the Secretary said he thought it would have to be resolved by the Heads of Government. If compromise proved impossible, one or the other might have to give in. It was the sorest of all Sinai issues, and its difficulty was compounded by press treatment of it. Sadat could not risk being humiliated, while Begin has made a case that the settlements were vital to Israeli security. For his own part, the Secretary said he did not believe the security argument was convincing. Pungan said that for Sadat, sovereignty was an issue of principle, which could not be tampered with if he was to keep constructive good relations with key Arab states. He noted that Sadat had offered large DMZ's, and this might be a way out of the problem. The Secretary said we had taken virtually the same line.

6. Pungan and the Secretary agreed that the Palestinian issue was the most delicate and difficult problem in the negotiations. The Secretary explained how we had been trying to use the second agenda item in Political Committee talks to develop a basic negotiating framework for the West Bank/Gaza and Palestinian problems. Pungan said the Romanians sensed that Israel wanted to confine any future negotiations within the narrowest possible limits, involving only Palestinian residents in the occupied territories in a limited self-rule role. Romania believed, however, that it was necessary to involve representatives of the entire Palestinian community in the Middle East, including the

PLO, in an exercise in self-determination. One problem is that no one knows for sure whether the PLO and the Palestinian diaspora would in the end accept or reject something less than a fully independent state, for example. The Palestinians were not monolithic, he said. He went on to speculate that, in an initial period, the West Bank and Gaza might develop their own administration and a degree of autonomy, and there would also be changes in basic Arab-Israeli conditions. Who could say for sure whether the PLO and others might find the new situation unacceptable. He concluded that, even if the parties came to an agreement on all other issues, a Middle East settlement will not work unless it deals satisfactorily with the basic Palestinian issue.

7. The Secretary said that we had made clear the need for Palestinian participation in the determination of their future, as in the Aswan statement. There has to be some consent of the governed to what is going on. The only real answer for the question of Palestinian representation, however, would be for the Arab confrontation states to come up with some ideas and suggestions, including perhaps names, acceptable to Israel. He agreed that the Israelis wanted to deal only with the West Bank/Gaza aspect and acknowledged that the overall Palestinian issue had to be resolved in the context of a larger settlement. That broader issue was greater than who represented the Palestinians on the West Bank and Gaza. Pungan argued that it was easier to deal with the basic problem by broadening participation at the beginning. The Secretary said conceptually this was correct, but practically it was not easy.

8. The Secretary noted that Jordan felt the refugee problem should be tackled in smaller steps, dealing initially with the 1967 refugees and displaced persons, and then moving on.

9. Noting that the Romanians believed that the Arabs should now elaborate some concrete proposals in lieu of making demands and statements of principles, Pungan asked whether the West Bank/Gaza under a UN administration would be practical for an interim period. The Secretary said he had proposed this last spring to all parties, but met with a mixed reception. The Israelis were particularly wary of anything with a UN role.

10. The Secretary and Saunders said that the total Middle East problem was so complex and so difficult to digest that there was virtually no choice but to try to break it down into its component elements and deal with them individually.

11. Pungan said another problem was wider Arab participation, with Jordan in the first instance. He had met with both Assad and Arafat shortly after Sadat's Jerusalem visit. Assad gave him the impression that he was not as opposed to Sadat's efforts as had been portrayed. He would wait and see the results, but he felt the initiative was not

well prepared. Assad made clear he would not close the doors to Syrian involvement in a settlement. Even Arafat, Pungan added, was not 100 percent against the Sadat effort. Pungan did not rule out the possibility that Syria, at some future stage, and even the PLO as well, would accept a formula for their participation. Continuing, Pungan argued that it was not enough to wait for such events; all concerned should prepare the ground. Ceausescu had suggested that perhaps another meeting, possibly organized under the UN, could be convened in another city which could provide the cover for bringing in others, including the Soviets.

12. The Secretary commented that the time may come when this would be feasible, but he first wanted to see some progress in the committee talks, and on a declaration of principles. Syria clearly would not go to a meeting in Cairo, nor would the Soviets. He agreed with Pungan that Egypt should at least keep the Syrians and even the Soviets informed of what they have been doing. Pungan said the Soviets will not go to Geneva, for example, merely to put their signature on a settlement already negotiated without their participation. The Secretary said that he, too, tried to keep the Soviets generally informed.

13. The Secretary observed that the PLO had been hurting its cause recently. He noted the murder of the PLO rep in London showed the strains within the PLO.

14. Pungan was gratified that both Sadat and Begin had made comparatively temperate speeches after the Jerusalem break up. It was important that diplomacy through the press be calmed and that the sharp public rhetoric end. This was the thrust of Romanian advice to Begin and Sadat. He was also encouraged by the two parties leaving open a future reconvening of the Security Committee. The Secretary said that his guess was that the Security Committee might be convened within the next seven to fourteen days; he was less optimistic about a reconvened Political Committee meeting. It depended upon the atmospherics, and he noted there were ideas for rotating meetings between Cairo and Jerusalem, or even meeting in the Sinai buffer zone.

15. Summing up, the Secretary said that, in most respects, the Romanian and U.S. analysis and approach to the problem were similar; there were some differences in our respective views of the Palestinian issue and the PLO. The Secretary thanked Pungan for coming to Washington to share with him Ceausescu's views.

Vance

191. Telegram From the Department of State to the Embassy in Romania¹

Washington, February 16, 1978, 0212Z

40781. Subject: Secretary's Meeting With Romanian Emissary Pungan.

1. Romanian Emissary Pungan met with the Secretary on February 14 for an hour to exchange views on the outcomes of Sadat's visits to the U.S. and Romania.²

2. The Secretary said that Sadat had arrived in a gloomy mood, believing that Israel had not reciprocated his Jerusalem initiative. He was questioning whether progress could be achieved. After his talks with the President, with members of Congress, and with citizen groups, he left Washington reassured. He reached basic agreement with us that the peace process should go forward and he agreed to do his part. The White House statement following the President's final meeting with Sadat set out our fundamental positions on all major aspects of the negotiations, including the applicability of 242 to all fronts, resolution of the Palestinian problem in all its aspects, and the view that Israeli settlements were contrary to international law and constituted an obstacle to the peace effort.

3. Continuing, the Secretary said that Sadat had also agreed that Atherton should go to the Middle East to help stimulate progress on a declaration of principles, among other things.

4. The Secretary then described the administration's decisions announced earlier in the day for the provision of aircraft to Egypt, Saudi Arabia, and Israel. The decisions reflected long-standing commitments in principle made to Israel and Saudi Arabia. All parties will receive less than they would have liked except the Saudis.

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, Vance EXDIS MemCons, 1978. Secret; Exdis. Drafted by Draper; cleared by Luers and Nimetz; approved by Atherton. Sent for information to Cairo, Damascus, Jidda, Tel Aviv, and Amman.

² Sadat visited Romania February 11–12. In telegram 977 from Bucharest, February 14, the Embassy reported that the Syrian Ambassador wondered aloud if the Romanian/Egyptian communiqué "represented new resolve of Egypt to 'abandon' bilateral talks with Israel in favor of wider discussion." While Syria would not participate in a Cairo meeting, he added that "it had not ruled out meeting under Waldheim's auspices." The Embassy also noted that Sadat's time in Romania was very limited, making any meeting with a third party highly unlikely despite rumors of a senior PLO representative being in Bucharest at the same time. (National Archives, RG 59, Central Foreign Policy File, D780067–0878)

5. Pungan said that Sadat had arrived in Bucharest in a good mood, mentioning the encouragement he received in his visits to Washington, London, and Bonn. He was pleased with the White House statement as well as President Carter's other statements. He was highly pleased with his meeting with Peres, Pungan said, indicating that it had given him, Sadat, a better insight into the differing internal forces in Israel.

6. On the other hand, Pungan said, Sadat remained deeply concerned underneath his good spirits that useful progress would not be achieved as rapidly as he needed it. He made clear it would put him in a bad position, both internally and in terms of his relations with other Arab States. Ceausescu, impressed with Sadat's arguments, believes everything possible should now be done to encourage Israel to agree to a declaration of principles acceptable to Sadat. This could open a new phase, permitting Sadat to improve his relations with other Arabs and possibly open the way to their joining the process. Pungan said that Sadat was in much need of other Arab gestures.

7. Pungan then conveyed Ceausescu's concern that a declaration of principles might—implicitly or indirectly in references to withdrawal or the Sinai settlements—undercut Sadat's need for undisputed sovereignty over the area. The Secretary said there was nothing in the proposed declaration which could affect the Egyptian position in this regard, and noted that five of its six general paragraphs had already been largely agreed by Egypt and Israel.

8. Pungan said that the Romanians were considering how they might be helpful. He mentioned the Waldheim idea (i.e., for a New York meeting), and the Secretary noted that Waldheim still held that option open. The question was not forums; it was all-important to move forward on a declaration of principles. Regarding the Romanian's basic question, the Secretary added, we would be talking to Dayan on the 16th to explore what might be done about the remaining issues. Atherton would continue the efforts in his Middle East Mission. At the moment, the Secretary said, he didn't know what else could be brought to bear on the problem or to convince Begin that time was short.

9. Pungan said his own idea was the U.S. should talk to the Soviets. The Secretary said he had talked with Dobrynin earlier in the day, had given him a detailed description of the Sadat meetings, and had asked that the Soviets remained open-minded and flexible about a declaration of principles. Dobrynin pressed for specifics of our thinking on an interim regime for the West Bank and Gaza. The Secretary said it was a good exchange and that Dobrynin appeared interested. Romania, he continued, could be helpful by also urging the Soviets to be open-minded and flexible, and not to put obstacles in the present path. Pungan mused that Romania might consider encouraging the Soviets to ease up on the Arabs and allow them to make their own decisions

about gestures to Sadat. He said Dayan had been invited to visit Bucharest.

10. Pungan said that he did not rule out a helpful Syrian gesture to Sadat. When the Secretary questioned this, Pungan said that he had reached this conclusion on the basis of the last Romanian meetings with Assad. Assad could eventually move to the point where Hussein is now, he conjectured, although slowly and step-by-step. The Secretary commented that this would be helpful, and noted that Atherton would be visiting Damascus during his Middle East trip.

11. Pungan said that the Romanians were apprehensive about unexpected explosions in the area as well as the unpredictable nature of Sadat's diplomacy. They were concerned with Begin's habits of talking to the press and allowing Israeli points of view to become ironclad through premature public disclosure. The Secretary agreed. With Sadat, we had made clear the need to consult in advance and not to be faced with such unexpected steps as the Egyptian delegation's withdrawal from the Jerusalem talks. In Israel there was a disposition to put to the Cabinet all important issues, and this resulted in almost instant leaks. We had urged the Israelis to discuss sensitive issues in the Defense Committee, which has only five or six Ministers.

12. Pungan noted that the Romanians had the impression that the people on both sides in the Military Committee did not believe the security argument for the Sinai settlements was important. The Secretary said that—in the end—these were basically political questions which had to be resolved at a political level.

13. Before turning to certain bilateral issues, the Secretary thanked Pungan for this exchange and said he would communicate any further information, if it developed, through Ambassador Nicolae.

14. The Secretary and Pungan briefly discussed the Soviet position regarding the Basket III formulation at the Belgrade Conference on European Security and Cooperation. They noted that a date had been set for special U.S.-Romanian consultations under the disarmament program. The Secretary mentioned the French idea for a "new forum," noting he wasn't sure what they intended or whether they had worked it out fully in advance.

15. Pungan concluded the meeting with a request that the U.S. develop an appropriate financial facility for handling U.S. exports to Romania before Ceausescu's Washington visit. This could be an important new step in U.S.-Romanian relations.

Vance

192. Briefing Memorandum From the Assistant Secretary of State for European Affairs (Vest) to Secretary of State Vance¹

Washington, March 21, 1978

SUBJECT

State Visit of Romanian President Ceausescu—A Preview

I. *Setting and Objectives*

Ceausescu's visit is a logical complement to Tito's trip in March as a step forward in U.S. relations with Eastern Europe. Both countries are important to us because they have successfully preserved their independence from the USSR. Both regard good relations with the United States and the PRC as vital to their security.

Our long-standing policy of improving relations with Romania was reaffirmed by the President in PD-21, which directed that the United States accord favored treatment to those Eastern European countries which are relatively autonomous in foreign policy or relatively liberal internally.² Our interest in supporting Romanian independence continues undiminished.

At the same time, the visit provides an opportunity for discussion of human rights issues and for encouraging further Romanian action on humanitarian problems such as divided families and binational marriages.³ We have made significant progress in recent years but there is more to be done. We want to urge some liberalization of Romania's tight internal policy, while aware that Ceausescu considers internal discipline a prerequisite for the maintenance of Romania's independence from Moscow, its territorial integrity and economic growth. To achieve further progress, we must persuade Ceausescu that

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 2, Romania—Ceausescu Visit. Confidential. Drafted by Silins; cleared by Andrews and Fromowitz, and in EUR/PP, C, S/P, and HA/HR. Luers initialed the memorandum for Vest. The date is handwritten at the top of the first page.

² See Document 16.

³ Derian met with Pungan on February 14, and discussed human rights, an ongoing cause of tension between Washington and Bucharest. Derian raised U.S. concern regarding emigration from Romania, as well as the rights of the Hungarian minority. Emigration, Derian told Pungan, was directly related to the ability of the U.S. Government to extend MFN status to Romania under the Jackson-Vanik Amendment. The Carter administration took a new direction regarding human rights, "and it is only fair to explain our concerns to the GOR and to point out that these factors affect our decisions and our relations with other countries," Derian told Pungan. (Telegram 43849 to Bucharest, February 18; National Archives, RG 59, Central Foreign Policy File, D780077–0269)

U.S. interest in human rights affairs in no way signifies a lessening of U.S. support for Romanian independence and territorial integrity.

Ceausescu's approach to global issues in his talks with the President must be seen against the backdrop of uncertainty during the mid-1970's. During that period, Ceausescu's perception of drift in U.S. policy and the Chinese succession crisis led him, as insurance, to seek a mini-reconciliation with the USSR in 1976, at what he saw as the low point of U.S. and Chinese resolve. With new Administrations in place in China and the U.S., Ceausescu has again distanced himself from the Soviets on key issues, including the Middle East, CSCE and Eurocommunism. In his talks with the President, he will be looking for a firm U.S. commitment to play a major stabilizing role in global affairs on both political and economic issues and to develop vigorous relationships with countries like Romania.

Similarly, Ceausescu's approach to bilateral issues will be colored by the current stage of U.S.-Romanian relations. These have entered a period in which both countries are paying more attention to practical problem-solving than exciting new initiatives. Some of the early enthusiasm has been dissipated. New tangible evidence we can give of our interest in Romania is limited. Our increased attention to other Eastern European countries, especially Poland and Hungary, has diminished in Ceausescu's eyes Romania's special relationship with the U.S. While the visit itself will serve to reassure Ceausescu, he will press for economic advantages to which the Romanians attribute political significance. These will include most-favored-nation tariff status (MFN) on a long-term basis, credit on favorable terms, easing of export controls, and increased U.S. Government support for U.S.-Romanian industrial cooperation, including projects in third countries.

In this setting, we believe the best way for the President to set the stage for the talks is to begin by taking Ceausescu into his confidence on the U.S. approach to major global issues. These would include our world-wide support for human rights, U.S.-Soviet and U.S.-Chinese relations, SALT, and MBFR, our approach to Eastern and Western Europe and the CSCE process, North-South relations, nuclear nonproliferation, Africa and the Middle East. Ceausescu may also wish to discuss the role of the nonaligned and, since he is planning a trip to Korea, he may have some ideas here as well. In its policies toward the Middle East and many aspects of the Belgrade CSCE conference, Romania has acted constructively and stood apart from the Warsaw Pact consensus. It is in our interest to reinforce such Romanian actions on their own merits. But cultivating Ceausescu's desire to play an important and moderate role on international issues has another benefit. It makes it easier for us to influence Ceausescu favorably on issues, such as human rights, where he sees us as the *demandeur*.

II. Key Issues

1. *Human Rights*: Ceausescu will be prepared to discuss human rights, and we will recommend that the President outline our general policy and the values we support. We will recommend that the President make clear the importance to the Administration and the Congress of favorable and prompt action on emigration and marriage requests, including emigration to Israel, particularly if Romania wishes eventually to obtain most-favored tariff status on a long-term basis.

There is disagreement within the Department on how to approach three subjects: Romanian treatment of the Hungarian minority, human rights considerations with respect to loans from international financial institutions, and the Rauta case. We are seeking to resolve this disagreement.⁴

2. *Credits*: The Romanians have long been pushing for large-scale credits on near-concessional terms for economic development. Despite previous rebuffs, Ceausescu may well raise this subject with the President. We cannot meet such a request, but in order to encourage Romanians to respond to our interests, we are asking the Export-Import Bank to study the possibility of a line of credit and perhaps expansion of the Cooperative Financing Facility (CFF) in addition to project-linked loans.

3. *Export Controls*: Ceausescu may complain at the restrictions imposed on exports of high-technology U.S. goods to Romania. An inter-agency review of our export control policy with respect to Romania is now underway. We are considering recommending some liberalization of commodity (as opposed to technology) exports, which appears to be possible without jeopardizing our strategic interests.⁵

⁴ In telegram 79839 to Bucharest, March 28, the Department noted ongoing disagreement between EUR and HA concerning the level at which issues such as the treatment of the Hungarian minority and the family reunification case of Romanian defector Constantin Rauta should be raised. HA supported the position that these issues be raised by the President, or, failing that, by the Secretary of State. EUR supported the position of keeping these issues in discussions at lower levels. Furthermore, the administration was coming under pressure from Congress—66 members of Congress had sent a letter to the White House indicating their concern with violations of human rights in Romania. (National Archives, RG 59, Central Foreign Policy File, D780135–0900)

⁵ In preparation for Ceausescu's visit, an interagency group was formed to look into the possibility of loosening export controls toward Romania. The Department of Commerce and the Department of State supported some limited liberalization of export controls for commodities, while the Department of Defense continued to oppose for fear that such controlled technology might end up in Soviet hands. EUR hoped that by Ceausescu's visit a definitive answer on policy toward Romania regarding export controls might be announced. (Telegram 47748 to Bucharest, February 24; National Archives, RG 59, Central Foreign Policy File, D780087–0883)

193. Intelligence Information Cable¹

DB-315/04475-78

Washington, March 31, 1978

COUNTRY

Romania

SUBJECT

Appraisal of Situation: Goals and Problems of Ceausescu's Romania on the Eve of his Fourth Visit to the United States (DOI: March 1978)

SOURCE

[1 paragraph (5 lines) not declassified]

INTRODUCTION:

1. This is an assessment of Romania's political situation on the eve of President Ceausescu's visit to the United States. It focuses primarily on internal political factors within the economic and social framework of the country and also discusses foreign policy and military considerations. Trying to assess those problems with which the regime will have to deal over the next five years, this paper is necessarily weighted toward the negative side rather than toward the regime's past accomplishments. For example, instead of discussing the considerable improvements in living standards, the paper focuses on the mounting pressures from rising expectations. Similarly, there are important segments at all levels who believe in the system and have no desire to change it. This paper, however, while acknowledging this group's existence, concentrates on the factors which have the potential to force the regime off its current course in the next few years.

2. The denouement of the leadership situations in Yugoslavia and the Soviet Union may affect Romania in decisive ways but is not discussed here as our knowledge of these situations is conjectural.

Summary and Conclusions:

3. President Ceausescu runs a highly centralized power system with its main objectives being to maintain as high a degree of independence from the Soviet Union as is possible and reach a competitive level of industrialization as fast as possible. It is symbolized by a personality cult so intense that a Soviet diplomat in Bucharest recently said that his country had witnessed nothing quite like it even under Stalin. At

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965-1980, Lot 92D412, Box 2, Romania—Ceausescu Visit. Secret; [handling restriction not declassified]. Carlucci forwarded the cable to Brzezinski on April 13. (Ibid.)

the same time, both Ceausescu and his wife have several relatives in the power structure. The regime is stable. Short of his accidental death, Ceausescu seems likely to be around for the foreseeable future. At 60, he is the youngest East European leader, is in apparent good health, and has no known political opposition. The population is kept on a short leash, even by East European standards, although Romanian leadership could substantially relax present internal controls without risking Soviet retaliation. It is evidently Ceausescu's belief that, to attain difficult development goals, the population must be strictly controlled. As a result, there is little freedom of expression, people are afraid to deviate from the official line, officials avoid responsibility, and people are generally cynical.

4. Internal problems are those brought about by rapid industrialization at the price of insufficient supplies in the consumer sector. Social tensions are rising and muted, but serious dissatisfactions exist among the workers, the national minorities (especially the Magyars), and the intellectuals. Although these problems are real, the regime will be less and less able to count on a docile population, and Ceausescu may have to rearrange his priorities. There is no indication that any one problem will become a danger to the regime's continued existence in the next few years.

5. Well known for its flexible foreign policy, Romania has been successful at establishing political and trade relations with an unusually diverse group of countries in its attempt to obtain support from all directions for its relatively independent views from the Soviet Union. Romania is a weak link in the Warsaw Pact alliance as it participates in Warsaw Pact activities to a minimal extent, it has only limited loyalty to its alliance with the Soviet Union, and its armed forces are relatively untrained.

6. Ceausescu is an able tactician who, without changing his goals, has shown a certain amount of personal flexibility in handling difficult situations. He will probably attempt to solve crises on a case by case basis and, where there is a conflict, by removing the symptoms rather than altering Romanian external or internal objectives in any substantive way. Whether he is successful will depend in part on external factors over which he has no control and on a race between attaining industrial development and the demands of a population rapidly growing in sophistication.

ECONOMICS:

7. While skillful in producing impressive statistics (Romania has claimed the highest rate of production increases in Eastern Europe for years), in terms meaningful to the population, Romania is also the poorest East European nation, except for Albania. For example, its level

of personal consumption is only two-thirds the level of Bulgaria and one-half that of East Germany. Housing is cramped (especially since the earthquake in March 1977), wages are among the lowest in Europe, high-quality consumer goods are extremely scarce, and there is no letup in sight at least through the next five year plan (1985) when Romania is supposed to leave the ranks of the "developing" nations.

8. Romania's forced draft industrialization has brought the country to an economic crossroad. The country is entering a new era of tightening resource constraints. It can no longer throw more labor, or capital, at economic problems and hope to solve them. It is running out of both. Depending mostly on labor intensive methods, it has a labor shortage (a program to transfer office workers to "productive" work in factories and fields was begun last year). Although it is an oil producer, Romania has recently become a net energy importer, mainly because its in-ground crude oil and gas reserves are 20 percent depleted leaving only about a 10-year supply. [*Headquarters comment*: Using current technical procedures and equipment, it is difficult to extract any more than 25 percent of the reserves contained in a deposit.]² It must switch from extensive to intensive development, that is, it must increase efficiency and generally improve the ingredients in the economic formula.

9. There is evidence that the leadership is recognizing these problems, as it has announced some measures of decentralization and improved quality controls. It will take some time, however, before the speeches are translated into concrete directives at the factory level. A problem in implementing any changes is the lack of a consultative mechanism with the workers. Although government and party personnel changes announced on 8 March appear to be aimed mainly at the economic sector, it seems doubtful that substantive reforms will take place in the near future.

10. It is not at all clear, however, that the leadership is ready to deal with the important strains in the country's social fabric brought about by rapid industrialization. Since the beginning of World War II, the population has been told to make personal sacrifices for the benefit of the collective good. These sacrifices continue, as Romania has an extremely high rate (one-third of its national income) of reinvestment. Although living standards have improved, Romanians generally give credit not to government policies but to improvement of world living conditions in general. Many have relatives in the West and know that, by comparison, life in Romania is primitive. Although Romania is a net food exporter, shortages of staple foods are constant, and we have heard about villages stopping meat-exporting trucks near the border.

² Brackets in the original.

Although education is free and medical and social services are cheap, it is often difficult to overcome the necessary bureaucratic obstacles without bribing each petty and not so petty official in the chain leading to the service in question. Because housing and services are inexpensive, Romanian workers can often save some money. But frustration rises as money income outpaces supplies of popular consumer goods. Salary increases scheduled during the rest of this five year plan then will be two-edged swords. It appears as if the new policies discussed above would, if implemented, first cause a drop in real productivity and wages, which would only increase popular frustrations.

11. Last year's Jiu Valley worker unrest, with which the general population sympathized, points out that there is a limit to the workers' passivity. Their success will not be lost on workers of other industrial complexes in the country.

12. While Romania was primarily a rural country before and immediately following World War II, its work force has been rapidly changing over to industry (74 percent of the working population worked in agriculture in 1950 while only 35 percent did so in 1976); along with industrialization comes heightened political awareness and realization that there are more similarities than differences between the current system and its Ottoman and monarchist predecessors. As seen by many workers, high party and government officials appear to enjoy the same privileges as their predecessors. When these officials' homes or offices are in buildings formerly occupied by members of the royal family, the basic lack of social progress is blatant.

13. Every day the Romanian population suffers total immersion in statistics put out by the media which are designed to prove the success of party policies and to show the country's economic achievements. An increasing number of people are wondering when they will begin to benefit directly from these improvements. The regime cannot spur economic growth indefinitely at the expense of the population's standard of living without creating a deep well of frustrations.

14. The factors discussed above are converging, and Ceausescu may be forced to reorder his priorities to give the consumer a better break if violence is to be avoided before Romania joins the ranks of "developed" countries.

DISSIDENCE:

15. The recent appearance of a former high Romanian Communist Party official to publicize the situation of the minorities in Romania is a reminder that, internally, Romania is not quite the maverick it often appears to be. As Jean-Francois Revel wrote in a recent issue of "Foreign Affairs": "Derussification is not democratization. . . The most totalitarian of all the popular democracies of Eastern Europe is Romania, which

as a nation-state is the one that least follows Soviet foreign policy. Nonalignment is a concept that has to do with the will of the leadership to be all-powerful and not with the will of the people to be free." The brief existence of an intellectual dissident group, and several work stoppages last year are symptoms of serious domestic discontent. That there are not more "dissident" activists is probably because of fear, the efficiency of the security organs, and the passivity of the Romanian character, and not because of harmonious internal conditions. In a society where listening to Radio Free Europe (RFE) is against the law (one which is unevenly applied as 61 percent of Romanians do listen to RFE) and can be punished by a fine of up to 5,000 lei (about two and one-half times the average monthly salary), there is no place for a phenomenon such as Warsaw's illegal "flying universities." Without determined leadership or cooperation among the various groups, however, dissidents will continue to have limited impact.

INTELLECTUALS:

16. According to its own measures, Romania has an overbalance of intellectuals, that is, persons with no vocational or directly productive skills per se. The regime views its people primarily as productive units and believes that it is the individual's first goal to serve the needs of society as perceived by the leadership. Historians (there is no place for philosophers outside the strict confines of Party dialectics) and artists, who both depend on the state for their salaries, are kept busy with propaganda projects designed to justify official policies and exhort the working population to greater effort. Some intellectuals are reportedly doing solid work in their fields; however, since creative prose can be dangerous to the author, many writers turn to translating foreign classics into Romanian. Among the things that the intellectuals share with the general population are their repugnance for Ceausescu's personality cult, for nepotism at many levels of the hierarchy, and for the privileges enjoyed by high Party and government leaders.

17. As a group, intellectuals are passive; their dissidence quotient is low. They seek to accommodate themselves to the current ruling class's whims and dictates in such a way as to ensure a safe and comfortable life.

MINORITIES:

18. The Hungarian minority in Romania (which will be referred to as Magyars hereafter), comprising roughly 10 percent of the population, is the largest national minority in Europe. There are also about one-half million Germans but only enough Romanian Jews to fill a good-size stadium. These two groups are less vocal, however, preferring to emigrate or otherwise solve their problems with the help of influential external sovereign sponsors. The Magyars, not encouraged

to emigrate by Hungary which would have great difficulties absorbing them, wish to retain the manifestations of their ethnic origins in their everyday life while also enjoying equal opportunities. They strongly believe that not only are their human rights being denied but that it is Romanian policy to eradicate them as a distinct group. Although many Magyars were purged from government positions during late Party leader Gheorghiu-Dej's strict nationalities policy in the 1950s, Ceausescu is being more cautious. The objective, creating a unified state in which national differences are either forgotten or at least minimized in favor of unswerving allegiance to Romania, remains the same. But there are still several Hungarian-language newspapers and periodicals, a large number of locally published books, and state-subsidized theaters, radio and television programs. In Transylvania there are Hungarian-language primary and secondary schools, and some university courses are taught in Hungarian. Nevertheless, the trend is toward integration of Magyar with Romanian institutions, dispersal of Magyars to non-Magyar areas, and importation of ethnic Romanian workers for new industries being opened in Transylvania.

19. To the extent that people are being moved successfully, the plan is working. Once practically 100 percent Magyar, the Transylvanian capital of Cluj is now only 40 percent Magyar, and Hungarian-language street signs have disappeared. As Magyar families are forced to move to other areas to find work, their children will increasingly grow up in a Romanian environment. Magyars, however, are proud of their heritage, resent the minimal role allowed their ancestors in official Romanian history, and in fact tend to believe that they come from a superior culture. As they do not particularly hide this feeling, they get little sympathy from Romanians, some of whom still nurse a sense of grievance over 19th and 20th century Hungarian attempts to "Magyarize" ethnic Romanians. Some have fresher and personal bitterness over the harsh treatment accorded to Romanians during World War II before Romanian jurisdiction over Transylvania was reestablished in 1945.

20. As gradually as Ceausescu tries to move on this issue, he will run into problems. After a lifetime of personal sacrifices and seen against the backdrop of an entire population which has just been told (during the December 1977 Party Conference) that life will be at least as difficult for another eight years, the Magyars must carry the extra burden of their nationality. But, given the low quality of life anywhere in Romania, even the Magyars (unless they receive help from outside) will probably continue to give priority to personal economic survival over the flourishing of their culture.

FOREIGN POLICY:

21. It is in this field that Romania is best known. The most basic reality for Romanian policymakers is the country's geographic location

on the Soviet Union's southern border. But, except for its periodic polemics with the Soviet Union over Bessarabia and North Bukovina (annexed by the Soviet Union in 1940), all of Romania's foreign policy efforts have been aimed at making everyone forget or overlook its "little brother" relationship to its northern neighbor and its membership in the Warsaw Pact Treaty Organization.

22. Although Romanian diplomats can be found pursuing their nationalistic policies in many international forums, they seem to have concentrated their efforts on establishing relations with Peking, Washington, and the Third World in order to balance Romania's relations with the Soviets. In the Third World, they have succeeded in carving a niche for Romania as a quasi-nonaligned state without, however, being able to gain formal acceptance to the nonaligned movement (NAM). Although there seems to be growing disillusionment on the part of African countries over their relations with Romania, as well as with the quality of Romanian goods received, there is no indication that Romania intends to cool its ardor in seeking Third World friends and markets. In fact, it is renewing its campaign to become a full member of the NAM in preparation for NAM meetings scheduled this year and next, and it is allocating a larger ratio of its foreign trade to the Third World. Interestingly, trade figures also show a projected larger share for the East European Economic Organization (CEMA). Increases in both the Third World and CEMA will be at the expense of trade with the industrialized countries, reflecting probable Romanian disappointment that its opening to the West has not paid off in economic terms as rapidly as it had hoped.

23. Having apparently played a role in arranging the first U.S. contacts with the People's Republic of China in 1972, Romania has kept its taste for middleman situations, most recently having played a role in Sadat's visit to Israel. There were some apparently unfounded rumors in Bucharest earlier this year that Ceausescu was exploring the possibility of stepping into the Moroccan-Algerian Sahara problem, and there are similar rumors now concerning the Cambodian-Vietnamese conflict. Romania takes obvious pride at having good relations with all countries regardless of their politics, and Ceausescu has a well-known penchant for wishing to build up his own and his country's prestige (which in Gaullist fashion he probably does not separate) by involving himself in such go-between roles. Given these two ingredients, Ceausescu may be given somewhat more credit than he deserves in the face of scarce information on these situations.

24. Along with its semi-independent foreign policy, Romania has an extreme aversion to being overlooked on such questions as MBFR and is very active at disarmament and other international forums (for example, recently at Belgrade), and at promoting its ideas behind a

smokescreen of fighting for the rights of the small countries in the face of the overbearing nature of the great powers.

25. At the same time, the Romanian leadership is always conscious of the great power factor in any situation which somehow touches Romania. The regime is quick to point to the problems of others and even quicker to blame its own failures on external or uncontrollable events such as the 1975 flood or the 1977 earthquake. This leads to occasional overinterpretation of real or imagined signals, to blaming the Ottoman Empire for countless current Romanian problems, to imagining that visiting American scholars and the few Romanian dissidents are spies, and to seeing the Soviet hand in the current Hungarian minority problem. Admittedly, there are historical precedents for the last example.

MILITARY:

26. In keeping with Romania's wish to be as independent as her politico-geographical situation permits vis-a-vis the Soviet Union, it participates as little as possible in Warsaw Pact activities. There are no Soviet troops on Romanian soil; neither do Warsaw Pact troop maneuvers take place in Romania. In the same way that the Soviet Union would like Romania to be more fully integrated into CEMA, so has it been trying to move Romania closer to its military alliance. That the Soviet Union is not trying harder is probably a reflection of the Soviet view of the current and foreseeable threat on its southern flank. Should the Soviet perception of this threat change, there is no question that Romania would have little choice but to play the game according to Soviet rules. Although there would be initial armed resistance to a Soviet invasion of the type seen in Hungary in 1956 or Prague in 1968, the regime would be forced to give Soviet troops transit rights if the Soviet Union believed it needed to send troops to Yugoslavia or Bulgaria. Depending, on the circumstances, however, it seems probable that the USSR would transit Romania only as a last choice, preferring instead to overfly Romania, to take the Black Sea route, or to go through Hungary. At the same time, Romania would probably be more agreeable to a transit request if the final destination were Bulgaria rather than Yugoslavia, with whom it has more in common and whose own relative independence from Moscow is an important prop to Bucharest's go-it-alone attitude in foreign affairs. If the Soviet Union wanted to station troops on Romanian soil against a foreign (non-Romanian) threat, however, Romania would probably accede. Such an occupation would not be popular, but, as it has done before through countless occupations (and in a way as it is doing now under Ceausescu), the people would concentrate on surviving rather than on fighting back. That Romania has been able to become and remain a national entity

is more a result of the cleverness of its diplomats than of the might of its armies.

27. To a large extent, the relative loyalties of the armed forces tend to reflect those of the population but, as it receives more ideological indoctrination, probably at a somewhat higher level of intensity. Since loyalty to the country is highest, the regime has skillfully promoted Ceausescu and the Party as synonymous with Romania. Loyalty to the Warsaw Pact is the weakest link in the loyalty chain.

28. In terms of ability, the technical services (that is, Navy, Air Force, and Air Defense) are far better trained than the Army, essentially a vast labor pool which receives little training above the small-unit level. It is the assessment of the Bucharest Embassy Defense Attache that any Warsaw Pact operation would be far better off without a Romanian Army unit during a combined operation.

29. Mistrust of the minorities is reflected by their status in the armed forces. There are very few minorities represented in the officer corps, for example. Enlisted men from ethnic groups are almost automatically placed in engineer units where they are little more than unskilled labor troops.

30. [*less than 1 line not declassified*] the Ambassador has read this report [*less than 1 line not declassified*] he considers it "a comprehensive statement which highlights the main problems and current areas of potential conflict in the Ceausescu regime's management of Romania." In the Ambassador's view, however, "the report's skepticism concerning Romanian achievements and possibilities is somewhat overdrawn, and it leans toward the lowest available estimates of quality of life/standard of living in Romania (i.e., vis-a-vis Bulgaria, Yugoslavia and the USSR, where other estimates show Romania equal or ahead). This penchant extends also to judgments on politics . . ." where, the Ambassador believes, "there is an underestimation of Ceausescu's potential, and that of his regime, for development in both the political and economic/social spheres.")

31. [*less than 1 line not declassified*]

32. [*less than 1 line not declassified*]

194. Paper Prepared in the Central Intelligence Agency¹

RP M 78–10144

Washington, April 5, 1978

SUBJECT

Ceausescu's Romania: A Situation Report

1. As head of state and Secretary General of the ruling communist party, President Ceausescu is very obviously the supreme national leader of Romania today and we are not aware of any individual or faction within the leadership that could challenge his position. The personality cult that enshrines him is rivaled only by that of North Korea's Kim Il-song.²

2. Ceausescu keeps leading party and government functionaries under control and off balance by means of a periodic rotation of top personnel, which can affect even his closest associates. Although these arbitrary shifts, as well as the elevation of his wife, Elena, to high party posts, have caused resentment within the hierarchy, the grumbling is likely to remain within bounds.

3. In contrast to its outward-looking and independent foreign policies, the regime maintains perhaps the most authoritarian domestic controls among Warsaw Pact states. Bucharest's tactics in dealing with the small manifestation of dissidence that formed around author Paul Goma last year was to isolate individual dissidents and allow them to emigrate. The movement has since collapsed.³

4. Instances of workers' unrest, including a slowdown in a major coal mining region in August, represented a potentially more serious

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 80T00634A, Production Case Files (1978), Box 2, Ceausescu's Romania: A Situation Report. Confidential. The paper was prepared in the National Foreign Assessment Center.

² In preparation for the trip to Washington, the CIA also circulated a biographic research paper in March, entitled "Nicolae Ceausescu: Romania's Maverick Leader." The paper described him as possessing "shrewdness and flexibility in anticipating potential political crises and circumventing them." "However," the paper continued, "a recent psychiatric evaluation depicts him as possessing an unshakable belief in the wisdom of his decisions, an intense attachment to his goals, and a conviction that he alone knows what's best for his country." (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1958–1978, Lot 92D468, Box 5, Hungary Jan–June 1978)

³ The Office of Research and Political Analysis at the CIA disseminated a report arguing that "resumption of wide-scale political dissident activity appears dim." (Central Intelligence Agency, Executive Registry, Job 80T00634A, Box 2, unlabeled folder)

challenge to Ceausescu's authority.⁴ Early this year there were also reports of restlessness among Romania's approximately two million Magyars. This minority is disturbed over alleged cultural and educational discrimination and what the Magyars perceive as a systematic Romanian effort to gradually assimilate all national minorities.⁵

5. Ceausescu has reacted to these symptoms of popular discontent with an extensive reorganization of the state security apparatus. He personally assumed the security portfolio on the party secretariat. This, together with other high-level personnel changes in the Interior Ministry suggest that he wants to avoid a repetition of future instances of unrest.

6. The main problems currently facing Romania continue to be in the economic domain. The long-term goal, of course, is to turn the country into a modern industrialized communist state. Ceausescu hopes to achieve this objective within an integrated, centrally oriented framework.

7. In 1977, the economy experienced almost unprecedented difficulties mainly as a result of energy, labor and hard currency shortages. Natural causes—including a devastating earthquake and a drought that adversely affected agricultural output—compounded the difficulties. As a result, economic growth was the lowest in years.

8. Earlier this year Ceausescu announced a program aimed at redressing the country's economic problems. While retaining the full mechanism of centralized planning, the scheme hinted at greater self-reliance for enterprises in order to promote efficiency and productivity.

⁴ Rumors of labor unrest in the Jiu Valley, a major coal mining region of central Romania, surfaced in August 1977. In telegram 5847 from Bucharest, August 5, 1977, the Embassy reported Ceausescu's unplanned "working visit" to the area to quell the growing rebellion. Ceausescu's visit "is very much in keeping for him to rush to the scene of trouble to put out the fire." (National Archives, RG 59, Central Foreign Policy File, D770282-0284) On November 11, 1977, the Embassy reported in telegram 8323 from Bucharest, that Ceausescu was back in the Jiu Valley, noting the "gross emphasis on the role of Ceausescu personally—not the Party, not the Government, not other leaders" in resolving the labor issues in the region. (National Archives, RG 59, Central Foreign Policy File, D770417-0427) In telegram 2413 from Bucharest, April 11, the Embassy reported it received credible information that over 4,000 miners and their families had been relocated from the Jiu Valley back to their original areas, mainly the economically depressed Dobruja. (National Archives, RG 59, Central Foreign Policy File, D780157-0903)

⁵ During his meeting with Andrei in Bucharest, March 31, Vanik discussed the issue and emphasized that he understood Romanian concerns with demonstrations against Ceausescu during his visit to the United States, but believed the numbers would be small and it would not interfere with the protocol of his visit. Andrei told Vanik that "agitation by Hungarian emigrants as well as by Hungarians here in Romania is 'fed from the outside.'" (Memorandum of conversation, March 31; National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965-1980, Lot 92D412, Box 6, U.S.-Romania Political Relations)

The program threatened to make government assistance dependent on an enterprise's ability to show a profit. We believe that the policy of "self-financing," as announced by Ceausescu, if implemented, would place enterprise managers in a precarious position. The central authorities demand increased productivity, even though the workers' capability of providing it is already strained. There are indications, however, that when it is implemented, the program may turn out to be less drastic than originally presented.

9. Workers' unrest last year was caused by the requirement to perform overtime work without pay, a reduction in retirement benefits and experiments with the unpopular productivity-wage linkage. Under the new program, underfulfillment of production targets by enterprises would result in wage cuts for workers. Despite the regime's hopes to the contrary, this could again foment instances of unrest.

10. In an effort to facilitate the program, Ceausescu undertook a major reshuffle of the hierarchy last month. The shifts involved mainly the top officials of the planning, foreign trade, finance and industrial construction sectors. The scope of the transfers, which included some of Ceausescu's closest associates, suggests that he is making an all-out attempt to put the economy on a better footing.

11. Ceausescu's principal foreign policy objective is to retain as much independence from Moscow as possible, given geopolitical realities. In line with this goal, Ceausescu has been trying to build a "special relationship" with Washington as he believes that closer political and economic ties will help Romania fend off pressures from the Soviets for closer integration with the Warsaw Pact and CEMA. At the same time, Ceausescu seeks to keep balanced relations with all of the major powers, and his visit here next week is expected to be followed by a trip to China later this spring. He probably also plans to go to Moscow this year although apparently no date has been set.

12. Ceausescu recently named Stefan Andrei his new foreign minister, replacing the ailing George Macovescu. The appointment is not likely to alter basic Romanian foreign policies. Andrei has been Ceausescu's personal foreign policy advisor for some years, and he is expected to accompany him to Washington.

13. Ceausescu is anxious to retain his country's active participation in world affairs, but Romania's recent foreign policy performance has been unspectacular. Bucharest has been unsuccessful in making an imprint on the CSCE proceedings and its suggestions were not reflected in the final document. The Romanians probably would like to play a leading role in the non-aligned movement, but are finding it difficult even to put a foot in the door.

14. Ceausescu has a deserved reputation as a behind-the-scenes arbitrator of international disputes and did help arrange the Sadat-

Begin meeting last winter. Although the recent Israeli action in Lebanon was an embarrassing setback for Ceausescu's efforts, he is apparently continuing his conciliatory attempts in the Middle East. Ceausescu has hinted that he will deliver a North Korean message to President Carter and he has expressed an interest—apparently without the express encouragement of either side—to improve relations between Washington and Peking. In sum, he relishes a role as mediator which, he believes, gives him prestige as an international statesman.

15. As far as we are aware, Ceausescu is unconcerned that he might, for whatever reason, leave the political scene and there is no clearcut candidate to succeed him. [5 lines not declassified]

195. Editorial Note

On April 5, 1978, Assistant Secretary of State for European Affairs George Vest, Assistant Secretary of State for Human Rights and Humanitarian Affairs Patricia Derian, and Director of Policy Planning Anthony Lake forwarded an action memorandum to Deputy Secretary of State Warren Christopher requesting decisions on a number of human rights issues prior to the arrival of Romanian President Nicolae Ceausescu. Sent through Counselor of the Department of State Matthew Nimetz, the memorandum asked, among other issues, for a decision on how to raise the sensitive case of Constantin Rauta's request for family reunification with Ceausescu's party. (See Document 196.)

Constantin Rauta was part of the advance party preparing for Romanian President Nicolae Ceausescu's visit to Washington in December 1973, when he defected to the United States. Rauta, a diplomatic courier at the time he defected, requested that the United States facilitate his attempt to trade his classified pouch for permission for his wife and young child to immigrate to the United States. U.S. officials persuaded Rauta that such an attempt was impractical and that the pouch should be returned to the Romanian Government. Ceausescu considered Rauta's defection a personal affront, and the Romanian Government refused to allow Rauta's family to emigrate.

The focus placed on human rights by the Carter administration offered Rauta new traction. In telegram 196804 to Bucharest, August 18, 1977, the Department informed the Embassy of the increasing interest in the Rauta case of Representatives Charles Vanik, Joshua Eilberg, Bill Frenzel, as well as Senators Abraham Ribicoff, Henry Jackson, Paul Sarbanes, Jacob Javits, and Edward Kennedy. (National Archives, RG

59, Central Foreign Policy File, D770299–0146) The Human Rights and Humanitarian Affairs Bureau pressed for an official *démarche* on the Rauta case. Romanian Ambassador to Washington Nicolae Nicolae, told newly appointed U.S. Ambassador to Romania Rudolph Aggrey upon his arrival in Bucharest, “as a friend and colleague” that, in Nicolae’s opinion, the case was “heavily political here, that it is political to the very highest level, and that he saw no possibility of securing a reversal of the GOR’s stand.” Nicolae added that “any decision to reunite this family will be considered a reward and encouragement to others for treason, and will be taken only for the most pressing political reasons, at the highest level.” (Telegram 9067 from Bucharest, December 19, 1977; National Archives, RG 59, Central Foreign Policy File, D770472–0250)

The Department of State continued to debate the issue internally. In telegram 305730 to Bucharest, December 23, 1977, Nicolas Andrews, Director of Eastern European Affairs in the Bureau of European Affairs, informed the Embassy: “We have given very serious consideration to Bucharest 9067. There have been conversations between us and Patt Derian’s office, between George Vest and Patt Derian, and so forth.” Andrews continued: “There is strong pressure from D/HA (and of course Rauta) to do something now. Romania’s poor reputation in human rights matters (beating up and detention of Goma, beating up of Baptists, continuing American-Hungarian propaganda on Transylvania, the ‘reprisals’ against the Jiu Valley miners, Goma’s statement in Paris, etc.) is not made up for by its adequate emigration record (especially to the US and FRG).” (National Archives, RG 59, Central Foreign Policy File, D770479–0302) While Assistant Secretary of State for European Affairs George Vest was “not overly optimistic about the Romanian reaction” to a *démarche*, he considered that the case’s “potential to prejudice the normal development of our relations with Romania if left unresolved” made sending a note imperative. (Telegram 309076 to Bucharest, December 29, 1977; National Archives, RG 59, Central Foreign Policy File, D770484–0036) The *démarche*, which was sent to Bucharest in telegram 2366, January 5, was discussed by Ambassador Aggrey with Deputy Foreign Minister Cornel Pacoste on January 6. (National Archives, RG 59, Central Foreign Policy File, D780009–0162) Pacoste refused to accept the note, denied that Rauta was a humanitarian case, and told the Ambassador that “he did not understand U.S. persistence (“insistence”) in this case and was surprised that U.S. Government is officially pressing for its solution.” (Telegram 109 from Bucharest, January 6; National Archives, RG 59, Central Foreign Policy File, D780010–1118)

As preparations for Ceausescu’s visit went forward, the Rauta case was brought up repeatedly in all high-level discussions between U.S.

and GOR officials. Counselor of the Department of State Matthew Nimetz discussed the issue on January 10 during his meeting with Romanian Ambassador Nicolae. (Telegram 7567 to Bucharest, January 11; National Archives, RG 59, Central Foreign Policy File, D780017-0020) Assistant Secretary of State for Human Rights and Humanitarian Affairs Patricia Derian raised the issue on February 14 with Ceausescu adviser Vasile Pungan, suggesting that failure to resolve the matter would force the U.S. Government to bring up the case during Ceausescu's visit. (Telegram 43849 to Bucharest, February 18; National Archives, RG 59, Central Foreign Policy File, D780077-0269) By late March, the Department concluded that pursuing the Rauta case on humanitarian grounds was unlikely to succeed. "We are willing to suggest to the right Romanian officials the possibility of a quid pro quo for the release of the Rauta family," the Department informed the Embassy in telegram 79845, March 28. "We see no other way to break the present stalemate" Deputy Assistant Secretary of State William Luers wrote. Representative Charles Vanik's visit to Bucharest on March 31, Luers concluded, "offers a good opportunity to make the first try. Vanik has shown a personal interest in the Rauta case. More important, he has good bargaining chips, if he is willing to use them in this way." (National Archives, RG 59, Central Foreign Policy File, D780135-0178) Vanik discussed the Rauta case with Romanian Foreign Minister Stefan Andrei, without any success. (Telegram 2146 from Bucharest, April 1; National Archives, RG 59, Central Foreign Policy File, D780142-0921)

On April 4, Helen Thomas, UPI White House correspondent, asked the President's personal secretary, Susan Clough, to bring a letter from the Holy Cross Romanian Orthodox Church to the President's attention. The letter asked the President to intervene on behalf of Rauta's family with the Romanian Government, "perhaps during the upcoming visit of Romanian President Nicolai Ceausescu." Carter forwarded the letter to his Assistant for National Security Affairs, Zbigniew Brzezinski commenting "Zbig—I'd like to help." (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania, President Ceausescu, 4/12-13/78: Cables and Memos, 12/13/77-4/10/78) Robert King, of the National Security Council Staff, was instructed to prepare, in cooperation with the Department of State, a paper for the President's use on the Rauta case. King responded to the memorandum on April 7, detailing the Rauta case and the Romanian sensitivities, as well as the numerous instances in which the case was discussed with the Romanians. King wrote: "Bill Luers and I have discussed the problem and we agree" that the best U.S. Government strategy to get permission for the family to emigrate "is to offer to make some kind of underhanded deal with the Romanians—to approve an exchange of

something the Romanians want in return for the exit visas.” King continued: “If the President were to raise this specific case with Ceausescu it would have serious repercussions and I *strongly* advise against doing so.” King also recommended that Brzezinski advise the President not to raise the Rauta issue with Ceausescu. Brzezinski disapproved the recommendation. (Ibid.)

On April 10, King forwarded to Brzezinski a memorandum for President Carter’s briefing book for the Ceausescu visit. The memorandum recommended that the issue be raised late in the visit and that it be raised in a tête-à-tête between Carter and Ceausescu. Most importantly, “the best way to approach the issue is *not* on humanitarian grounds and *not* by appealing to Ceausescu’s sense of justice” the memorandum stated. Rather, the President should “explain that the Rauta case has introduced discord in our relationship and express your desire that it be resolved so that such obstacles do not stand in the way of the further development of our relations.” (Ibid.) That same day, King also informed Brzezinski that Deputy Secretary of State Warren Christopher had approved a recommendation that Secretary Vance would raise the Rauta case privately with Romanian Foreign Minister Stefan Andrei. (See Document 196 and footnote 7 thereto.) Brzezinski signed King’s memorandum on the Rauta case and sent it to Carter on April 11.

196. Action Memorandum From the Assistant Secretary of State for European Affairs (Vest), the Assistant Secretary of State for Human Rights and Humanitarian Affairs (Derian), and the Director of the Policy Planning Staff (Lake) to the Deputy Secretary of State (Christopher)¹

Washington, April 5, 1978

SUBJECT

The Ceausescu Visit—Human Rights Issues

ISSUES FOR DECISION

How three humanitarian issues should be taken up during President Ceausescu's visit. Decisions are needed well before Ceausescu's arrival on April 11.

BACKGROUND

We agree that the President should raise the subject of human rights with Ceausescu, making reference to obligations in the Helsinki Final Act assumed by all signatory states to respect human rights and discuss such matters with one another. The President should urge Ceausescu directly to take favorable and prompt action on present and future emigration and marriage requests including emigration to Israel, particularly if Romania wishes the Administration to seek Romanian MFN status from Congress on a multi-annual basis. Since human rights problems are already an important item on our bilateral agenda, there is disagreement within the Department over the degree to which and whether the following three additional and sensitive human rights issues should be raised with the Romanians during this visit.

THE THREE ISSUES

A. Hungarian Minority

The Romanian Government is periodically accused of officially sanctioned discrimination against the approximately 1.7 million ethnic

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981, Lot 82D298, Box 3, S/P-Lake Papers—4/1–15/78. Confidential. Drafted by Andrews, Sillins, Brody, and Kaplan; cleared by Luers, Fuerth, and Wolf. Luers initialed the memorandum for Vest; Brody initialed for Derian. The undated memorandum was sent under a covering memorandum through Nimetz on April 5. In his memorandum, Nimetz recommended that Vance raise the Hungarian minority issue with Andrei, that there was no need to raise the IFI issue, and that the Rauta case not be brought up during the Ceausescu visit. (National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary of State for Security Assistance, Science and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official, January–June 1978) Nimetz forwarded Christopher's decisions to Vance under an April 10 covering memorandum. (Ibid.)

Hungarians in Romania, such as restrictions on schooling in the Hungarian language, employment discrimination, and strong efforts to assimilate Hungarians into the Romanian culture. American-Hungarian organizations are sensitive to this issue. Sixty-six Members of Congress wrote to President Carter on March 22 stating their concern and specifically asking that he raise the matter with Ceausescu.

Recent media attention has focused on detailed written criticism of the official Romanian policy towards ethnic Hungarians. The author was Karoly Kiraly, an ethnic Hungarian still in Romania who formerly held a high position in the Romanian Communist Party.

For Romania, the Hungarian minority issue raises sensitive territorial questions. Most ethnic Hungarians live in Transylvania which was not incorporated into modern Romania until after World War I. Romanian authorities fear that the real motivation behind the recent public debate in Hungary over this issue is an irredentist attempt. They are also concerned that the USSR may be stirring it up to pressure Romania because of its independent foreign policy. It has assumed increasing importance in Romanian-Hungarian relations since Ceausescu and Kadar referred to it publicly for the first time in June 1977. It continues to be discussed at high levels between the two governments. In a speech March 16, Ceausescu criticized shortcomings and deficiencies in Romanian policy toward the Hungarian and German minorities and put forward specific remedial actions.

Department officials (Nimetz et al) have raised the issue with visiting Romanian officials, most recently with Deputy Foreign Minister Gliga on March 17.² We put the issue in the context of our global support for minority rights, reiterated our firm support for Romanian territorial integrity, and made clear that we are not proposing specific solutions but felt we had to raise the matter because of Administration, public and Congressional interest in humanitarian matters set down in the Helsinki Final Act.

Ceausescu may well preempt the issue by raising it with the President and explaining the situation as he sees it. If so, it would be an opportunity for the President to express his satisfaction that the issue has come up and to explain the concern which exists in the United States in this regard.

OPTIONS

1. The President Raises Issue with Ceausescu

Should Ceausescu not raise the issue, the President on his own would raise it to make clear at the highest level the seriousness with which the U.S. views this aspect of human rights.

² In telegram 74362 to Bucharest, March 22, the Department informed the Embassy of the Nimetz-Gliga conversation on the treatment of the Hungarian minority in Romania. (National Archives, RG 59, Central Foreign Policy File, D780127-0309)

In doing so he could note that the U.S. seeks a continuing official dialogue on such questions rather than any U.S. involvement in Romania's internal affairs. He could emphasize that if U.S. public debate on this issue is erroneous or ill-informed, such debate is still a legitimate consequence of the U.S. democratic process. The U.S. Government, however, would be better informed as to allegations of discrimination if there were a better bilateral discussion of the matter. (HA supports.)

2. The Secretary Raises Issue with the Foreign Minister

If the President has not raised the issue during his general discussion of human rights and emigration issues with Ceausescu, he could note his concern about certain delicate human rights problems and indicate his wish that those be discussed at the Foreign Minister level.

If the issue is left for the Secretary, we would try to have the Romanians raise it. In response to their presentation, the Secretary would explain the interest which exists in the Administration, Congress and the public domain for a fair and just solution to existing problems.

If the Romanians do not raise it, the Secretary could ask the Foreign Minister to comment on the Hungarian minority issue as one of the human rights issues embodied in the Helsinki Final Act. In either case, he could stress that the U.S. strongly supports Romanian territorial integrity, opposes irredentism, and has no wish to see this issue troubling the relations among the United States, Romania and Hungary.

The Secretary's approach would serve to bring strong U.S. interest in this matter to Ceausescu's attention. It would not fully address the concerns of the Congressmen that the President raise the matter. (EUR and S/P support, as does HA if the President does not raise it.)

3. Issue is not Raised by the President or Secretary

Choosing this option signifies recognition that the Romanians and Hungarians have this issue on their agenda at a high level; that Ceausescu recently made recommendations to correct Romanian policy toward minority problems; and that the United States has little or nothing to gain from involving itself directly in an issue between two Communist governments.

Recommendations:

1. That the President raise the issue with Ceausescu. (HA supports.)
2. That the Secretary raise the issue with the Foreign Minister. (EUR and S/P support, as does HA if the President does not raise it.)³
3. That the issue not be raised by the President or Secretary.

³ Christopher approved Option 2 on April 8, and wrote in the margin: "Suggest that President state that he has asked Secy of State to raise certain human rights matters. WC."

B. Loans to Romania from International Financial Institutions

Recently, and in accordance with current legislative requirements, we have advised Romanian officials of our obligation to take human rights considerations into account in determining our position on loan applications to international financial institutions (IFIs) like the World Bank. However, we have not advised the Romanians that the U.S. is contemplating specific negative action against them in the IFIs. It is widely understood that Ceausescu maintains a tightly controlled internal political system. There is lack of consensus in the Department on the degree to which there is a pattern of violations of human rights in Romania serious enough to warrant such action.

The U.S. encouraged Romania to join the World Bank and the IMF, in keeping with our interest in lessening Romania's economic and political dependence on the USSR and Communist economic organizations. This stems from Administration policy (in accordance with PD-21) to make legitimate efforts to accord Romania favored treatment in, among other things, economic matters. We are required by the Harkin Amendment (1977)⁴ and PD-30⁵ to consider Romania's human rights policies in the IFI context.

*OPTIONS**1. The President Raises Issue with Ceausescu*

This would signal the most serious intent to reflect upon the human rights situation in Romania and our need to consider this in decisions for positive votes, abstaining or voting against Romanian loan applications in the IFIs. The President could raise this issue in a calm fashion without suggesting that the United States is on the verge of abstaining or of a negative vote in the IFI and could make clear he has an open rather than closed mind on the subject. (HA supports.)

2. Secretary Raises Issue with the Foreign Minister

This could be taken up as one of the "delicate problems" mentioned by the President (see above). The Secretary could explain the requirements of U.S. law and stress our wish to continue supporting Romanian IFI loan applications. (S/P supports, as does HA if the President does not raise it.)

⁴ The Harkin Amendment to the Fair Trade Act prohibited the United States from offering economic assistance to countries that grossly violated human rights.

⁵ PD-30, signed by Carter on February 17, 1978, established that promoting the observance of human rights would be a major objective of U.S. foreign policy.

3. Issue is not Raised by President or Secretary

This course would avoid difficulties in our relations and maintain consistency with PL-21. The Romanians have already been informed at a high level of U.S. legislative requirements. The U.S. has other levers (for example, the MFN/emigration hearings) with which to exert pressure on human rights issues. (EUR supports.)

Recommendations:

1. That the President briefly raise the issue with Ceausescu. (HA supports.)
2. That the Secretary raise the issue with the Foreign Minister. (S/P and HA support.)⁶
3. That the issue not be raised during the visit. (EUR supports.)

C. The Rauta Case

Constantin Rauta was a Romanian official with intelligence responsibilities who defected just before Ceausescu's official visit to the U.S. in December 1973. Rauta is now an engineer at the Goddard Space Flight Center. He was traveling as a diplomatic courier and asked U.S. officials to help him trade his classified pouch for Romanian permission for his wife and young son to join him in the United States. We convinced him of the impracticality of such an exchange given the imminent arrival of the Romanian President and the pouch was returned unopened to the Romanians.

The principal Romanian objection to allowing Mrs. Rauta and the child to emigrate is that the family's reunification would be seen as a reward to a traitor and would encourage similar defections. Ceausescu is reportedly familiar with all the above aspects of the case, apparently regards Rauta's defection as a personal affront and is the only person who can decide the fate of Rauta's wife and child.

Our representation on humanitarian grounds have been stubbornly rebuffed by Romanian officials who insist that because Rauta is a traitor, this is not a human rights matter. They may maintain that our raising it in this context only confuses matters. We do not accept that view but are prepared to resolve this issue on any practical basis. Prospects are not bright in the near future but we intend to persist.

OPTIONS

1. The President Raises the Issue with Ceausescu

This would signal the strongest interest in resolving this longstanding case and our understanding that only Ceausescu holds the key to

⁶ Christopher approved Option 2 on April 8.

unlocking this case. Raising the issue with Ceausescu could make him uncomfortable and may not immediately secure the release of Rauta's family.

This would give the Romanian President an understanding of the U.S. view that, three years after the granting of MFN, there should be progress in even the most difficult of the divided family cases with Romania. A number of longstanding cases will have been resolved in the weeks before Ceausescu's arrival here, clearly as a result of a Romanian attempt to put its best face forward. Indications are that there is little high-level Romanian receptivity to bargaining for the Rauta family's release. A high-level U.S. reaffirmation to Ceausescu that the Rauta matter is a humanitarian issue which can be resolved will maintain the momentum we have generated in pressing the case with Romanian authorities. There has been no confirmation to us that the Romanian President is even aware of our heightened concern for the Rauta wife and child. (HA supports.)

2. Secretary Raises the Issue with the Foreign Minister

This course would also make clear very strong U.S. interest in resolving this case, without producing a confrontation during the Ceausescu visit. It could be taken up as one of the "delicate problems" referred to by the President. (S/P support this option, as does HA, if the issue is not raised by the President.)

3. Issue is not Raised by the President or Secretary

We have already raised this issue at high levels this year. Our Ambassador raised it with Deputy Foreign Minister Pacoste in January and delivered a note. We raised it with Presidential Counselor Pungan in Washington. Just recently, on March 30, our Ambassador made a strong pitch to Pungan to find some solution and Congressman Vanik made an equally strong pitch to the Foreign Minister on April 1 at our prodding. (EUR supports.)

Recommendations:

1. That the President confirm U.S. interest in the Rauta affair as humanitarian and seek Ceausescu's agreement to allow the wife and child to join Mr. Rauta here. (HA supports.)

2. That the Secretary raise the issue with Andrei. (S/P supports, as does HA, if the President does not raise.)⁷

3. That the issue not be raised. (EUR supports.)

⁷ Christopher approved Option 2 on April 8.

197. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, April 11, 1978

SUBJECT

Visit of Romanian President Ceausescu

Romania has been singled out as one of the East European countries in which we have a special interest. This stems largely from its foreign policy. Since the early 1960s Romania has institutionalized a degree of independence from the USSR that is unique in Eastern Europe.

Romanian autonomy from the Soviet Union is a disruptive factor within the Warsaw Pact and it tends to increase Soviet uncertainty about the protective glacis along its western frontier. Furthermore, the institutionalization of Romanian autonomy increases the possibility and provides a role model for other East European countries which might seek to achieve similar status.

For the last fifteen years, the US has followed a policy of supporting Romanian autonomy principally through political gestures. Romania was the first communist country to be visited by an American president (1969), and a number of high level visits have been exchanged. Ceausescu was last here in 1975.²

In 1975 we signed a Trade Agreement extending Most Favored Nation Treatment to Romanian exports.³ While this did not bring a substantial increase in trade (as the Romanians hoped it would), some modest gains have been evident. More important, however, is the symbolism of giving Romania a status in its trade with the US that the USSR and most other countries of Eastern Europe have not achieved.

During the Nixon and Ford Administrations Romania was accorded a favored place in our policy towards Eastern Europe. In the reassessment of our East European policy last year, we have somewhat altered that situation. On the basis of internal liberalization and/or

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania, President Ceausescu, 4/12-13/78: Cables and Memos, 4/11-22/78. No classification marking.

² President Nixon visited Bucharest August 2-3, 1969. President Ford visited Romania August 2-3, 1975, following the signing of the Helsinki Accords. Ceausescu visited the United States on October 24, 1970, December 3-6, 1973, and June 11, 1975.

³ President Ford signed the Presidential Determination extending MFN to Romania on April 24, 1975. See *Foreign Relations, 1969-1976*, vol. E-15, Part 1, Documents on Eastern Europe, 1973-1976, Document 33.

external independence from the Soviet Union, we placed Poland and Hungary in a status equal to that of Romania.

Ceausescu's main purpose in this visit is to secure a renewed US endorsement of Romania's foreign policy and to establish a personal relationship with you. At present, however, there are few concrete actions that we can or would wish to take that will reaffirm our interest in Romania. In bilateral relations there are no outstanding important issues that require solution. Ceausescu will probably request concessionary credits, which we do not wish to grant. (Romania's level of development is advanced by third-world standards and granting such credits would create an undesirable precedent.)

The best way in which we can reaffirm our interest in Romania is through sharing with Ceausescu our views of the current major international questions. If Ceausescu leaves feeling support for his country and that you have taken him into your confidence on world problems, the visit will be a success. Accordingly, you should particularly discuss the following three questions with him:

- 1) The Middle East
- 2) The Soviet/Cuban role in Africa
- 3) China and Sino-Soviet Relations

The principal difficulty in our relations falls in the area of emigration and human rights. Generally the Romanian Government's treatment of its population remains among the most restrictive in Eastern Europe. The most frequent justification for this is that in order to follow an independent foreign policy, a strict internal regime is required. On occasion the Soviets have attempted to foment internal disruption, and this has reinforced the government's determination to prevent difficulties. Freedom of expression and movement are limited, as is the right of emigration.

Since MFN was granted to Romania under Jackson-Vanik terms, emigration to the US has gradually increased. In anticipation of Ceausescu's visit, a number of family reunification cases were recently resolved. The Romanians have been slow to grant approval, but they have been willing to grant exit visas to individuals with family in the United States. In fact, our emigration laws are such that some of those permitted to leave have not been closely enough related to US residents to come directly to the US.

Since MFN was granted in 1975, however, emigration to Israel has dropped off. (In 1977 it was only 1334, although in 1974 the figure was 3700.) In part this reflects the decline in the size of the Jewish population in Romania (it now stands at about 40,000—down from 500,000 in 1945) and the fact that Jews remaining in Romania are an older age group. The Romanian Government explains the decline on these grounds.

There are, however, important restrictive emigration procedures that are a factor in discouraging Jews from applying for exit visas.

Jews seeking permission to emigrate must go through an elaborate pre-application process that is used to discourage those wishing to leave, and applications are frequently rejected at this stage with no means of appeal. The Israeli Embassy in Bucharest becomes involved only after a passport has been issued and permission to emigrate has been granted. Since Israel's political interests are considered more important than the small number of Jews who might wish to emigrate (Romania is the only communist country with which diplomatic ties still exist), the Israeli Government has not been willing to stake a strong stand on Jewish emigration with Romanian officials. This is why the Jewish community counts on us.

We attach three memoranda that are germane:

- 1) Secretary Vance's memorandum to you on the visit (Tab A).⁴
- 2) A paper on the case in which you expressed interest; you might bring it up when talking to Ceausescu alone (Tab B).⁵
- 3) A memorandum from Arthur Goldberg, on Romanian performance in the human rights area. It basically points out that the record is a mixed one (Tab C).⁶

⁴ See Document 198.

⁵ At Tab B is an April 11 memorandum from Brzezinski to Carter on the Rauta case. See Document 195.

⁶ See Document 199.

198. Memorandum From Secretary of State Vance to President Carter¹

Washington, April 7, 1978

SUBJECT

Visit of Romanian President Ceausescu

I. OBJECTIVES

Our objectives will be:

—To reaffirm our support for Ceausescu's efforts to ensure Romanian independence;

—To urge more positive Romanian action on humanitarian problems such as divided families, binational marriages and Jewish emigration; more broadly, to encourage increased Romanian respect for human rights;

—To encourage Romania to adopt more liberal domestic economic and political arrangements;

—To recognize that Ceausescu is playing an active, constructive and independent role in international affairs;

—To reassert the U.S. interest in fruitful relationships with the communist countries in the Soviet Union's European borderlands.

Ceausescu will be seeking:

—Assurance concerning the firmness and consistency of U.S. world leadership;

—Reaffirmation of the importance the U.S. attaches to Romanian independence from the Soviet Union, a vigorous bilateral relationship with Romania, and an active Romanian role in world affairs; and

—Economic benefits from the U.S. to cement both the economic and political relationship.

II. SETTING

Our bilateral relationship with Romania is advantageous for both sides, but the approach of the post-Tito and post-Brezhnev period provides the real setting for Ceausescu's visit. This time of uncertainty, with implications far beyond Europe, sets the agenda for Ceausescu's visit to Washington as it does for his visit to Peking in mid-May.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania, President Ceausescu, 4/12–13/78: Cables and Memos, 4/11–22/78. Secret.

Tito's visit to Washington helped strengthen U.S.-Yugoslav relations for the post-Tito period. Like Tito, Ceausescu is an independent communist, a regional leader in the Balkans, a partner for the United States and China in Eastern Europe, and a sometimes helpful mediator in international transactions. At 60, Ceausescu has many good years ahead of him. His visit therefore presents an opportunity to reinforce an American role in Eastern Europe for the uncertain years ahead.

In so doing, we will be building on a solid base. After a decade of steady effort, our relations with Romania are good. Ceausescu is coming to Washington ready and willing to keep them that way and to move them further forward. He clearly aspires to as much of Tito's mantle as can be made to fit. The degree of recognition he gets from us will be, for him, an important measure of his prospects. Because recent activities in our relations with Yugoslavia, Poland and Hungary may have led Ceausescu to question whether our attitude toward Romania has cooled, he will be hypersensitive to the warmth and protocol aspects of his reception here.

At the same time, Ceausescu is not easy to deal with for the United States. Nurtured in the dangerous politics of the interwar communist movement, he runs a unitary state and a tightly centralized economy with a degree of direct personal control unmatched on the continent. In this respect, his regime differs markedly from Tito's. Relying heavily on police power, the Romanian regime severely limits civil and political liberties and discourages emigration. To obtain significant movement on humanitarian problems—such as family reunification—normally requires a combination of external pressure and economic inducement.

The country's economic strategy continues to stress heavy industrial development at the expense of the consumer, and to achieve it through annual reinvestment of a third of Romania's national income. The results, in material terms, have been impressive. Romania has one of the world's highest growth rates and is an eager international trader. The standard of living remains one of Europe's lowest, but it continues to rise, if slowly.

Nevertheless, there are signs that the limits of this "traditional communist" type of development are being reached. A batch of economic reform principles was announced in February, followed in March by numerous personnel changes at the top. The two main thrusts—more economic "self-management" and greater Party control—point in opposite directions. Ceausescu may begin to realize that the economic efficiency Romania needs to maintain acceptable growth rates and reasonable prospects of economic independence from the USSR will soon require decentralized management and greater flexibility. He may fear, however, that a loosening of central control over the

economy might spill into the social and political arena. This he is clearly determined for now to avoid.

Ceausescu's claim to pursue an independent policy is well founded. In 1968, he publicly condemned the Warsaw Pact invasion of Czechoslovakia, thereby acquiring perhaps his greatest measure of personal popularity at home. He chose to maintain diplomatic relations with Israel after the 1967 war when even Yugoslavia, following the Soviet lead and Arab pressure, broke them off. And even more vigorously than Tito, Ceausescu has pursued economic and political relations with most of the world's countries.

In substance, Ceausescu's brand of foreign policy is the same as Tito's. Huddled across the Soviet Union's land route to the Eastern Mediterranean and the Adriatic, Romania and Yugoslavia are each other's most essential partners in foreign affairs. Both are intermittently gripped by alternating fears of Yalta and the Cold War, of U.S.-Soviet collusion and U.S.-Soviet collision.

Both countries therefore work for "participatory diplomacy" on a global scale, for negotiations involving all states, great and small, in peaceful settlement of disputes and especially in disarmament. They are currently embarked, almost in tandem, on exchanges of high-level visits with the U.S. and the PRC in recognition of the fact that the post-Watergate and post-Mao period is over and that the preparation for the post-Brezhnev period has begun in earnest. Their anxiety about the direction the USSR might take after Brezhnev accounts for the special efforts both have been making to shore up the bilateral and multilateral framework of their independence in the European context.

At the very least, Ceausescu will come to Washington seeking continuation of U.S. support for Romanian foreign policy independence, sovereignty, and territorial integrity, which has been consistent through three Administrations. He will also bring a heavily economic agenda, partly because Romania sees economic ties as a way of anchoring political ties.² However, his economic agenda also has a genuine importance of its own in U.S.-Romanian relations, especially given his drive to turn Romania into a more modern, competitive economy. Ceausescu sees the U.S. as an enormously promising Western trading partner, a rich source of modern technology, agricultural products, industrial raw materials, as well as advanced management techniques.

There is bound to be a gap between what Ceausescu wants and what we can give in the economic realm. He will be pressing for credits at near-concessionary rates; multi-year most-favored-nation tariff status (MFN); liberalization of U.S. export controls; and a stronger Admin-

² Brzezinski highlighted the previous two sentences in the margin.

istration push to U.S.-Romanian economic cooperation. We are constrained in what we can do in all these areas, and we are bound by law, as well as policy, to keep the mixed Romanian human rights record in mind.

A full and candid review of major global issues, in a way that shows Ceausescu that his country's positions and interests are important to us, will go a long way to substitute for our inability to meet his economic desires. As much as any other aspect of the visit, our treatment of the global agenda will determine the health of the U.S.-Romanian relationship in the months and perhaps years to come. Ceausescu sees his relations with us in a global perspective. The quality of U.S. foreign policy leadership is a vital component in his own struggle, hard on the Soviet border, to maintain Romanian independence.

III. KEY ISSUES

1. Trade and Emigration

U.S. Objectives: To encourage improved Romanian emigration performance while expanding U.S.-Romanian trade.

Ceausescu's Objectives: To obtain most-favored-nation tariff status on a long-term basis without annual Congressional hearings, and to obtain renewal of the three-year trade agreement.

Essential Factors: Romania obtained most-favored-nation tariff status (MFN) and access to U.S. Government credits in 1975 under the terms of the Jackson-Vanik Amendment, which links them to emigration performance and provides for annual Congressional hearings. Although emigration to the U.S. has steadily improved, reaching about 1,250 last year, Romania discourages emigration and has erected cumbersome bureaucratic procedures to deter emigrants. A decline since 1976 in emigration to Israel has aroused concern here.

Two-way trade totalled just under \$500 million in 1977, slightly in our favor, and continues to grow. Both sides have generally endorsed a goal of \$1 billion by 1980.³ Ceausescu will argue that to reach this goal, we need the stability provided by MFN on a long-term basis. He may also seek your commitment to renewal of the U.S.-Romanian Trade Agreement, which expires August 3. However, Congress wishes to hold hearings in May or June on both MFN extension and trade agreement renewal. For the latter, a formal Presidential determination is also required. There is no prospect in the immediate future of changing the Jackson-Vanik Amendment to grant Romania MFN on a long-term

³ Brzezinski highlighted the first two sentences of this paragraph and wrote in the margin "2X/3 yrs."

basis, although improved Romanian emigration performance might make this possible in the future.

Points to be Made: (President should raise)

—Assure Ceausescu that the Administration recognizes the importance of renewal of the trade agreement, which is vital to continued expansion of our economic relations.

—Urge continued improvement in emigration to the U.S. and express concern at the recent decline in emigration to Israel, noting that the Administration and Congress are interested in both. Our two governments must continue our dialogue on these questions.

—Explain that while we understand the advantages of longer-term MFN status, we have concluded that it would be unwise to propose legislative action to modify the Trade Act this year. However, it may be possible in the future to work out a solution to accord MFN status for a longer period.⁴

—Tell Ceausescu that prospects for long-term MFN would be greatly improved by better emigration performance, particularly to Israel.

2. Economic Relations

U.S. Objectives: To reassure Ceausescu that we are interested in continuing to expand economic relations with Romania despite our inability to move ahead as quickly as the Romanians desire in certain areas.⁵

Ceausescu's Objectives: To obtain a Presidential commitment that U.S. export controls will be relaxed; that Romania may receive concessionary credits; and that the U.S. Government will take an active role in establishing cooperative industrial projects between American firms and Romanian enterprises.

Essential Factors: The U.S. has played an increasingly important role in Romania's attempt to reduce Soviet economic leverage on Romanian actions. Since 1969 two-way trade has expanded by more than ten times from a meagre base of about \$40 million to almost \$500 million last year.⁶ Important stimulants to this expansion were the granting of MFN tariff status to Romanian exports on August 3, 1975 and Romania's inclusion in the U.S. scheme of generalized tariff preferences (GSP) for developing countries, which has allowed duty-free entry of many Romanian goods since January 1, 1976.

⁴ Brzezinski highlighted each of the first three points in the margin.

⁵ Brzezinski underlined "expand economic relations" in this paragraph.

⁶ Brzezinski wrote "10X/10 yrs" in the margin.

a) *Credits*. Senior Romanian officials have recently indicated that creation of a special American "financial facility" for Romania will be one of Ceausescu's major goals. They are seeking credits on easier terms than those offered by either the Export-Import Bank or Commodity Credit Corporation export credit programs, which have been used extensively by the Romanians. The Romanians argue that as a developing country—and one so recognized by both the World Bank and the United States—they are entitled to receive "soft" loans. We have pointed out that concessionary credits, such as PL-480 loans, are intended only for the very poorest LDC's and not for middle-level countries like Romania with a per capita GNP of \$1450 (World Bank estimate). Furthermore, under current U.S. legislation Romania is not eligible for PL-480 loans. (Although the communist-country restriction in the Foreign Assistance Act can be waived by Presidential action, such a waiver must be "vital to the security of the U.S.")

Points to be Made (if Ceausescu raises):

—Express our interest in expanding trade with Romania, as demonstrated by the active export credit programs conducted by Exim Bank and the Commodity Credit Corporation; express hope that Minister of Machine Building Avram's talks on April 11 with Exim Chairman Moore and Ceausescu's own discussions with Secretary Bergland will lead to even more productive use of these programs.

—Although the United States has provided concessionary credits to the poorest developing countries, Romania cannot be considered eligible in light of its very impressive economic development.

—Recall that the provisions of U.S. law and the Administration's policy require us to review general questions of human rights in considering specific credit applications.

b) *Export Control*. The Romanians complain that our export controls are a significant barrier to expanded trade, particularly in high-technology fields such as computers and electronics. They are impatient with the delays and stringent conditions on the export of equipment and technology desired for cooperation projects with American firms, and in particular for an existing joint venture with Control Data Corporation to manufacture computer peripherals.

Points to be Made (if Ceausescu raises):

—We are treating Romania as liberally as possible within the restraints required by our export control legislation and our security interests.

—Acting Secretary of Commerce Harman, with whom Ceausescu will meet Wednesday afternoon, will provide more information on the administration of our export controls.

c) *Cooperation Projects*. The Romanians have sought direct U.S. Government involvement in establishing cooperation projects with U.S.

firms. Despite considerable facilitative assistance by the Department of Commerce in locating appropriate American partners, there have been few success stories. The reasons for this include: asymmetry of economic systems; insufficient information from the potential Romanian partner; Romanian toughness in business negotiations; and, most importantly, skepticism by U.S. firms that the likely benefits warrant the required investment of time, money and effort to put the deal together. In an effort to wrap up some cooperation projects which could be announced during the visit, the Romanian Minister of Machine Building (Ioan Avram)⁷ and a host of other officials have been visiting U.S. firms for the past week.

Points to be Made (if Ceausescu raises):

—As part of our policy to forge even closer economic ties with Romania, we wish to see U.S. firms engage in mutually beneficial cooperative projects with Romanian enterprises.

—Our government will continue to facilitate contacts with U.S. companies wherever possible, but in our system there are limits to what U.S. officials can do. It will be up to the Romanian side to convince its potential American partner that the proposed cooperation project is truly of mutual benefit.

3. *Middle East*

President Ceausescu will look forward to your assessment of the present situation, including the prospects for Israeli-Egyptian negotiations and for dealing with the Palestinian issue. He has recently been in touch with Dayan and others and will want to give you his views.

4. *US-Soviet Relations and Detente*

U.S. Objectives: To give an overview of the present state of US-Soviet relations, including SALT.

Ceausescu's Objectives: He will be interested in your assessment of the present state of US-Soviet relations (including the prospects for SALT agreement) in the light of recent developments. He will be concerned about a period of chill in US-Soviet relations and the implications of this for Soviet policies in Eastern Europe.

Essential Factors: Bucharest's independent policies—which Ceausescu has been careful to keep within well-defined limits—are an irritant which Moscow has learned to tolerate grudgingly, though not necessarily to accept as a permanent or desirable state of affairs.

⁷ Brzezinski underlined the Minister's name.

Points to be Made:

—Give Ceausescu our assessment of progress toward a SALT agreement.⁸

—Review some of the points of disagreement between us and the Soviets, and express our particular concern at the Soviet and Cuban military presence in Ethiopia.⁹

—Make clear that in seeking good and stable relations with the Soviet Union, we will not do so at the expense of the national interests of any third country.

5. *Global Human Rights*

The Ceausescu visit affords you an opportunity to explain our global human rights policy, including U.S. policies in the UN and other international organizations.

Point to be Made:

—Discuss U.S. global human rights policy, explaining that it represents an essential aspect of U.S. values and diplomacy and is not designed to interfere in the internal affairs of other nations.

6. *CSCE*

U.S. Objectives: To maintain close US-Romanian cooperation on CSCE issues. In particular to encourage the Romanians to improve their performance on human rights matters.

Ceausescu's Objectives: To cultivate U.S. support for specific Romanian objectives in the CSCE process, in particular in the military security and economic fields. Ceausescu is likely to raise the issue.

Essential Factors: The Romanians have traditionally sought to use CSCE to enhance all-European cooperation. Romania was disappointed at the inconclusive results from the Belgrade meeting.¹⁰ Ceausescu will be seeking U.S. support for highly visible means of demonstrating the continued vitality of the CSCE process. We have sought to work closely with the Romanians on CSCE issues, on the understanding that they give serious consideration to our human rights concerns. This cooperation has worked to our advantage both in CSCE and on bilateral issues.

⁸ Brzezinski underlined "SALT agreement."

⁹ Brzezinski underlined "Soviet and Cuban military presence in Ethiopia."

¹⁰ The Belgrade meeting of the CSCE was the initial follow-up meeting on the implementation of the 1975 Helsinki Accords. The meeting began on October 4, 1977, and adjourned on March 8, 1978.

Points to be Made:

—Note our belief that the Belgrade meeting at least provided a firm basis for continuation of the CSCE process. Express satisfaction with the close cooperation between the U.S. and Romanian sides.

—Ask Ceausescu how he believes the CSCE process should develop in the period leading to the Madrid meeting.¹¹ Note the importance of patient and persistent effort over the long term to ensure concrete results.

—Point out that human rights issues require further scrutiny by CSCE states. Express satisfaction that Ceausescu has been willing to discuss human rights matters frankly and urge further progress in Romanian human rights practices, including specific emigration cases, under Basket 3.

7. US-China Relations

U.S. Objectives: To obtain Ceausescu's insights into recent developments in Chinese relations.

Essential Factors: Since the late 1960's, China has been an important part of Ceausescu's international balancing act. Ceausescu plans to visit Peking in mid-May, and Hua Kuo-feng, who has not left China since taking power, is expected to visit Bucharest later this year. The Chinese understand the delicate game Ceausescu must play with the USSR and are likely to moderate their attacks on the Soviets while Ceausescu is in Peking.

We will want to be forthcoming in giving our views on US-PRC relations but must assume that anything we say on China may reach both the Chinese and the Soviets.¹²

Points to be Made:

—Note Ceausescu's valuable role in helping the U.S. reestablish a dialogue with Peking in 1970–1971 and that we will soon be visiting Peking again. Express the hope that he will convey these points to the leadership in Peking:

- You recognize the historic and strategic importance of our relations with China. The goal of this Administration is normalization within the framework of the Shanghai Communiqué. (S)
- You agree with Premier Hua's observation at the recently-concluded National People's Congress that the U.S. and China share quite a few points in common in world affairs. You believe it is im-

¹¹ The Madrid meeting of the CSCE was the second follow-up meeting on the implementation of the Helsinki Accords; it opened on November 11, 1980, and adjourned September 9, 1983.

¹² Brzezinski highlighted this paragraph in the margin.

portant for us to have authoritative discussions with the Chinese at the highest levels in order to consult about these matters of mutual interest. (S)

- The current expanse of U.S.–PRC contacts in such fields as scientific and technological exchanges, trade, and tourism helps create a favorable environment for normalization. We hope to enhance these dimensions of our relationship with China in the months ahead. (S)

- You seek an improvement in relations with China because it is in our interest to do so. But, normalization is not directed against any Third Country. We simply believe that China plays a positive role in maintaining the global equilibrium, and we wish to consolidate our relations with China to enhance the prospects of peace in Asia and elsewhere. (S)

—What will be the agenda of Ceausescu's discussions with the Chinese? (S)¹³

—Whom does he expect his interlocutors to be? (S)

—How does he view the future evolution of Chinese foreign policy? (S)

8. Korea (If asked)

U.S. Objectives: To emphasize our desire for a reduction of tensions on the Korean peninsula.

Ceausescu's Objectives: To pass on the views of North Korean leaders and to obtain our views as to the prospects for a negotiated settlement of the Korean issue.

Essential Factors: A high-level North Korean official visited Bucharest last month, and there is a good possibility that Kim Il-song has asked Ceausescu to carry a message to Washington. If that is the case, Ceausescu may offer to carry a reply back to Kim Il-song whom he will probably visit in May in connection with his visit to the PRC.

Points to be Made:

—State our opposition to talks with North Korea in the absence of the South, as Kim Il-song has urged for some time.

—Explain our view that a serious direct dialogue between North and South Korea is necessary to bridge past hostilities and to move toward the eventual goal of reunification.

—Note that those countries like Romania which wish to encourage a reduction of tensions on the peninsula can contribute by developing contacts of their own with both Koreas. (Romania currently shuns all diplomatic and commercial contact with South Korea.)

¹³ Brzezinski highlighted this paragraph in the margin.

9. North/South Economic Issues

U.S. Objectives: To assure President Ceausescu that the U.S. welcomes a continuation of a positive North/South dialogue and to urge a constructive Romanian role.

Ceausescu's Objectives: To convince the U.S. of the need for establishment of the New International Economic Order espoused by the "Group of 77"; to persuade the U.S. to be more forthcoming on the G-77's proposals which they believe would promote the development of the LDC's like Romania; and to convince us that Romania is playing a moderating role in the G-77.

Essential Factors: Romania is the only Soviet Bloc country that is a member of the G-77.¹⁴ By strengthening Romania's ties to the developing countries through active participation in the Group of 77, Ceausescu has sought to limit his country's dependence on the Soviet Union and CEMA, and to balance its relationship with the West. Romania was an early proponent of the New International Economic Order. It has supported G-77 demands that the developed countries—East and West—make concessions to the developing countries. Romania, however, has not played a leadership role in the G-77 generally or in meetings on specific issues.

Points to be Made:

—Assure Ceausescu that the U.S. continues to be willing to discuss any issue of the N/S dialogue so long as *negotiations* on specific issues are confined to specialized forums relatively free of political debate.

—The U.S. looks forward to the ECE regional meeting of the UN Conference on Science and Technology for development in Bucharest this June and the World Conference on this subject in Vienna in 1979. We hope, however, that they will not result in the creation of new international bodies but will utilize existing UN institutions for any proposed program of action.

—Express U.S. views on the appropriate role of the UN General Assembly's "Overview Committee."

—(If raised by Ceausescu.) Explain the U.S. position on resumption of negotiations on a Common Fund.

10. UN Special Session on Disarmament (SSOD)

U.S. Objectives: To assure Romania that we regard the UN role in disarmament as important, and to note our belief that SSOD objectives should be reached by consensus agreement.

¹⁴ Brzezinski underlined "only Soviet bloc country" and "the G-77" in this paragraph.

Ceausescu's Objectives: To express his support for the UN as a disarmament forum. He will probably raise this issue and may ask if you plan to attend the SSOD.

Essential Factors: Representatives of the U.S. and Romania met in Washington in mid-March to discuss preparations for the SSOD scheduled for May 23–June 28, 1978. The Romanian delegation pressed for a larger role for non-nuclear states (e.g., Romania) in disarmament discussions and hoped that the SSOD would give the UN a more active role in disarmament. We agreed there could be improvements in multilateral disarmament mechanisms but argued that there must be a continuing and experienced disarmament negotiating body, and that disarmament agreements must be based on consensus. Substantively, the U.S. is actively engaged in reviewing policy issues for the SSOD.

Points to be Made:

—The recent US-Romanian talks on the SSOD were candid, and fruitful for the U.S. Despite some difference in the views of our two countries, it is very important to achieve *consensus agreement* on the final documents produced in the SSOD.

—(If asked): The U.S. has adopted a strong and positive approach to the Special Session. We hope the meeting will generate broad agreement on principles and priorities, and thus give an impetus to progress on disarmament issues of pressing concern. We are conducting an extensive review of a broad range of disarmament issues for the SSOD.

11. *Africa*

Particularly in view of your recent visits to Nigeria and Liberia, Ceausescu will want to hear your views of developments on the continent, especially on movement toward majority rule in Southern Africa and toward the peaceful settlement of the Ethiopia-Somalia dispute.

12. *Hungarian Minority in Romania*

Recently, 66 members of the Congress wrote you a letter expressing their concern about Romanian treatment of the Hungarian minority and requesting that you raise the issue with Ceausescu.¹⁵ We have received an indication that Ceausescu may raise it himself because of his fear of Hungarian irredentist aspirations and will seek to explain Romanian policy toward minorities.

Points to be Made: (If Ceausescu raises)

—Express your satisfaction that the issue has come up and appreciation for Ceausescu's explanation.

¹⁵ Brzezinski highlighted this sentence in the margin. See Document 196.

—Note the concern felt in the United States on this subject, in the Administration, Congress and the Hungarian-American community. Point out our readiness to engage in a frank dialogue on this and any other human rights issues.

—Stress U.S. support for Romania's independence and territorial integrity.

199. Memorandum From the Ambassador at Large (Goldberg) to President Carter¹

Washington, undated

SUBJECT

Visit of Romanian President Ceausescu

This memorandum, requested by the White House, is designed as a talking paper, relating to CSCE and the Belgrade meeting, to supplement the memorandum submitted by the Secretary of State to the President.²

I. HUMAN RIGHTS

The Romanians at Belgrade were notably silent about the subject of human rights and fundamental freedoms (Principle VII of the Final Act). This is scarcely surprising in light of the fact that, although they

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania, President Ceausescu, 4/12–13/78: Cables and Memos, 4/11–22/78. No classification marking. In an April 10 covering memorandum forwarding the Goldberg memorandum to Brzezinski, King noted that Joyce Starr, the NSC Staff member who handled human rights questions for White House Counsel Robert Lipschutz had requested the memorandum, since the Department of State's HA bureau was dissatisfied with the coverage of human rights issues in Vance's briefing memorandum. King explained: "Starr was asked by HA to ask Goldberg for such a memo to circumvent the State Department consensus." King recommended against forwarding the memorandum to Carter; Inderfurth concurred, adding "particularly since you are forwarding the Rauta memo." Brzezinski disapproved King's recommendation. (Ibid.)

² See Document 198. On April 11, Vance sent a separate memorandum to the President specifically on human rights. The memorandum, summarizing the decisions made by Christopher on April 8 (see Document 196), briefed the President on the Hungarian minority issue in Romania, the Rauta case, and the Romanian loans from the World Bank. Vance suggested that he raise these issues directly with Andrei, and that Carter tell Ceausescu he had asked Vance to do so. (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 12, Romania, President Ceausescu, 4/12–13/78: Cables and Memos, 4/11–22/78)

pursue a somewhat independent foreign policy, they are most repressive at home. Their lack of respect for human rights and fundamental freedoms follows a Stalinist pattern.

Although acknowledging Romania's independent stand on some foreign policy issues, I, nevertheless, pointed out aspects of Romania's shortcomings with respect to human rights in the course of one of my interventions at the Belgrade meeting. It is interesting that the Romanians did not reply to this criticism. But it is also interesting to note that at no point did they attempt to defend the manifold shortcomings of the Soviet Union in the human rights area.

II. HUMAN CONTACTS & HUMANITARIAN PROVISIONS

With respect to the humanitarian provisions of the Final Act (Basket III), Romania has a mixed record of compliance.

The Romanians have permitted substantial emigration (several hundred thousands) of Jews from Romania since World War II. However, during the period of April 1977 to March 1978, emigrants declined 14% from the comparable period of the preceeding year (1559-1345). There are only 50,000 Jews remaining in Romania and the government says those still there are largely old, infirm and unwilling to leave. Jewish sources say that the decline is due to formidable bureaucratic obstacles making it extremely difficult for Jews and, for that matter, anyone else to emigrate.

The Chief Rabbi of Romania, Rabbi Rosen, asserts that Romanian Jews are permitted a reasonable degree of freedom to exercise their religious beliefs. Without in any way denigrating Rabbi Rosen, a distinguished clergyman and fine humanitarian, there is substantial evidence to the contrary. The great exodus of Jews proves that there was and is no future for them in Romania. Moreover, Baptists have provided convincing documentation of religious persecution of a sweeping character, and the same is true of other Christian denominations.

A substantial Hungarian minority group likewise has publicized through Western media large-scale ethnic repression. The principal source for this information is surprisingly a prominent leader of the Romanian Communist Party, albeit of Hungarian origin.

Romania has the highest unsettled number of binational marriage cases with the U.S. of any country in Eastern Europe, even though there has been some reduction in those outstanding during 1977 as contrasted with 1976 (71 to 54). Settlement of family reunification cases with the United States has improved somewhat in the last year (21% increase over 1976), but Romanian procedures on emigration cases generally have not improved as a result of CSCE.

I would believe it entirely appropriate that the President raise these human rights issues with President Ceausescu, both on the merits and in light of Romania's professions of fidelity to the Helsinki Final Act.

III. *CBMs*

As did many of the smaller nations at CSCE, the Romanians saw in confidence building measures a means of enhancing their own security vis-a-vis the larger powers surrounding them, particularly the Soviet Union. The Romanians tabled a CBMs resolution which included proposals for notification of major military movements, air and naval maneuvers, banning of multinational maneuvers near borders, and banning the establishment of new nuclear sites. The Romanians noted to us in general terms that they were putting forward many CSCE ideas as trial balloons.

They recognized that some of their proposals were the subject of negotiation in other fora, the U.N. Special Session on Disarmament, the Geneva and Vienna negotiations, SALT, etc. However, the Soviet refusal after the New Year to discuss security issues other than in their proposed “special joint consultations” which commanded no support, made any discussion academic. The Romanians have made it clear that the Soviets, and not the Allies, are to blame for any lack of progress in the CBMs field. They also viewed the Allied CBMs resolution, which emphasized improvement of the Helsinki CBMs, as evidence of an Alliance commitment to moving forward in a realistic fashion.

If President Ceausescu raises CBMs, the President might assure him of our continuing commitment to CBMs for the next CSCE Conference. I would caution, however, that the Romanians were in favor of a post-Belgrade CBMs working group. We viewed that possibility unfavorably as it would have institutionalized CSCE between the conferences in a field where the Soviets would have made proposals useful only for the propaganda value to them.

Further, our NATO Allies were also cool to the Romanian proposal. To include provision for such a working group without equivalent substance in other important areas, such as human rights, would produce a seriously unbalanced document. The U.S. pointed out that since no agreement in principle had been achieved on any of the substantive security measures discussed in Belgrade, there was no basis for work by experts on CBM matters. It also warned that parcelling out work to experts groups where substantive argument was stymied could threaten the coherence of the CSCE process. In any event, as I have mentioned, the Soviets denied consensus to the Romanian and similar proposals offered by the Yugoslavs, Sweden and others.

IV. *FOLLOW-UP*

The Romanians argued vigorously for a firm commitment to ensure perpetuity for the CSCE process (periodicity). Again, the Soviets denied consensus. We were able to negotiate a satisfactory compromise incorporated in the concluding document. The next Belgrade-type meeting

will take place in Madrid in 1980. Also, the concluding document calls for further meetings thereafter and reaffirms a unanimous commitment to the CSCE process. The language would seem to meet Romanian concerns about periodicity.

200. Memorandum of Conversation¹

Washington, April 12, 1978, 11:15 a.m.–12:45 p.m.

SUBJECT

Summary of the President's First Meeting with President Nicolae Ceausescu of Romania

PARTICIPANTS

President Jimmy Carter
Cyrus Vance, Secretary of State
Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs
O. Rudolph Aggrey, Ambassador to Romania
George S. Vest, Assistant Secretary of State
Jerrold Schecter, NSC Staff Member
Robert R. King, NSC Staff Member
Mrs. Huffman, Interpreter

President of Romania, Nicolae Ceausescu
First Deputy Prime Minister, Gheorghe Oprea
Foreign Minister, Stefan Andrei
Presidential Counselor, Vasile Pungan
Minister of Machine Building Industry, Ion Avram
Ambassador to the United States, Nicolae M. Nicolae
Interpreter, Mr. Celac
Notetaker, Mr. Mateescu

The *President* welcomed President Ceausescu and suggested discussing international issues first and bilateral issues during the second meeting.

President *Ceausescu* expressed pleasure with the visit and hoped that the talks would contribute to better relations between the two countries. He invited President Carter to visit Romania.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 36, Memcons: President: 4/78. Secret. The meeting took place in the White House Cabinet Room.

The Middle East

The *President* suggested that the Middle East be discussed first since Israeli Foreign Minister Dayan had just visited Bucharest and both countries follow complementary policies on this issue. He mentioned that Romania played an important role in bringing about the Sadat visit to Jerusalem,² but since that visit the process has stalled and there is a need to restore momentum.

The *President* said that there has been some progress in influencing the views of Prime Minister Begin, but he is still not willing to accept that Resolution 242 applies to the West Bank and Gaza. It is our view that any Israeli settlements in these areas are contrary to international law. Begin was asked to permit no settlements, but he was not willing to accept this view. There is still a possibility for progress, but it will be difficult. We will appreciate any help President Ceausescu can offer in the weeks ahead. We have benefitted from the information and assessments he has given and we welcome the Romanian views on how we should proceed.

President *Ceausescu* also emphasized the importance of the Middle East situation, approved the US role in the Sadat initiative, and agreed that Israel has not fully responded. Begin's interpretation of Resolution 242 is not accepted even by some political figures in Israel, a number of whom Ceausescu has recently met.

At present, the first step must be to secure the speedy withdrawal of Israeli troops from Lebanon in order to prevent further hostilities and create conditions for direct Israeli-Egyptian talks to resume. Ceausescu told this to Dayan, but the US should do more to encourage proper Israeli action. Although he is personally opposed to the use of pressure, in this case it is not detrimental and should be used.

The next step is for Israel and Egypt to work out a declaration of principles. The Egyptian proposals are generally acceptable to Israel, but agreement on formulations must be worked out. The US should encourage both sides in this regard.

The Palestinian issue is perhaps the major obstacle to a settlement, and progress must be made before the talks can be widened to include

² See Document 183. On February 4, 1978, while describing his meeting with Egyptian President Anwar al-Sadat, Carter wrote in his diary: "Sadat described the sequence of events since our last April meeting. He said he asked [President Nicolae] Ceausescu of Romania if Begin was for a genuine peace, and if he was strong enough to implement one. Ceausescu thought the answer to both questions was yes." (Carter, *White House Diary*, p. 169. Brackets are in the original.) William Quandt, the National Security Council Staff member directly involved in the Middle East peace process, also recounted in his memoirs Ceausescu's role in assuring Sadat that Begin would "negotiate in good faith with Egypt." (Quandt, *Camp David*, p. 144)

Syria and Jordan. The Palestinians must be given an opportunity to determine their fate. The Begin proposals on this issue are far from acceptable.

Also related is the problem of the PLO. The Palestinians must be represented in the negotiating process, and the PLO is the only organization which can speak for the Palestinians. The Romanian President said that Dayan was not unyielding on recognizing the PLO. Just before leaving Romania a representative of the PLO told Ceausescu of the organization's wish for direct talks with the US. Ceausescu feels that the PLO is following a policy that will permit recognition of Israel's right to exist.

The present framework of the Egyptian-Israeli talks do not permit the participation of Syria, Jordan, and the Palestinians, thus it would be useful to consider convening a Geneva conference to permit wider participation, including that of the USSR. Both Begin and Dayan have indicated a willingness to consider that possibility.

The *President* said that there were certain differences of view with the Romanian assessment. The US does not support complete Israeli withdrawal since some border modification would be useful, and we do not favor an independent Palestinian state. The US has long sought to convince the PLO to renounce its commitment to the destruction of Israel and accept UN Resolution 242, but we have found no evidence that the PLO is willing to modify its position.

Israel has put forward proposals on the West Bank that are inadequate. The next step is for Egypt to make a counter-proposal in order to determine precisely where differences exist. We also feel that formulations can be found to bridge the differences over the statement of principles. We wish to encourage progress, but our influence over Israel is overestimated.

The President asked Secretary *Vance* to comment on these issues. The Secretary said that our experience has been that the Israelis are much more rigid on the PLO question than Ceausescu indicated—Begin in particular, but also Dayan. We fully agree that a way must be found to widen the circle to include other states in direct negotiations in order to achieve a comprehensive settlement. Agreement on a set of general principles would be a first step in this direction.

The *President* said that US and Romanian goals in the Middle East are the same—peace and Israeli withdrawal. We are not discouraged since there is greater evidence of progress today than a year ago.

President *Ceausescu* reiterated his concern that a way be found for the PLO to participate in the negotiating process. He also repeated the assurances of PLO willingness to talk with the US.

US-Soviet Relations

The *President* then reviewed US relations with the Soviet Union, noting progress has been made. He expressed the hope that Secretary Vance's visit to Moscow this month and Foreign Minister Gromyko's later visit to Washington will lead to a summit meeting with Mr. Brezhnev. Many past differences have been resolved in the SALT talks but others remain, which we hope can be dealt with soon. In addition, progress has been made on agreements to ban the testing of all nuclear devices, limit the buildup of military forces in the Indian Ocean, prevent the destruction of each other's satellites, and control conventional arms sales. The Soviets have negotiated in good faith, and we are pleased with the progress thus far.

One important problem in US-Soviet relations is the Soviet intrusion into Angola and Ethiopia by means of Cuban soldiers. Soviet actions in Africa have roused suspicion of Soviet intentions, thus difficulties in the minds of Congress and the American People. We hope the USSR will not become involved in Eritrea, but we will not permit these differences to interfere with the SALT negotiations.

We look forward to Brezhnev's visit here. No date has been set thus far since the Soviet leader probably wants to be certain that an agreement will be ready for signature. We hope this will not be delayed.

President *Ceausescu* said that he welcomed progress toward the solution of problems between the US and the USSR, and the conclusion of a SALT agreement will have a favorable influence on international affairs. Other problems remain, however, which cannot be solved by the superpowers alone. Relations between the US and the USSR must not be achieved at the expense of other states, large or small.

Problems in the area of nuclear weapons, and in conventional weapons as well, are not a matter for the US and USSR alone, though they have the largest arms stockpiles. Other countries and groups of countries (including the People's Republic of China) are also increasing their weapons and must therefore play a greater role in disarmament.

The *President* expressed the desire to discuss China, preparations for the Madrid meeting, the Korean question and the Pacific at subsequent meetings. He appreciated the discussions. Copies of the President's book *Why Not the Best* and a book of satellite photographs were given to President Ceausescu, who expressed thanks.

201. Memorandum of Conversation¹

Washington, April 12, 1978, 1 p.m.

SUBJECT

Lunch with President of Romania

PARTICIPANTS

Cyrus R. Vance, Secretary of State
Zbigniew Brzezinski, National Security Adviser
Nicolae Ceausescu, President of Romania

SUMMARY. During lunch Secretary Vance and Dr. Brzezinski discussed with President Ceausescu the status of the North-South dialogue and how most effectively to include the socialist countries, particularly the Soviet Union, in that dialogue; the future leadership of the Soviet Union and U.S. relations with China. In the latter discussion President Ceausescu urged early normalization and indicated that China would play a much more important role in world affairs. Secretary Vance and Dr. Brzezinski explained the domestic situation and the need for pursuing priorities in U.S. foreign policy. **END SUMMARY.**

Secretary Vance asked President Ceausescu his views on how to proceed on the North-South dialogue. Ceausescu said that the current situation does not hold much hope, that developing countries need to play a larger role and the socialist countries in particular should be more deeply involved. Secretary Vance agreed. Ceausescu said that developing countries are not playing a sufficient role. He knows because Romania is a developing country. He said that the United Nations mechanism is good for discussion of North-South issues but needs improvement. If we wish to overcome the present economic crisis it is necessary that all countries work actively to improve not only their production capacity but their satisfaction of consumer needs. Secretary Vance observed that the most pressing item in the North-South agenda is the establishment of the Common Fund because of its symbolic and its substantive nature.

The Secretary then asked what the President would recommend as ways of achieving greater participation from the socialist countries in the North-South dialogue. President Ceausescu said that the socialist countries, particularly the Soviet Union, have underestimated the prob-

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 10, Vance EXDIS MemCons, 1978. Confidential; Exdis. Drafted by Luers; approved in S/S on April 19. The meeting took place in the Madison Room at the Department of State.

lems of the developing countries. Romania has had many debates with the Soviets on this point. The Soviets see it as a heritage of colonialism and not a problem of development. There is some validity to the Soviet position but it is his view that the Soviet Union will eventually play a more active role on the North-South problems. Secretary Vance asked how this could be achieved. Ceausescu replied that when these matters are discussed by the United Nations it is a helpful way to involve the Soviets and socialist countries. Secondly, when the developing countries play a more substantial role in the development of concrete programs and initiatives, the socialist countries will be put in a situation in which they must respond.

Secretary Vance said that he thought that the United Nations should be used to stimulate socialist country participation and he thought perhaps the capital “Overview Committee”² would be a good vehicle. He believed that if the developing countries were to press the Soviets and other socialist countries into a more constructive role, it would be more acceptable to the Soviets than if the United States were to do so, since the Soviets could consider our efforts a source of confrontation.

Ceausescu replied that the developing countries want to keep the issue in the United Nations and it would be desirable for the developed countries to support developing countries’ initiatives. The developing countries need help from the developed countries, particularly in modern technologies but they need also to work more effectively among themselves. Ceausescu then said the United States for its part will have to look to world needs. General Motors, for example, can no longer expand production for American consumers but must project its technical and production capacity to finance world needs.

Soviet Leadership—Dr. Brzezinski then asked the President for his estimate of the younger leaders around Brezhnev and what policies they might follow. Ceausescu replied in gest that he did not see many young people around Brezhnev. Then he added, more seriously, that there are some relatively younger people who will have to play a role but it was difficult to talk about individuals. Dr. Brzezinski asked the President who had struck him as particularly effective in the second rank in the Soviet leadership. President Ceausescu repeated that it was hard for him to talk about individuals. He asked, rhetorically, who could have predicted five years ago that Hua would become the leader of China. Dr. Brzezinski said, of course, no one can predict but the

² On December 19, 1977, the UN General Assembly passed Resolution 32/174 establishing a Committee of the Whole—the “Overview Committee”—with the mandate to look at the world economic situation as a whole, and to review and encourage progress being made elsewhere in the North-South dialogue.

question is will the next leadership in the USSR look to widening cooperation with the West or will it become more nationalistic and expansionist. This is a very important question that does not relate just to personalities. President Ceausescu expressed his conviction that the general trend in the world is toward cooperation and toward raising living standards. No leadership, he added, can ignore the aspirations of the large masses of its people to satisfy their needs.

China—Secretary Vance asked whether the President believed China was prepared to play a more constructive role in the world. He said the Chinese had told him when he was visiting there that they would have to be very sparing in their role in Third World development. President Ceausescu replied that one should realize that China has its own problems. It is one third of the world and has limited capacity to help those beyond its borders. Yet, he added, China will play an increasingly important role in world affairs.

Secretary Vance agreed saying that he hopes they will also play a more active role in the United Nations where they have at times appeared to withdraw from debates. Dr. Brzezinski said that the Chinese have displayed in their history periods of withdrawal and rejection of the world and other periods of projection and deep involvement. Hua's recent speech implies a broadly gauged ambition to a development program based on technological development which suggests a much greater and a long-term Chinese involvement in the world.

Ceausescu replied that China's present plans will lead it to become a very powerful country. As to Chinese reservations expressed in the U.N., the United States must realize that the Chinese cannot accept a certain degree of "dictat" within that body. Also it is not by chance that Chinese recently signed an agreement with the European Community to insure an adequate flow of modern technology since it was unable to get the assurances from other quarters. On that note, President Ceausescu urged that the United States move toward complete normalization of relations with China.

Secretary Vance said that President Carter and the United States are committed to complete normalization of relations with China on the basis of the Shanghai communique. Ceausescu said that a long time has elapsed since that communique. Secretary Vance agreed. He said that action must be taken in the not too distant future but the timing must take into consideration the other pressing matters currently on our platter in foreign relations. Ceausescu said that the decisive role in normalization rests with the United States and some of these problems should not be solved at the expense of others.

Secretary Vance said that the first item on our agenda is Panama, both because of our relations with Panama and because of our relations with the entire developing world. Ceausescu replied that he thought

the treaty was very important but it should not prevent the United States from tackling important problems such as those of the Far East and China. In fact, approaching these together would be complementary.

Secretary Vance agreed but said the United States has many things before it such as the numerous problems of Southern Africa, SALT negotiations with the Soviet Union and the whole situation of economic issues including the multilateral trade negotiations. He said one of the criticisms of the President is that we are trying to do too many things at once. President Ceausescu said he had no intention of entering into a criticism of the United States domestic affairs. Dr. Brzezinski replied that a unique form of American hospitality is to invite criticism.

Dr. Brzezinski then said that in relation to China, Soviet relations with China are good in form and bad in substance, while U.S. relations with China are good in substance and bad in form. Dr. Brzezinski said that he prefers the United States' approach to relations with China. Ceausescu said that this may be true but it should not stop the U.S. from solving problems. He cited a well known Romanian proverb (sic!) that "one should never put off for tomorrow what one can do today". He added that the favorable conditions of today can also be lost tomorrow. Dr. Brzezinski said that normalization with China in of itself is not enough but we must seek a wide communality of interests which are more important and which we are at the present time trying to establish. Ceausescu replied that there is already an area of common interest. Dr. Brzezinski replied that there was indeed such an area and it is the same common interest that we have with Romania. Ceausescu repeated that these problems should not impede normalization with China.

Dr. Brzezinski said that the problem is fundamentally domestic. Elements particularly in the Republican Party are worried about any decisions affecting the future of Taiwan. President Ceausescu said that the Republican Party could hardly be blamed for the present situation with regard to our relations with China. He said Americans will not oppose but most surely support a policy directed toward wider cooperation with China. He speculated that, for the Democratic Party, normalization of relations with China would in the long run be positive not negative. Secretary Vance said he agreed. Dr. Brzezinski said he agreed also as long as we get Panama, SALT and the energy program out of the way first. Secretary Vance stressed that normalization does not have to be put off indefinitely.

Concluding Toasts—Secretary Vance said that he was deeply honored to have President Ceausescu in the Department of State again. He looked forward to meeting with the Foreign Minister and other

ministers.³ He said that President Ceausescu had commented that our relations have made good progress and that we should now work on broader issues to seek wider cooperation. Secretary Vance agreed with this and said we will continue to benefit greatly from President Ceausescu's advice and leadership. He looked forward to working with President Ceausescu in the months and years ahead.

President Ceausescu replied that he was pleased to be for the third time having lunch in this same room in the Department of State and to be here at this time with Secretary Vance. He welcomed the opportunity to exchange with Secretary Vance views on some critical matters. President Ceausescu said that Romania attached particular importance to its relations with the United States and will do everything within its power to move forward on the basis of the principles which he has enunciated. He said events of the past year have included some complex problems and these call for even broader cooperation by large and small countries alike and that the middle and small size nations have an important role to play. He said that he hoped that relations, already well expanded with the United States, could develop further and he hoped that Secretary Vance, Dr. Brzezinski and their colleagues would collaborate to achieving this end. He expressed his thanks to Secretary Vance for making him and his colleagues feel at home and called for good cooperation.

³ Vance met with Foreign Minister Stefan Andrei following the lunch with Ceausescu. See Document 202 and footnote 2 thereto. A summary of the meeting was sent to the President in his Evening Reading on April 12. (Telegram Tosec 40003/94668 to Bucharest, April 13; National Archives, RG 59, Central Foreign Policy File, P840163-0169)

202. Memorandum From Robert King of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, April 12, 1978

SUBJECT

Bilateral Meetings with Romanian Officials Today

At the *Vance/Andrei meeting* today,² the following issues were raised:

1. *MFN*—Andrei expressed concern about annual renewal of the Jackson-Vanik waver. Vance said that no change in the Trade Act is possible this year, but revisions may be possible later.

2. *Emigration*—Romania's record on emigration to the US and to Israel was discussed at considerable length, with Vance emphasizing the link with MFN. Andrei responded with enthusiasm (the only case of animation that I saw today) in explaining Romania's policy. The major problem was Jewish emigration, and Andrei reaffirmed his country's willingness to deal with the issue constructively. The discussion of emigration took up a third to half of the Vance-Andrei meeting. The issue was thoroughly discussed and more treatment of it is unnecessary. A list of outstanding cases of emigration to the US was given Andrei.

3. *Export Controls*—Andrei expressed concern that licensing agreements require long periods for approval and are frequently turned down. Vance agreed to expedite the issuing of decisions.

4. *Credits*—the Romanians expressed appreciation for our willingness to make available larger credits through the Ex-Im Bank, but expressed interest in concessionary terms. Vance indicated that we could not grant such credits because of Romania's advanced level of development, but he agreed to look into the possibility of such credits.

5. *The Rauta Case*—Vance met privately with Andrei following the general meeting. His intention was to raise the Rauta case, and I assume

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 1/77–5/78. Confidential.

² The memorandum of conversation was sent to Bucharest on April 18 in telegram 98602. (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 2, Romania—Ceausescu Visit)

it was discussed. He did not plan to raise other issues. I hope to confirm tonight that Rauta was raised.³

The *meetings with Ceausescu* (Blumenthal, Bergland and Sid Harmon of Commerce) were largely uneventful. Bergland did a good job of explaining our global policy on agriculture but Ceausescu indicated his interest in self-sufficiency and importing US agricultural technology rather than products. Blumenthal's meeting was a non-event. Harmon expressed the desire for increased trade and cooperation and was apologetic for our export controls and inability to grant multi-year MFN.

Bilateral issues that should be raised tomorrow. The major issue that has not come up yet is our global policy on *human rights*. The President should raise this, although the emigration issue has been covered and further discussion of it is unnecessary.⁴

³ No substantive record of the conversation between Vance and Andrei on the Rauta issue was found. Telegram 96030 to Bucharest, April 14, confirms that a private meeting took place and that "the subject, according to a note from the Secretary to Assistant Secretary Vest, was the Rauta case." (National Archives, RG 59, Central Foreign Policy File, D780161-0599) In a memorandum to Derian for her April 12 participation in the Vance-Andrei meeting, Clifford Brody reported that "King, consistent with his view that the Rauta affair not figure in the visit at all, asked me to ask you not to raise the case in the meeting." He continued that "King has not been helpful in transmitting our concerns till now" and that "*everyone feels Vance does not know the Rauta details well-enough to advocate its solution effectively.*" (National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, Chron and Official Records of the Assistant Secretary for Human Rights and Humanitarian Affairs, Lot 85D366, Box 3, Romania)

⁴ President Carter raised the issue of emigration briefly in his private meeting with President Ceausescu. See Document 203.

203. Memorandum of Conversation¹

Washington, April 13, 1978, 10:30–11:30 a.m.

SUBJECT

Summary of the President's Private Meeting with President Nicolae Ceausescu of Romania

PARTICIPANTS

President Jimmy Carter

President of Romania, Nicolae Ceausescu

Mr. Celac, Interpreter

(Note: This summary is based on the Romanian notes. The President's remarks were translated into Romanian and then translated back into English.)

The *President* said he would like to have a few minutes to talk privately on any matters that President Ceausescu would like to raise. Relations between our countries are very good and we have established good rapport personally. Before the larger talks, it might be useful to exchange views on matters of special interest.

President *Ceausescu* reiterated his appreciation for the progress in relations between the two countries and expressed satisfaction with the visit and talks thus far. He agreed that a good personal relationship has been established and expressed the hope that it will continue. He noted that the two have communicated previously through special channels and he felt that it would be useful to continue such contacts in addition to those through the two embassies when problems arise in the future.

The *President* agreed, suggesting that they might exchange personal letters without waiting for a crisis or special problems.

MFN and Emigration

President *Ceausescu* agreed. He mentioned his meeting that morning with a group of US Senators at which the question of MFN was raised. They came to the conclusion that some improvements could be made in the process by which annual renewal of MFN is handled which would not require that the matter be raised before Congress each year. A more permanent solution can possibly be worked out later.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 36, Memcons: President: 4/78. Secret. The meeting took place in the Oval Office. Brzezinski forwarded the memorandum of conversation to Vance on April 18. (Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 9, Vance Nodis MemCons, 1978)

The *President* said that this problem was also of concern to him, but change in legislation would be necessary in order to extend MFN for more than one year. This law was directed particularly against Soviet restrictions on Jewish emigration. (He noted that in the past 4 or 5 months emigration of Jews from the USSR was double the figure for the previous period.) Since the law was not directed against Romania he hoped that Congress would be forthcoming in granting a new annual extension for Romania. It would be better to do this on a longer-term basis. There will be no problem of continuing MFN for Romania under existing legislation, however, if the Congress and I feel that the human rights situation in Romania gives no cause for concern. We have no intention to interfere in Romania's internal affairs, but we recognize that there is a strong interest in this country in family reunification and Jewish emigration which applies to countries seeking MFN. He asked President Ceausescu to inform him if this created particular difficulties.

President *Ceausescu* said that in practical terms there is no problem with Jews leaving Romania. There are close contacts with the Israeli government and it no longer considers this to be a problem. One cannot speak of a "family reunification" problem since the war has been over for some time and few cases exist of families separated by war. The question is more one of mixed marriages, and such cases generally receive favorable resolution. The wishes of the parents and other factors occasionally make it impossible to grant permission, however. Perhaps an interim solution to the MFN problem would be to have committee discussion but avoid debates in the plenary sessions of Congress. It appears that the sponsor of the Jackson-Vanik Amendment is also thinking along this line.²

The *President* said it is the desire of this administration to continue MFN for Romania and to enhance trade. If in any private communications you wish to provide information that will help in this regard, it will be used for your country's benefit. As in the past I will do everything I can to inform the Congressional leaders of the good attitude taken by Romania in order to continue receiving MFN treatment. I believe that it is in our mutual interest to increase trade.

² Vanik met with Ceausescu during his one-day stop in Bucharest, March 31. In telegram 2148 from Bucharest, April 1, the Embassy reported that Vanik told Ceausescu that "1978 was campaign year and 1979 would provide better opportunity to institute different review process for Romania's MFN renewal." (National Archives, RG 59, Central Foreign Policy File, D780142-0238) In telegram 2149 from Bucharest, April 1, the Embassy reported Vanik's conversation with Andrei, in which the Representative said that "single-year renewal essential this year because there is no time to change procedures, especially in election year, but he hoped change in law permitting committee decision on better handling of renewal would be possible next year." (National Archives, RG 59, Central Foreign Policy File, D780143-0268)

Africa

The *President* expressed concern about the increased use of military force and of Cuban forces by the USSR in Africa.

President *Ceausescu* said that Romania has frequently spoken out against foreign troops on the territory of any independent state. We do not at all welcome the presence of Cuban troops in Africa, although formally it was requested by the respective governments. It would be much better if they were not there.

China

The *President* expressed interest in President *Ceausescu*'s forthcoming meetings with the Chinese leaders. We would like to see our relations with China normalized. Our exchange of information through our liaison office has been adequate, but we wish to improve our relations.

It might be useful if, with Chinese knowledge, you could send me a private letter after your visit and with your views about further steps we might take to improve relations with China. We need your good offices in improving that relationship.

President *Ceausescu* said that the normalization of US-Chinese relations is proceeding with some difficulty. It might be good to think of giving a fresh impetus to the process of normalization through establishing full diplomatic relations. This will require a solution to the Taiwan question by putting into practice something the US has already done, i.e., recognizing Taiwan as an integral part of China and therefore a matter for China alone to resolve. Considering the rapid rate of change in international affairs, it may be of special importance to have diplomatic relations with China. China plays and is bound to play an increasingly important role in international life, to say nothing of China's economic potential which would give the United States great opportunities.

The *President* said that the major obstacle is the Mutual Defense Treaty with the Republic of China, and the People's Republic has not been prepared to state that the dispute over Taiwan is to be resolved solely by peaceful means. If we could find a solution to that problem, we could take rapid action in our relations with China. The Chinese leaders share our wish to see this problem solved, and if that can be done, we shall recognize the PRC.

President *Ceausescu* said the Chinese leaders have stated on more than one occasion that they seek a peaceful resolution to the Taiwan problem and I think that is their intention. If the US withdraws there will be no need to resort to force, considering the close ties between the people of Taiwan and China. Giving a specific commitment to the US, however, would be difficult. It was apparent in my talks with

the Senators this morning that the US itself is reluctant to give such guarantees on similar matters that regard it directly. The same is true with China. Thus things should be resolved without creating additional artificial problems in order to achieve normalization.

The *President* said it is our policy to work toward normalization, and we shall do so.

President *Ceausescu* asked if he should inform Chairman Hua of the substance of our talks on these matters. I will certainly inform you of his views and how the Chinese leaders see future developments.³ I think, however, it is urgent to resolve these problems, and you are in a position to bring about their speedy solution.

The *President* said that we desire to do this. We do not try to use our relationship with the USSR against China, nor vice-versa. We wish to be friends with both countries, and this is a course that Romania has followed so well.

President *Ceausescu* said that this is a wise course. He said that continuing the present state of affairs generates a certain degree of suspicion with the Chinese leaders. Thus more expeditious steps toward normal relations would demonstrate a willingness to carry out that policy.

Korea

President *Ceausescu* then raised the People's Democratic Republic of Korea and Korea in general. During my visit to the Far East I will also visit the PDRK as well as Vietnam, Campuchea, and Laos. Our relations with North Korea are very good and I personally have a friendly relationship with President Kim Il-song. He asked me to convey to you some of his thoughts with regard to a resolution of the Korean problem. They wish to reach a state of improved relations with the US on the basis of your commitment to withdraw American troops from South Korea. They believe that initiation of direct talks on that problem would be most useful. They have given assurances that they will consider US interests in South Korea, and they envisage that reuni-

³ Andrei met with Ambassador Aggrey at the Foreign Ministry on June 12 to brief him on Ceausescu's Asia trip. Andrei asked Aggrey that "account be held in full confidence and not discussed with other Bucharest diplomats" and "noted with a smile" that he would meet with the Soviet Ambassador following his presentation to Aggrey. Aggrey added: "I did not ask whether he would receive same briefing, but I doubt it." Aggrey reported that, based on the Romanian account, the visits to China, North Korea, and Cambodia were successful although the visit to Vietnam and Laos less so. (Telegram 4075 from Bucharest, June 13; National Archives, RG 59, Central Foreign Policy File, D780250-0932)

fication would take the form of a federation which would maintain the existing social system in the two parts of the peninsula.⁴

In Kim Il-song's opinion the main obstacle is President Park Chung Hee. The North Koreans characterize his regime as Fascist and its policies are clearly pro-Japanese. They would agree to deal with any other president in the south that is agreeable to the US such as Yan Bo-sim (a former President of South Korea, 1960–1962) whom they know to have good relations with the United States. Yan Bo-sim is no communist, and he is presently counselor of the New Democracy Party in the South. Of course, that is only an example, but any personality willing to promote a more democratic regime in the South who would also be agreeable to the US will be acceptable for the North.

I present all of this to you in order to give you a picture of how Kim Il-song sees a way to solve the existing problems and open the way to new relations with that part of the world.

The *President* said it is not my responsibility nor that of Kim Il-song to determine who shall be president of South Korea. That is a decision for the people there, and they have elected President Park in free elections. Will Kim Il-song have a direct meeting with representatives of the US, North Korea, and President Park?

President *Ceausescu* answered that they will not deal with President Park for the reasons mentioned. Regarding the democratic elections in South Korea, I have been told that the other candidates for the presidency were arrested and were not even able to run for office. The North Koreans believe that if the US no longer supports Park, internal forces in South Korea will be able to resolve the problem in a democratic way. Nevertheless, the North Koreans are ready to talk with the US, and they will talk with any democratically chosen leader after Park has been replaced.

The *President* replied that North Korea has historically taken that position. The possibility that President Park might be overthrown or changed is very slight. We do not interfere in South Korea's domestic affairs and we will not change the government by force or intervention. Unless Kim Il-song is willing to meet with representatives of the current

⁴ In telegram 163243 to Bucharest, June 27, the Department instructed Aggrey to thank Andrei for the report on Ceausescu's trip to Asia, and to brief him on the conclusions of Brzezinski's trip to China. Regarding Korea, the Department suggested that "the Romanians, rather than taking a neutral position, are largely seeking to advance North Korean position. For that reason we see little to be gained from entering into a detailed dialogue with them on the subject." The telegram instructed Aggrey to tell Andrei that "if the GOR is interested in promoting improved relations between North and South Korea, it may wish to make its views known through direct contacts with the Republic of Korea as it already does with the DPRK." (National Archives, RG 59, Central Foreign Policy File, D780266–0541)

government there will be no opportunity for such a meeting; the US will not meet representatives of the North without representatives from the South.

President *Ceausescu* said that since the US has relations with South Korea it would be wise to also have direct contacts with the North.

The *President* replied that we are there on the basis of a UN resolution. We favor reunification of Korea and military representatives have been meeting at the 38th parallel, but the US is not the dominant political factor there. We are there to keep a fragile peace and we cannot claim the political leadership of South Korea. To undertake political negotiations with North Korean leaders in the absence of President Park would be to assume a false posture.

The PLO

President *Ceausescu* then turned the conversation again to a possible meeting of US and PLO representatives. Although this is not now on the agenda, it is important if a new impetus is to be given to the peace process in the Middle East. They will meet with the US either secretly or publicly. I have been specifically assured that the PLO has already mustered a majority within its organization to support such a useful meeting.

The *President* recalled that he had stated the US position in talks the previous day,⁵ but indicated his willingness to exchange ideas as the situation develops. Our current desire is for Egypt to propose a new solution and then have Egypt and Israel work together in resolving their differences. At this stage the insertion of the PLO into the process would be a complicating factor. Perhaps later it would be more reasonable.

President *Ceausescu* said he was not referring to PLO participation in general, but only to its participation in talks on the Palestinian question.

The *President* felt that Egypt would not be willing to have the PLO involved even on that problem at present, and Israel certainly would not. King Hussein would probably take the same view.

President *Ceausescu* suggested that President Sadat wishes the PLO to participate in the discussion of the Palestinian problem but not the discussion of Egypt's problems. He felt that Hussein is of the same opinion; so is President Assad.

The *President* agreed that Assad may hold that view, but not Hussein.

⁵ See Document 200.

204. Memorandum of Conversation¹

Washington, April 13, 1978, 11:30 a.m.–noon

SUBJECT

Summary of the President's Second Meeting with President Nicolae Ceausescu of Romania

PARTICIPANTS

President Jimmy Carter
Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs
O. Rudolph Aggrey, Ambassador to Romania
George S. Vest, Assistant Secretary of State
Jerrold Schecter, NSC Staff Member
Herbert J. Hansell, Legal Adviser to the Department of State
Robert R. King, NSC Staff Member (Notetaker)
Mrs. Huffman, Interpreter

President of Romania, Nicolae Ceausescu
First Deputy Prime Minister, Gheorghe Oprea
Foreign Minister, Stefan Andrei
Presidential Counselor, Vasile Pungan
Minister of Machine Building Industry, Ion Avram
Ambassador to the United States, Nicolae M. Nicolae
Mr. Celac, Interpreter
Mr. Mateescu, Notetaker

The *President* was pleased with the private discussions with President Ceausescu just prior to this meeting. He briefly summarized some of the matters that had been raised: He will propose renewal of MFN for Romania, and though it cannot be granted for more than one year at a time, we will seek to minimize public discussion; the two presidents will inform each other of the results of their international visits without violating the confidence of other states (Ceausescu's forthcoming visits to China and Korea were mentioned in this context); both sides understand each other's views on the division of Korea; and oppose the intervention of foreign military forces.

President *Ceausescu* said there have been delays and rejections granting permission for technology licensing for Romania. Agreements with US firms are thwarted by delays and problems, particularly involving electronics and nuclear matters.

The President asked George Vest to respond. Mr. *Vest* said this matter had been discussed earlier with Ceausescu by Under Secretary

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 36, Memcons: President: 4/78. Secret. Drafted by King. The meeting took place in the Cabinet Room at the White House.

of Commerce Harmon, and Secretary Vance and Foreign Minister Andrei had also considered it. The [Assistant] Secretary said he would look into the problem in order to expedite the handling of such requests from the Romanians.

The *President* expressed his desire to be helpful and said he would send Ceausescu a letter on this subject after it has been looked into.²

President *Ceausescu* said he would write only if there were problems, but he hoped it would not reach the presidential level.

The *President* said a letter would be sent in the next week. He indicated an interest to work with the Romanians in preparation for the Madrid CSCE review in order to avoid disappointment similar to that over Belgrade.

President *Ceausescu* expressed interest in cooperation to create a better climate for Madrid. He also noted the importance of consultation in the next weeks on the UN Special Session on Disarmament (SSOD). Contacts have already taken place, but further ones would contribute to a positive result.

The *President* expressed hope for the success of the SSOD, and noted that a number of government leaders will attend the session. He expressed a willingness to share ideas with the Romanians.

Ceausescu asked for better cooperation in dealing with underdevelopment and establishing a new international economic order.

The *President* said this problem has come up in discussions with other leaders, who have suggested a more constructive forum for an exchange of ideas between the industrial and developing countries. The structure of the Group of 77 does not seem conducive to a constructive dialogue. If these issues can be dealt with through less rhetoric and more communication, it will result in progress.

Ceausescu suggested that the UN would provide a suitable framework.

The *President* said it was an appropriate time to consider meeting the needs of the developing countries. He considered the exchange a fruitful one and is desirous to strengthen ties between the two countries.

² In a letter to Ceausescu on April 22, Carter informed the Romanian leader that he had looked into the issue of export control for Romania and found Romania received "the most favorable treatment possible" under U.S. law. He also stated that he tasked agencies responsible for approvals to make special efforts to speed up the process for all countries, including Romania. The same day, Brzezinski sent a memorandum to the Secretaries of Commerce, State, Defense, and Energy informing them of Carter's letter and his instructions. (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 2/77-12/78)

The discussion of human rights was useful. Although the two countries have different perspectives, they share similar goals.

President *Ceausescu* expressed thanks for the talks and the visit and hoped that relations will further develop. Other questions remain to be discussed, but they can be tackled when the President accepts the invitation to visit Romania.

Following the talks at 12:00 the two presidents were joined by their wives for the signing of the Joint Declaration.³

³ See *Public Papers: Carter, 1978*, Book I, pp. 743–745.

205. Action Memorandum From the Assistant Secretary of State for European Affairs (Vest) to Acting Secretary of State Christopher¹

Washington, August 18, 1978

SUBJECT

US-Romanian Relations: Next Steps

The Romanians will be upset over the Pacepa case for some time.² It will affect the tone and frequency of their contacts and exchanges with us. Ceausescu's image as a man in control of his internal affairs is shaken and his natural paranoia about his advisers is heightened.

As unfortunate as this event surely is, Ceausescu is now in a phase of high international posture with his recent speech once again declaring Romania's independent foreign policy line, his cool meeting with

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Records of the Office of the Deputy Secretary, Warren Christopher, Lot 81D113, Box 5, WC—Official Chron—1978. Secret; Roger Channel. Luers initialed the memorandum for Vest. Drafted by Schmidt; cleared by Luers. The date is handwritten at the top of the first page. The word "Acting" is inserted by hand before Secretary.

² Lieutenant-General Ion Mihai Pacepa, First Deputy of the Director of Foreign Intelligence Branch of the Securitate, State Secretary in the Ministry of Interior, and Ceausescu's counselor for National Security and Economic Development, defected to the United States on an official trip to West Germany in August. He was the highest-ranking Eastern European defector during the cold war. In September 1978, the Romanian Government indicted Pacepa for high treason, condemned him to death, and placed a \$2 million bounty on his head. The death sentence was overturned in 1999 by the Romanian Supreme Court.

Brezhnev, and the visit of Chairman Hua. (We and INR have sent you separately an analysis of Ceausescu's current international posture.) Our conclusion is that Ceausescu needs his relations with the US as much, if not more than he did before. It is in our interest to play to that reality and trust that in time they will get over the Pacepa affair.

The Romanians have come back again on Pacepa (Tab A),³ demanding that he be extradited. We believe that, because of the conjunction of the Pacepa case and Ceausescu's current exposed position in international affairs, it would be advisable, via some specific positive steps, to reiterate our continued commitment to improved US-Romanian relations. We propose the following:

Instruct Ambassador Aggrey to tell Andrei that the President is prepared to send a special emissary to Romania soon. The Romanians like the idea of special emissaries (you recall Pungan).

The emissary would:

—Report candidly on Pacepa, stressing that we had no part in his decision to defect.

—Report on the Camp David Summit (which Ceausescu would welcome because of his earlier role in the Middle East talks), and seek a full briefing on Hua's visit.

—Present concrete evidence of our continued interest in bilateral economic cooperation by informing the Romanians of USG approval of certain pending export license cases of special interest to them.

—Tell Andrei that you are looking forward to meeting with him at the UNGA, especially to discuss various international issues.

We also have a Vance-Ceausescu letter, now awaiting NSC clearance, on the Middle East Summit which reiterates the President's personal interest in good bilateral relations.

Who to be the special emissary?

There are two good candidates for special emissary: Christopher and Nimetz. Both will be in the area in the coming weeks on other business.

The Deputy Secretary would be the highest level official (other than Secretary Bergland) to visit Romania in this Administration.⁴ As

³ Attached but not printed at Tab A is telegram 5749 from Bucharest, August 16.

⁴ During his visit to Bucharest May 23–24, Secretary of Agriculture Bergland met with Manea Manescu, as well as several other Romanian officials. The Embassy transmitted a summary of his meetings and discussions on May 25, in telegram 3594 from Bucharest. (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 6, Romania-US—Econ)

special emissary, he would thus underscore the high importance of our concern. A visit could be tied in with his planned trip to Greece.

Matt Nimetz knows Romania well and the Romanians like and trust him as a result of their frequent contacts. His reputation as Counselor and “trouble shooter” would enhance his role as special emissary. He could make the visit in connection with his trip to Cyprus.

Recommendations:

1. That you agree to send a special emissary in early September who would be authorized to discuss US-Romanian relations and brief Ceausescu on the Camp David Summit, as outlined above.

Approve _____ Disapprove _____

Nimetz _____⁵ Christopher _____

Other _____

2. That you authorize the special emissary to tell Andrei that you want to meet with him at the UNGA, with specific timing to be worked out later.

Agree _____⁶ Disagree _____

⁵ Christopher approved sending Nimetz as a Special Emissary to Bucharest and added: “If convenient on his Cyprus trip.”

⁶ Christopher approved a meeting between the Secretary and Andrei at the UNGA. He deleted “you want” and added: “Secretary would be glad to meet with him should he wish such a meeting.”

206. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 22, 1978

SUBJECT

Possible Meeting with Romanian Foreign Minister Stefan Andrei

During Matt Nimetz's recent visit to Romania, Romanian Foreign Minister Stefan Andrei expressed an interest in meeting with you personally when he is in the States next week for the opening of the UN General Assembly.

Andrei is presently scheduled to meet with Secretary Vance on September 26 in New York. However, a number of factors suggest that a meeting with you might also be useful.

—Ceausescu's deep concern over the impact of the Pacepa affair on U.S.-Romanian relations (as Christopher's memo to the President on Nimetz's visit makes clear, Tab I)²

—Romania's more exposed position since the Hua visit.

—Recent indications of Soviet chagrin over Ceausescu's policy. (Brezhnev was highly critical of Ceausescu at the Crimean meetings with East European leaders in July and allegedly told Kadar that he intended to intensify contacts with other Romanian leaders.)³

A meeting with Andrei would give you an opportunity:

—to reassure Andrei of the President's interest in good relations with Romania and his intention not to let the Pacepa affair interfere with the improvement in relations that has taken place over the last few years;

—to get a firsthand report of Hua's visit and sound out Andrei on the Romanian regime's intentions vis-a-vis China; and

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 6/78-3/79. Secret; Sensitive. Sent for action.

² See footnote 6, Document 207.

³ In telegram 5542 from Bucharest, August 9, the Embassy reported that the Romanian media described the Crimea meeting between Brezhnev and Ceausescu as "'an exchange of views' in a 'sincere' atmosphere, perhaps the least flattering terms in Romanian interparty rhetoric." (National Archives, RG 59, Central Foreign Policy File, D780325-0657) Brezhnev also criticized Ceausescu during his meeting with Todor Zhivkov, stating that Ceausescu's policies were moving Romania out of step with the rest of the Warsaw Pact countries. (Information on conversation of the Secretary General of the CC of the CPSU (Leonid I. Brezhnev) with the Bulgarian Head of State (Todor Zhivkov) in Crimea, August 14, 1978, Bulgarian Central State Archive (TsDA), Sofia, Fond 378-B, File 495)

—to explore possible ways in which Romania could play a constructive role in the Middle East after Camp David.

I realize that the Romanians tend to want high-level treatment more than is always justified. However, for reasons outlined above, the relationship could legitimately stand a little stroking at this point and a meeting with Andrei would provide a useful opportunity to do this. I discussed this matter informally with Matt Nimetz shortly after his return and he concurs with this view.

If you do decide to see Andrei, the meeting should be arranged quietly in order not to alert other foreign ministers who will also be in New York and who might want similar treatment.

RECOMMENDATION:

That you meet with Andrei when he is in the States at a time to be arranged.⁴

⁴ Brzezinski approved, adding in the margin “if he wants to come here. I will not go to NYC.” Bartholomew wrote under the recommendation: “ZB: Steve makes a good case. But frankly, seeing you may simply give Andrei & the Romanians another crack (at you) on pushing on Pacepa. Better to let Vance turn the page on all this in his N.Y. meeting with Andrei. And you have real and ample grounds to plead scheduling problems, and I don’t in any event think Andrei will take it amiss. RB.” See Document 208.

207. Report Prepared in the Department of State¹

Washington, undated

The Romanian Defector Case

The Counsellor of the Department of State, Matt Nimetz, visited Romania on September 8 as a Special Emissary to discuss the case of Ion Mihai Pacepa, the Deputy Director of Romanian Intelligence, who defected to the West in August. The Romanians have been particularly upset by this defection because of the close personal relationship Pacepa had with President Ceausescu.² They say that in light of the current very positive state of US-Romanian relations and the April 1978 visit to the United States by Ceausescu, it is impossible for them to understand our accepting this defector and initially demanded that we return Pacepa to Romania through extradition or otherwise.

Despite the Romanian concern, we do not believe that the defection will affect our basic relationship with them in the long term. Romania has a strong need for special ties to us as they pursue a foreign policy independent of the Soviets, and the Nimetz trip proved highly useful in demonstrating our continuing interest in maintaining just such a relationship.

In Bucharest, Nimetz made the following points to Foreign Minister Stefan Andrei:³

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-026, Romania—JEC. Secret; Sensitive. Sent under an undated covering memorandum from Tarnoff to Brzezinski. Gates forwarded the memorandum to Brzezinski and wrote: "Zbig—Regarding page 4: Given what the Romanians did to those RFE broadcasters (the CIA report last week), I would not trust them at all—especially in light of Ceausescu's personal sense of betrayal concerning Pacepa and his apparent weakness for revenge." Brzezinski forwarded the memorandum and the note to David Aaron adding "DA Stress to Carlucci the need to *protect* Pacepa's safety." Aaron wrote "Done" on the note.

² In telegram 5568 from Bucharest, August 9, Aggrey reported that Andrei had called him to a meeting in the Black Sea resort of Neptun to "convey President Ceausescu's urgent request that U.S. return to Romania, General Mihai Pacepa" and that, in Ceausescu's opinion, "should the CIA keep Pacepa this could not be considered a friendly gesture and would not be of a nature to permit improvement of our bilateral relations. Romania will draw the lessons it should from our response." After conveying Andrei's message, Aggrey commented: "Decision not to honor Ceausescu's request is likely to seriously impair progress in our bilateral relations, especially in important humanitarian and consular areas. It may well produce serious general degradation for considerable period." (Department of State, INR/IL Historical Files, Box 11, Bucharest)

³ In telegram 6321 from Bucharest, September 8, Aggrey reported Nimetz's conversation with Andrei on Pacepa and other intelligence issues. (Ibid.) Andrei responded to Nimetz presentation the evening of September 8, when he joined Nimetz and Aggrey at dinner. Aggrey reported in telegram 6322 from Bucharest, September 9, that the Romanian Government had dropped the extradition demand, but was requesting that Pacepa not be allowed to remain in the United States. (Ibid.)

—The U.S. Government believes that this matter should not interfere with the steadily improving tone of US-Romanian relations.

—We will refrain from publicly exploiting Pacepa's presence in the United States.

—Pacepa came to the United States of his own volition. No clandestine relationship existed between Pacepa and the U.S. Government before he presented himself to us in Bonn.

—Extradition would not be possible in this case, and if Romania pursued extradition it would only lead to unfortunate publicity.

—The only proper course, and the one best suited to maintaining our excellent relationship, is to close the book on this entire matter.

—There are no indications that Pacepa's family knew anything about his plans. We hope that treatment of his wife and daughter will not compel Pacepa to raise the matter of their treatment publicly, which inevitably would have an adverse impact on our bilateral relations.

In order to signal to the Romanians that we were following a course of "business as usual," Nimetz briefed them on a wide range of issues including the Middle East, China, US-Soviet relations, Southern Africa and disarmament. Nimetz also discussed bilateral issues and listed the positive economic decisions we have made since the Ceausescu visit (approval of a large number of export control cases, an ExIm loan approval, the Romanian fishing allotment, and CCC credits).⁴

Andrei, after consulting with Ceausescu, responded as follows, emphasizing that this was a personal and confidential message from Ceausescu to you:

—President Ceausescu shares President Carter's desire to maintain the dialogue between the two countries and the momentum of the developing relationship.

—To eliminate this impediment to progress, it is necessary that Pacepa not be allowed to remain in the United States. Although extradition would be awkward, the United States is not required to permit Pacepa to remain in this country.

—Pacepa has already created problems with his provocative and misleading information. This has been designed to injure Romania's relations with the United States, Germany, and the West in general. Certainly there are other forces (he meant, but did not name, the Soviet Union) who are interested in the deterioration of relations among the US, FRG, and Romania.

⁴ The Embassy in Bucharest reported on Nimetz's bilateral discussions in telegram 6402, September 12. (National Archives, RG 59, Central Foreign Policy File, D780370–1015)

Andrei concluded by stating that Ceausescu told him to reiterate the full strength of the Romanian President's desire for a political decision to continue to strengthen the cooperation between our two countries, and to find means to deal with the Pacepa matter in a way that does not do harm to our foreign relations or those of Romania.

Andrei then made the following personal comments:

—Without specifically mentioning the Soviet Union, Andrei left no doubt that the Romanians believe Pacepa is serving Soviet interests and was probably directed to defect by the Soviets. (*[2 lines not declassified]*) This is a typical Eastern European reaction to discredit officials who defect.)

—He repeated several times that Pacepa had been in charge of security for Ceausescu on many official visits. Pacepa could, and would, seek to embarrass Ceausescu and harm Romanian interests with many countries.

—Andrei emphasized his and Ceausescu's shock that the United States would give sanctuary to this traitor, given the excellent relations developed by the two Presidents and the improved relationship between the two governments. A way should be found to get him out of the United States.

[1 paragraph (2 lines) not declassified]

Secretary Vance will tell Andrei in New York next week that Ceausescu's message has been passed to the White House and will reiterate our belief that the Pacepa case should be put behind us so that our relations with Romania may continue to expand and improve.⁵

In addition, with Pacepa's consent, we will explore with the Romanians an arrangement whereby Pacepa would voluntarily leave the United States. *[1 line not declassified]* In return, the Romanians would

⁵ See footnote 5, Document 208. The meeting between Vance and Andrei scheduled for September 29 was canceled and apparently rescheduled for October 2; see Document 209. On September 29, Nimetz and Andrei met to discuss the Pacepa case over breakfast at the Romanian Mission to the United Nations. The Department reported the conversation to Ambassador Aggrey in telegram 252848 to Bucharest, October 4. Nimetz told Andrei that "in his personal view, it was very significant that the U.S. Government had responded in this sensitive matter by agreeing to facilitate, at the request of another government, the departure of a person who we had taken in. He knew of no similar case. The Romanian side therefore should consider this as very significant." Andrei responded that a decision on the issue could only be taken by Ceausescu. (INR/IL, 980643000018, Box 11, Bucharest) No response to the offer was found.

permit Pacepa's wife and daughter to join him⁶ and would give assurances with respect to Pacepa's safety.⁷

[1 paragraph (2 lines) not declassified]

⁶ On September 22, Nimetz forwarded to Christopher a draft memorandum for the President reporting on his trip to Bucharest. In the covering memorandum, Nimetz informed Christopher that his plan was to raise the issue of Pacepa's resettlement in a private meeting with Andrei following the bilateral with Vance, provided "the Romanian Government permitted his family to join him and assured his safety." (National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary for Security Assistance, Science, and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official—July–December 1978)

⁷ During his September 8 conversation with Andrei, Nimetz informed him that the United States had information of plans by the Romanian intelligence services "to physically eliminate several persons residing in the United States." "It is imperative" Nimetz told Andrei, "that control be placed over these present and planned activities and that they be stopped forthwith. You can be assured that my Government will take all necessary measures to protect our citizens. If these plans are not abandoned, the most serious consequences for our relationship must be expected." On September 1, prior to his departure, Nimetz forwarded the talking points in this report to Christopher for approval. (National Archives, RG 59, Office of the Secretariat Staff, Mr. Matthew Nimetz, Counselor of the Department of State, Under Secretary for Security Assistance, Science, and Technology, January 1977 thru December 1980, Lot 81D85, Box 1, MN Chron—Official—July–December 1978.) The talking points were sent to Bucharest in telegram 226364, September 7. (INR/IL, 980643000018, Box 11, Bucharest)

208. Memorandum of Conversation¹

Washington, September 30, 1978, 7:30–8:10 p.m.

SUBJECT

Summary of Dr. Brzezinski's Meeting with
Foreign Romanian Minister Stefan Andrei

PARTICIPANTS

Foreign Minister Stefan Andrei
Mr. Mitran, Secretary to Mr. Andrei

Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs
F. Stephen Larrabee, NSC (Notetaker)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 33, Memcons: Brzezinski: 9/78–2/79, Top Secret; Sensitive. Drafted by Larrabee. The meeting took place in Brzezinski's office at the White House.

After expressing his appreciation for Dr. Brzezinski taking the time to meet with him, Mr. Andrei noted that President Ceausescu had received the news of the meeting between Dr. Brzezinski and Andrei with pleasure. Mr. Andrei then handed Dr. Brzezinski a letter from President Ceausescu in answer to President Carter on the Middle East.²

Remarking that unfortunately time was limited due to the necessity of responding to Gromyko's latest SALT proposal, Dr. Brzezinski stated that President Carter had asked him to transmit his greetings to President Ceausescu and to tell President Ceausescu how much he valued his relations with the (Romanian) President. President Carter recalled President Ceausescu's perceptive comments on international issues.

Mr. Andrei then gave Dr. Brzezinski a book dedicated to Ceausescu's visit to the United States and said he would convey to President Ceausescu President Carter's remarks. He stressed that Romania was determined to work for the development of U.S.-Romanian relations in the spirit agreed at the Ceausescu-Carter meeting and that the RCP had highly evaluated the meeting between President Carter and President Ceausescu. Noting that his desire was to see an improvement in relations, Mr. Andrei said that it was in this spirit that he wished to raise three problems presently affecting bilateral relations.

The first was related to the defection of Ion Pacepa. This had created no little tension. Andrei noted that Romania had asked for Pacepa's extradition, but that it understood the difficulties which this would present. Romania believed nonetheless that a decision not to allow Pacepa to remain in the U.S. would help U.S.-Romanian relations. Mr. Andrei stated that Pacepa had been working for some time for the CIA and that he had been involved in financial scandals in the Federal Republic. He repeated that Romania would like to see Pacepa's stay in the United States voided.

The second problem raised by Mr. Andrei related to (unspecified) employees in the U.S. Embassy in Bucharest who he claimed had been inciting Romanian citizens not to return to Romania while they were abroad, particularly people in the field of science and technology. Mr.

² In a letter dated September 23, Ceausescu praised the agreements reached at Camp David between Egypt and Israel, but restated the Romanian position that peace in the Middle East could only be achieved by inclusion of all involved parties, including the Palestinians. Ceausescu noted that the accords did not oblige Israel "to withdraw not only from the Sinai, but from the West Bank, Gaza, and Golan [Heights] as well, respectively from all Arab territories occupied in the wake of 1967 war." Ceausescu also called for resumption of the Geneva Talks on the Middle East and assured Carter that Romania would continue to "bring its active contribution to the instauration of a climate of lasting peace and full security in this area." (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 2/77-12/78)

Andrei noted that Romania had not made these actions public nor had many party members been informed of details of the actions because the Romanian leadership did not wish to overcharge the atmosphere or create an incident. However, the Romanians would like to see such actions stopped.

The third issue raised by Mr. Andrei concerned economic relations, which he noted were generally developing quite well. However, it would be most helpful if the processing of export licenses could be accelerated. He also noted that President Carter's letter had been well received.³

Dr. Brzezinski then responded to the points raised by Mr. Andrei. He began by stressing the importance that the U.S. attached to relations with Romania and the respect which the U.S. had for President Ceausescu. The U.S. considered Ceausescu an important international Statesman and a friend. Dr. Brzezinski emphasized that relations between Romania and the United States were good and that it was in this perspective that he wished to speak.

On the question of economic relations, Dr. Brzezinski pointed out that President Carter had ordered an acceleration of the processing of export licenses and he asked Mr. Larrabee to check on this. Dr. Brzezinski then raised the case of Dr. Vlad Georgescu, who had been invited to spend a year at the Woodrow Wilson Center but whose visa had yet to be approved.⁴ Mr. Andrei said that the case had been raised during his conversation with Counselor Nimetz the preceding day; he would discuss this with President Ceausescu when he returned to Romania.⁵

Regarding Mr. Andrei's complaints about alleged agitation on the part of employees of the U.S. Embassy in Bucharest, Dr. Brzezinski said he was skeptical of such reports and would be very surprised if they were true. It was possible they arose out of some misunderstanding-

³ See footnote 2, Document 204.

⁴ Earlier on September 30, Larrabee sent Brzezinski a memorandum with talking points for his meeting with Andrei on the Pacepa case, export licensing, and Vlad Georgescu, a Romanian scholar and dissident who was invited by the Woodrow Wilson Center on a one-year fellowship in Washington and whose exit visa was being denied by the Romanian Government. The meeting with Brzezinski was intended to follow a meeting with Vance in New York the previous day but it had been canceled at the last minute. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 6/78–3/79)

⁵ In telegram 257186 to Bucharest, October 11, the Department reported the discussions on bilateral issues between Nimetz and Andrei in New York on September 29. (National Archives, RG 59, Central Foreign Policy File, D780415–1130) The private discussion on Pacepa was reported in telegram 252848 to Bucharest. See footnote 5, Document 207.

ing. He promised to look into the matter.⁶ He assured Mr. Andrei, however, that this was not a deliberate policy on the part of the U.S. government, which he stressed does not engage in such activities as a matter of policy. He would check on it and asked Mr. Larrabee to investigate the charges and report his findings to him. If the charges proved to be true—which he doubted would be the case—he would call a halt to such activities.

Dr. Brzezinski then turned to the case of Ion Pacepa. He pointed out that Mr. Andrei could not be serious about the charges. The Romanians could not charge that Pacepa was a CIA agent and then at the same time ask for his extradition. They could not have it both ways. He was sure that Romania did not turn over its agents, and the Romanians could not realistically ask the U.S. to do something which they themselves would not do. Dr. Brzezinski stressed, however, that the U.S. was prepared to arrange for Pacepa's resettlement in a third country with his family. He assured Mr. Andrei that the U.S. had not enticed Pacepa to defect. In his view, the best way to handle the case was quietly and he emphasized that the U.S. had no intention of exploiting the case, which should not be allowed to become an irritant in Romanian-U.S. relations.

Dr. Brzezinski next raised the case of several employees of Radio Free Europe (former Romanian citizens) in Munich who were beaten up under strange circumstances.⁷ Mr. Andrei replied that he knew nothing about the case. Dr. Brzezinski noted that as Foreign Minister, it was quite possible that Mr. Andrei did not know about such incidents

⁶ In telegram 257771 to Bucharest, October 11, the Department reported allegations made by Andrei that U.S. Embassy employees were encouraging Romanian citizens to emigrate and asked the Embassy to investigate. (National Archives, RG 59, Central Foreign Policy File, D780416–0508) The Embassy response in telegram 7264 from Bucharest, October 13, stated that the allegations were “without foundation.” Aggrey wrote: “It is my strong impression that Andrei’s complaint was prompted by two different but related considerations: hypersensitivity of Romanian security establishment and GOR top level to US-Romanian consular relations in wake of Pacepa defection” and Embassy officials’ contact with Romanian citizens, especially Vlad Georgescu and Ecaterina Rauta. Aggrey continued: “These are sensitive cases for GOR, especially at this time. However, contacts involve legitimate US interest in persons who decided on their own, prior to contact, that they wish to travel to US.” Aggrey recommended that the Department inform the Romanian Government that the complaint was carefully investigated and found to be without merit. The Ambassador also recommended that the Romanians be informed that “it would not be supportive of progress in bilateral relations both sides seek for current sensitivities to result in restrictions on or obstacles to normal conduct of consular operations.” (National Archives, RG 59, Central Foreign Policy File, D780419–0034)

⁷ In telegram 3597 from Munich, November 22, 1977, the Consulate reported the attack in Paris on RFE Romanian broadcast freelancer Monica Lovinescu. (National Archives, RG 59, Central Foreign Policy File, D770433–0070) See also footnote 1, Document 207.

which were normally carried out by other branches of the government, but that the U.S. nonetheless wished to see them stopped. Dr. Brzezinski stressed, however, that these issues were relatively minor points. The really important point was that U.S.-Romanian relations remain good and that both governments should not let subjective irritants affect relations.

Mr. Andrei replied that in the case of the agitation of the employees of the U.S. Embassy in Bucharest, he had purposely not raised the issue with the U.S. Ambassador because he did not want to cause an incident and unnecessarily disturb relations.

Dr. Brzezinski then briefed Mr. Andrei on the recent SALT discussions with Mr. Gromyko, noting that the U.S. and the Soviet Union were very close to an agreement. The Soviets had made proposals and the U.S. had made counterproposals. While certain issues related to the Backfire and cruise missiles still remained unresolved, the two sides had significantly reduced differences and an agreement was close.

Mr. Andrei then briefed Dr. Brzezinski on the recent visit of Chinese Party Chairman Hua Kuo-Feng to Romania. He stressed that the visit was part of a general opening up on the part of China, not just economically but politically, militarily and scientifically. A PRC diplomatic offensive would be coming up. Hua realizes that China is lagging behind and that it must modernize. During the course of the visit Hua constantly asked Andrei detailed technical questions. How was this made, how much did this cost, etc. In regard to the Soviet Union, Mr. Andrei noted that the PRC's policy toward the USSR had not changed.

Dr. Brzezinski remarked that Gromyko had been very concerned about the Chinese-Japanese Friendship Pact and had also been very concerned about Chinese contacts with Europe.⁸

Mr. Andrei replied that Romania had informed the Soviets about Hua's visit; it was not discussed at the Crimea, however. The Soviet Union was particularly nervous because the visit had been preceded by the signing of the Chinese-Japanese Treaty. Mr. Andrei underscored the importance the Romanians attached to preserving their independence. They had not fought to exchange one master for another.

Dr. Brzezinski asked whether Hua had said anything about U.S.-Chinese relations.

Mr. Andrei said no, that the issue had not come up. If it had, the Romanians would have informed the United States. Relations with Albania, the non-aligned and Vietnam, *inter alia*, were discussed.

⁸ See *Foreign Relations, 1977–1980*, vol. VI, Soviet Union, Document 149.

Dr. Brzezinski asked whether Mr. Andrei felt the U.S. should establish diplomatic relations with Vietnam. He noted that Vietnam had dropped all conditions. They were now ready to accept the U.S. position and establish relations in U.S. terms. How did Mr. Andrei think that the Chinese would react to the establishment of relations between the U.S. and Vietnam?

Mr. Andrei replied that he could not speak for the Chinese. In his (personal) opinion, the Chinese had not always acted wisely toward the Vietnamese. He did think, however, that Vietnam would eventually reach an independent position. He also noted that President Ceausescu had urged Vietnam to establish relations with the United States.

Dr. Brzezinski then asked about the situation in Cambodia and some of the stories of inhuman conditions there.

Mr. Andrei noted that many of these stories were true. The present leadership in Cambodia was not the leadership Vietnam had hoped for. The regime was strong, however, and an independent intermediary would be needed to help settle the dispute. In conclusion, he emphasized that the situation was very complex, both internally and externally.

Dr. Brzezinski again pressed Mr. Andrei about the establishment of diplomatic relations with Vietnam. Did he think it was a good idea?

Mr. Andrei replied yes, he did. While he could not speak for the Chinese, he felt they should realize that it was not good to have Vietnam dependent on one power. The establishment of relations with the U.S. was not an anti-Chinese move and the Chinese should recognize this.

Dr. Brzezinski expressed the hope that at some point he might be able to visit Bucharest. Mr. Andrei assured him he would be welcome. Mr. Andrei then stated that he had a request from President Ceausescu. The Romanians would welcome a short visit of Secretary Vance or the President when they were in Europe or the Middle East.

Dr. Brzezinski said he would bear it in mind and would support such a request. He then thanked Mr. Andrei for the opportunity to discuss the various issues in such an open and frank manner.

209. Telegram From the Department of State to the Embassy in Romania¹

Washington, October 10, 1978, 2314Z

256604. For the Ambassador. Subject: The Secretary's October 2 Meeting at UNGA With Foreign Minister Andrei.

Romanian Participants

Stefan Andrei, Foreign Minister

Teodor Marinescu, Ambassador to the United Nations

Mircea Mitran, Special Assistant to the Foreign Minister (Interpreter)

US Participants

The Secretary

Matthew Nimetz, Counselor

Carl Schmidt, Director, EUR/EE (notetaker)

1. Summary—Andrei stressed the importance which President Ceausescu attaches to good US-Romanian relations and to elimination of issues which impede their further development. Andrei said the fact that the US allowed Pacepa to come here has created tensions, and he requested the US to cease all "covert activities" against Romania. The Secretary said we understand Romania's concerns but we must now put this case behind us. Andrei said Romania would continue to strive to solve emigration problems in a humanitarian spirit. He said some progress had been made in resolving export license problems, but Romania wished to accelerate the process. The Secretary indicated we had worked hard to make progress in this area and cited recent consideration of a license for the Rom-Control Data joint venture as a positive example. Andrei appealed for more liberal treatment of Romanian exports. The Secretary accepted in principle an invitation to visit Romania. He reiterated the strong interest of the US in continuing to expand relations with Romania, and expressed appreciation for Romania's cooperative efforts on various international issues. The Secretary and Andrei briefly reviewed the status of the Camp David Accords, and issues involving Lebanon and Greece-Turkey. End summary.

2. Introductory comments—Andrei said he was aware how very busy the Secretary was, and therefore he was especially grateful that he had made time available to meet. President Ceausescu had asked

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780414–1133. Confidential; Priority, Exdis. Sent for information to USUN. Drafted by Schmidt; cleared by Nimetz; approved by George H. Mitchell in S.

him to convey, through the Secretary, greetings of friendship to President Carter and best wishes for health and success. Ceausescu recalled with pleasure his most recent visit to the United States. Andrei gave the Secretary a book, on behalf of Ceausescu, commemorating the visit. The Secretary expressed appreciation and said the President continues to talk about his meetings with President Ceausescu and their importance for relations between the two countries. The President strongly believes that it was a most positive and constructive visit. He had asked that his own warmest regards be conveyed to President Ceausescu.

3. Bilateral relations—Andrei said that, in a meeting with President Ceausescu just before leaving for the UNGA, he had directed Andrei to make clear that he intends to carry out all of the understandings reached during his US visit both with respect to bilateral cooperation and to international issues. Ceausescu, Andrei said, attaches great importance to good US-Romanian relations and to their further development. Based on Ceausescu's desire to create the best conditions for development of relations and to eliminate matters not consistent with this approach, Andrei said, he wished to present several issues in which he would request our cooperation in eliminating. He would talk openly as the Secretary and the President had talked with President Ceausescu during his visit. Andrei said the two countries should not allow certain issues to cast a shadow over our good bilateral relations. President Ceausescu was convinced that President Carter would appreciate the constructive manner in which these matters were being raised.

4. The Pacepa case—To be frank, Andrei said, the fact that the US Government has given the right of entry and stay to Pacepa has created certain tensions, especially in light of the personal, friendly relations established earlier between the two Presidents. It was GOR's view, based on its information, that Pacepa had worked for the CIA for several years. However, Andrei said, the US had a different view on this question. Romania requested that the US cease all types of such activities vis-a-vis Romania. It was not through such covert actions, Andrei said, that good bilateral relations had developed. Nor was it through covert activities that Romania had contributed to establishment of US-PRC relations, to the negotiations to end the Vietnam war, to direct contacts between Begin and Sadat and to a general resolution of the Middle East conflict. Andrei said he was persuaded that the Secretary understood these considerations.

5. The Secretary, in response, said the US understands Romania's concerns regarding the Pacepa case. President Carter believes strongly that we must now put this matter behind us. Also, the Secretary said, he wished to reiterate his strong interest and that of the President in continuing the excellent relations which had developed between the US and Romania. With regard to the Minister's reference to cooperation

on various international issues, the Secretary said, this had been extremely helpful to us. We appreciated these efforts and we would like to continue the beneficial exchange of views through our Embassies on such issues as the PRC and the Middle East.

6. Divided families—Andrei referred to emigration and said Romania had strived to solve emigration problems in a humanitarian spirit and would continue to do so in the future. The Secretary said he appreciated the Foreign Minister's initiative in mentioning this issue. As we had made clear in the past, it was very important to us that humanitarian problems be addressed and solved in a satisfactory way.

7. Trade—Andrei said he had recently discussed with Nimetz Romania's interest in resolving export license problems. Some progress had been achieved but Romania would still like to accelerate the process for license approvals. Also, Romania would like to see more liberal treatment of its exports to the United States. The Secretary said we had worked hard to move forward in export licensing. We recognize the importance of joint ventures and our recent decision concerning another license for the Control Data Corporation joint venture was a good example of our efforts in this regard.

8. Visit by the Secretary—Andrei said President Ceausescu wished to renew his invitation to the Secretary to make at least a brief visit to Romania. Such a visit would have a positive impact on our relations by helping to clear away issues which have arisen. It would also be a visible sign that we were overcoming them. No less important, Andrei said, a visit would provide an opportunity for a full discussion of international issues. Ceausescu would like to discuss with the Secretary issues concerning the Middle East, Europe, and elsewhere. The Secretary said he was pleased to accept the invitation in principle. He would have to leave the question of timing to later, however, since at the moment he was very occupied with follow-up to the Camp David Summit and other matters.

9. International issues—Andrei expressed appreciation for President Carter's message following the Camp David Summit and asked about the current situation. The Secretary said the follow-up steps were moving as expected. Negotiations on the Sinai Agreement, chaired by the US, would begin in Washington on October 12. He was confident negotiations would move rapidly; there could be an agreement between Israel and Egypt as early as mid-November. Responding to Andrei's questions, the Secretary said King Hussein was torn between joining in the negotiations on the West Bank and Gaza or staying out to see what would develop. Hussein would have to be careful but, the Secretary said, he believed he would begin to participate in a careful and measured way. Regarding Palestinian refugees, the Secretary said the US believes a meeting of all the concerned parties should be convened

to resolve the problem. There has been too much talk and too little action. The Secretary also expressed concern about the situation in Lebanon, noting that the problem should be addressed in a comprehensive rather than fragmented way. Andrei referred to Greek-Turkish problems, and the Secretary noted that he had just seen Cypriot President Kyprianou.² All the parties were in agreement that a solution must be found regarding Cyprus. The Greek-Turkish dispute concerning the Aegean was very difficult, the Secretary said, and he suggested that Romania join with others in urging the two countries to find a lasting resolution to these issues.

10. The Secretary and Andrei met for almost 30 minutes. Immediately following their meeting, Counselor Nimetz continued the discussion of international issues with Andrei.³ Nimetz briefly described the status of SALT negotiations, and responded to several additional questions from Andrei concerning the Camp David Accords and the Lebanese situation.

Vance

² See *Foreign Relations*, 1977–1980, vol. XXI, Cyprus; Turkey; Greece, Document 55.

³ No record of the separate conversation was found.

210. Editorial Note

On November 22–23, 1978, the Warsaw Pact's Political Consultative Committee (PCC) met in Moscow to approve a report by Unified Warsaw Pact Forces Commander in Chief Marshal Viktor Kulikov and adopt a joint declaration on several aspects of international affairs. The meeting in Moscow sought to reach agreement on increased defense expenditures by Pact members to countermand Soviet perceptions of an emerging imbalance of power between the North Atlantic Treaty Organization and the Warsaw Pact. Speaking at the meeting, increasingly frail Soviet General Secretary Leonid Brezhnev cautioned that "imperialism has now acquired an ally—today's China." Brezhnev continued: "They have already begun to feed today's China, to supply it with weapons, and to push it toward hostile excursions against the socialist countries." Setting out Soviet expectations for the meeting, Brezhnev added "The NATO countries coordinate their actions care-

fully in the military sphere. And it would be unforgivable if we did not do everything to ensure precise coordination among the Warsaw Treaty countries on defense issues.” (Mastny and Byrne, *A Cardboard Castle?*, pages 418–421)

Even before the meeting started, Romanian President Nicolae Ceausescu’s foreign policy goals came at odds with the consensus of the other Warsaw Pact leaders. In telegram 28013 from Moscow, November 16, the Embassy reported that, according to a Romanian diplomat, the documents to be adopted at the Moscow meeting were still being worked on and that if Bucharest had its way “any documents adopted will be relatively non-polemical, non-offensive, and generalized.” Disagreement, the telegram continued, “exists primarily between the Soviets and Romanians on a number of topics to be mentioned in the conference documents,” including “the Middle East, Vietnam, and relations between socialist states.” (National Archives, RG 59, Central Foreign Policy File, D780475–0330) The declaration, the Embassy in Moscow reported in telegram 29052, November 27, focused primarily on disarmament and was “less polemical than has been case in recent Soviet commentary on these subjects.” The Embassy reported: The declaration was “also noteworthy for what it omits. This is particularly true of its failure to attack the Camp David Accords. If any doubt existed that Romania was responsible for this deviation from the Soviet line, it was removed when the other six PCC participants issued their supplemental declaration.” (National Archives, RG 59, Central Foreign Policy File, D780488–0757)

After the end of the Moscow meeting, the members of the Warsaw Pact except Romania published a statement on the Middle East attacking the Camp David Accords and restating their support for the Bagdad Conference, the Arab League summit which denounced Sadat’s separate peace with Israel and excluded Egypt from the organization. Romania’s strong support for the Camp David Accords, despite Ceausescu’s previous reservations about a limited Egyptian-Israeli understanding without inclusion of the other parties, made it impossible to issue a unified Warsaw Pact statement. Its publication without Romanian support underscored the tensions between Bucharest and the other members.

A much stronger disagreement revolved around the presentation made by Kulikov on the status of Warsaw Pact forces, and especially on the proposal for agreement on increased rights of the Pact’s Supreme Commander in war time. Following Ceausescu’s return from Moscow, the Romanian Communist Party Politburo met on November 24 to discuss the results of the meeting. Describing for the Politburo the Moscow meeting, Romanian Prime Minister Manea Manescu portrayed Kulikov’s report as a result of Soviet “militarist circles” created “for

the purpose of justifying the arms race, the so-called need to allocate high investments, to change the armaments in all of the sectors [of the economy] as soon as possible, and to involve the economic potential of all [Warsaw Pact] countries taking part in this arms race." (Minutes of the Political Executive Committee of the Romanian Communist Party, November 24, 1978; Romanian National Archives, CC RCP Chancellery Files, 89/1978. Published by the Cold War International History Project) While agreeing to continue living by its commitments under the 1955 Charter, the Politburo decided to continue to oppose what it saw as Soviet attempts to interfere in its internal affairs through demands for increased control, and to publicize its positions on military matters and increase of military expenditures, an unprecedented airing of Warsaw Pact internal disagreements.

Ceausescu "orchestrated public explanation and support from RCP Political Executive Committee and delegations from all social categories beginning with workers," the Embassy in Bucharest reported in telegram 8461, November 27. "Amid cheering reminiscent of 1968 post-Czechoslovak invasion atmosphere," Ceausescu's performance, the Embassy wrote, "will do [him] no harm with Romanian population." (National Archives, RG 59, Central Foreign Policy File, D780488-0150) Ceausescu's December 1 speech, reported by the Embassy in telegram 8603, December 1, "placed Romania's differences with Warsaw Pact allies on formal public record in a context designed to demonstrate maximum national unity behind him." (National Archives, RG 59, Central Foreign Policy File, D780496-0373)

In telegram 8758 from Bucharest, December 7, the Embassy described Ceausescu's actions as the result of "serious policy differences with Romania's formal allies." Ceausescu, the Embassy continued, was likely "under considerable pressure in the weeks leading up to the Warsaw Pact summit." Ceausescu's decision to go public, the Embassy reported, was a calculated gamble to elicit: "a) sympathy and support from the West, China, and others; b) genuine Romanian national unity around Ceausescu; and c) a chance to expand substantially Romania's maneuvering room on foreign policy at one blow rather than by the usual small incremental steps." The Embassy concluded that Ceausescu "may see an old and sick leadership in Moscow and the start of a succession struggle there, a Soviet Union deeply absorbed in SALT negotiations with the United States and profoundly concerned by a revitalized and outward-looking China, and a collection of East European states, who, to a greater or lesser extent, are reluctant allies of the Soviets and which may not-so-secretly share some of Romania's points of view. In such a situation, small states can move decisively and successfully against big ones, and Ceausescu has moved." "Any statement or other clear indication of U.S. support for Romanian inde-

pendence would be especially effective and appreciated at this time,” Aggrey suggested. (National Archives, RG 59, Central Foreign Policy File, D780505–0012)

In the context of increasingly public disagreements between Bucharest and Moscow, the Carter administration faced the challenge of responding to the increased Soviet pressure on Romania at a time when its own relations with Bucharest were strained by the Pacepa affair in particular and human rights disagreements in general. While Corneliu Bogdan, Director of the Foreign Ministry Directorate for the Western Hemisphere, was in Washington to negotiate a new cultural exchange agreement, the idea of a high-level visit to Romania to underscore Washington’s support crystallized. Since Secretary of Commerce W. Michael Blumenthal was in Moscow as part of a European tour, the Assistant to the President for National Security Affairs, Zbigniew Brzezinski, informed him of President Carter’s desire that he visit Bucharest. (Telegram WH81569 to Moscow, December 5; Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 7, Backchannel Messages: Europe: 12/78–5/78) The next day, Brzezinski notified Blumenthal by backchannel message that “the President very willingly approved my recommendation that you be asked to go,” and that “the Romanians understand and welcome the political point of your visit and will be receiving you as a Presidential emissary in this light.” Brzezinski also notified Blumenthal that Stephen Larrabee of the National Security Council Staff would be joining his party in Bonn prior to the departure for Bucharest. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 6/78–3/79) In telegram 308284 to Bonn, Moscow, and Bucharest, the Department informed Secretary Blumenthal that his visit to Romania was a show of support for Bucharest’s “constructive role in international affairs,” and that the White House, would make a “low key announcement of visit at the regular press briefing Thursday, December 7.” (National Archives, RG 59, Central Foreign Policy File, P840139–1696) For the announcement, see *Public Papers: Carter, 1978*, Book II, page 2187.

211. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, December 10, 1978

SUBJECT

Summary Report on Secretary Blumenthal's Trip to Romania, December 8–9, 1978 (U)

Secretary Blumenthal is preparing a report for the President on his trip to Romania and his discussions while in Bucharest.² However, I thought it might be useful for me to give you a brief summary of the trip and some of my own impressions. (U)

Bonn, December 7–8

Shortly after arriving, I was called to the American Embassy to brief Secretary Blumenthal on the background and purpose of his trip to Romania. Initially he was a bit concerned about how the trip would be viewed in Moscow and its impact on the improved atmosphere in US–Soviet relations which had been evident during his talks with Brezhnev and Kosygin several days previously. He felt that some mention should be made of the economic aspects of his trip, as this was his main responsibility. Moreover, the Romanians themselves had suggested that the trip should be billed as an exchange on economic as well as political matters.³ He also suggested some changes in the text of his arrival statement, including the elimination of the word “inde-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 6/78–3/79. Secret. Sent for information. Printed from an uninitialed copy.

² Secretary Blumenthal's report has not been found. Blumenthal did prepare a memorandum of conversation of his meeting with Andrei during the December 8 reception. Andrei discussed the Warsaw Pact meeting describing it as “extremely difficult” because of the differences between Bucharest and Moscow on defense budgets, relations with the PRC, and the Camp David Accords. Concerning Soviet pressure on Romania, Andrei told Blumenthal that the Romanians “judged the risk to be small. Militarily, he said, ‘we are not Czechoslovakia’ and ‘we have made certain preparations and would be ready.’ Economic pressures, if they occur, would cause some difficulty but Romania could handle them.” (Ibid.)

³ In telegram 308520 to Moscow, Bonn, and Bucharest, December 7, the Department forwarded cleared Bucharest remarks for Blumenthal. The statement stressed that he was visiting Romania at President Carter's direction to reaffirm “the importance we attach to Romania's independence and to U.S.-Romanian friendship.” The visit was also to highlight “the value we place on the constructive role that Romania plays in international affairs.” (National Archives, RG 59, Central Foreign Policy File, P840139–1710) Blumenthal responded to the White House in telegram 22376 from Bonn, December 7, suggesting some changes. (National Archives, RG 59, Central Foreign Policy File, P850104–2477)

pendent” in the first paragraph of the text.⁴ I resisted this change, arguing that (1) it would weaken the initial impact of his statement; (2) the statement had been cleared by you and I therefore could not make such changes. He thereupon suggested calling you personally, which he did. You know the results. (C)

After briefing the Secretary on the purposes of his trip and giving him the general background to recent developments within the Warsaw Pact, I attended several meetings at the West German MFA, which the American Embassy had set up. The first was with Dr. Kuehn, Director for Soviet Affairs in the Foreign Office. The discussion, conducted in German, centered on Soviet-West German relations, their present state and future development. While useful, the conversation provided no new key insights but rather served to confirm already held impressions. The same was true of my meeting with Dr. Joetze, Director for East-West Affairs in the Foreign Office. That evening, I had dinner with Dick Smyser, the DCM at the Embassy and a good friend of Bill Griffith's, who had served on the NSC twice under Kissinger. I departed the following morning for Bucharest. (U)

Bucharest, December 8

After making his initial arrival statement, which was well received by the Romanians, Secretary Blumenthal held a half-hour meeting with Romanian Foreign Minister Stefan Andrei. This was more of a protocol meeting than anything else and served essentially as a forum for Blumenthal to make some of the talking points, though in abbreviated form. (My notes of the meeting are at Tab C.)⁵ (C)

The real substantive discussions took place in a private *tête-à-tête* meeting between Andrei and Blumenthal during cocktails before dinner. The Secretary has prepared a report of this discussion for the President, which you should see. The Secretary showed this report to me, and with his permission, I have included the highlights here for you (Tab D). (C)⁶

During the pre-dinner cocktails, while Andrei was talking to Blumenthal, Mitran, the former DCM in Washington and now Andrei's special assistant, pulled me aside for a private discussion. His main

⁴ In telegram 30118 from Moscow, December 7, Ambassador Malcolm Toon reported urging Blumenthal to drop the words “Romania's independence” from the opening paragraph of his Bucharest statement, since that phrase might strike the Soviets as “signaling US intent to split Romania away.” (National Archives, RG 59, Central Foreign Policy File, P850061–1892)

⁵ Tab C is attached but not printed. The Embassy in Bucharest reported the conversation to the Department of the Treasury in telegram 8829, December 12. (National Archives, RG 59, Central Foreign Policy File, D780511–0990)

⁶ Tab D is attached but not printed. See footnote 2 above.

purpose was to hammer home the point that has been made by almost every Romanian official in the past two weeks: the need for a reconsideration of the NATO commitment to a 3 percent increase in defense spending, because this is being used by the Soviet Union to justify increases in the Warsaw Pact defense budget. In response to a question about Ceausescu's reference in his December 1st speech to "counter revolutionary activity" of some socialist states—which many in the West saw as an indication of an attempt by Moscow to form a fifth column in Romania—Mitran said that this was a reference not to Romania but to the Soviet Union's use of Vietnam as a proxy against China. He also voiced concern about "alarmist" Western press reports which only served to make things worse for Romania. This was not Czechoslovakia, he emphasized. The Romanians knew what they were doing; they were not about to commit suicide. They knew the limits. However, within these limits they intended to stand firm.⁷ (S)

It was obvious that our discussion, like Andrei's conversation with Blumenthal, had not occurred by chance but had been carefully planned, and that as "your" representative, I had been singled out by Mitran for a message he hoped would be conveyed directly to you. (C)

The official meeting with Andrei was followed by another official meeting with Cornel Burtica, the Minister of Foreign Trade, and a team of financial experts.⁸ The discussion, much of it quite technical, revolved around economic matters. Burtica made a strong pitch for MFN on a permanent basis and more US credits, arguing that the best guarantee of independence was a strong economy. He also asked for expediting export licenses. Blumenthal made no commitments but simply reiterated the basic desire of the US to expand economic relations with Romania in areas where this was mutually beneficial. He also gave Burtica a briefing on President Carter's inflation program and its relationship to the stability of the dollar—a matter of great interest to Romania since 70 percent of Romanian foreign trade is in dollars. The Secretary also gave Burtica a rundown of his recent trip to the Middle East and expressed his concern about developments in Iran. Interestingly, Burtica said that Romania agreed with the US position regarding the Shah. It did not want to see anarchy or a vacuum in Iran and

⁷ Responding to December 8 reports in the Austrian daily *Kronen-Zeitung* suggesting that the Czechoslovak Ambassador in Bucharest was engaged in an effort to overthrow Ceausescu at Soviet behest, the Embassy in Bucharest reported in telegram 8859, December 13, that there was no evidence to support the story. Nevertheless, the Embassy expected the story to continue to surface. (National Archives, RG 59, Central Foreign Policy File, D780517-1037)

⁸ In telegram 8890 from Bucharest, December 15, the Embassy reported on the meeting with Burtica. (National Archives, RG 59, Central Foreign Policy File, D780517-1167)

avored a stabilization of the Shah's position. In fact, they were trying to help by giving Iran some diesel oil, which it had requested. (S)

Meeting between Blumenthal and Ceausescu, December 9

The next day the Secretary met with Ceausescu for a discussion which lasted about one and a half hours. Besides myself, present were Romanian Foreign Minister Andrei and US Ambassador Aggrey. My notes of the discussion are at Tab B.⁹ After Blumenthal presented the talking points, Ceausescu made a long speech in which he: (C)

—noted the improvement of Romanian-US relations recently, and expressed his strong desire to see relations further broadened, especially in the economic field. (However, he only obliquely referred to MFN, in part because this had been so extensively covered by Burtica in his talks with Blumenthal the day before); (S)

—made a strong pitch for increased efforts towards disarmament both in SALT and MBFR. In this regard, he called for a re-examination of the decision taken at the May Summit to increase NATO defense expenditures by 3 percent; (S)

—called for a global solution to the Middle East talks and appealed for a convocation of the Geneva conference with the participation of Jordan, Syria and the Palestinians. This would diminish the danger of Egypt's isolation, which he saw as increasing; (S)¹⁰

—noted Ethiopia's willingness to grant Eritrea a degree of autonomy within the framework of a unified Ethiopian state, and the desire of the Ethiopian leadership to expand economic relations with the US; (S)

—reiterated his country's firm determination to continue to pursue an independent policy, while remaining a member of the Warsaw Pact. (S)

General Assessment

The visit was an important symbol of US support for Romania's independent policy and was greatly appreciated by the Romanians. While the symbolic significance of the visit was in many ways more important than the substance of many of the meetings, the trip offered a useful opportunity to gain a clearer understanding of the dimensions of the dispute and the issues that contributed to it. (C)

Unfortunately, there was little time to discuss the events of the past weeks with the US Ambassador or the Embassy staff, whose substantive reporting has been of a generally high quality. Such discussions at some point would be quite useful. In fact the Ambassador

⁹ Attached but not printed. The Embassy reported on the conversation in telegram 8808 from Bucharest, December 10. (National Archives, RG 59, Central Foreign Policy File, D780509–0095)

¹⁰ Ceausescu made the same points in his September 23 letter to President Carter which was delivered by Foreign Minister Andrei to Brzezinski on September 30. See footnote 2, Document 208.

expressed his desire for me to extend my stay for this purpose. While this proved impossible this time, a field trip at a later date—perhaps combined with stopovers in Warsaw and Budapest—is worth considering. (C)

The Romanians were obviously very appreciative of the trip and US support generally. (Indeed, as Blumenthal stepped off the plane on arrival, Mitran, Andrei's Special Assistant, acted like a cheshire cat who had just swallowed a canary.) The visit received substantial press treatment, though the Romanians were careful not to overdo it. Despite his initial reservations, the Secretary proved to be an effective and skillful envoy. He was open and businesslike in his presentations and quickly established good rapport with all his discussion partners. I was particularly impressed with his quick learning curve and his intuitive political judgment. (C)

How the Soviets will react to the visit is difficult to determine at this point. While its symbolic significance will hardly be lost on them, I doubt that they will react too strongly publicly. Privately, they will probably take the Romanians to task for it. But whatever their irritation, it is hardly going to affect their basic attitude toward outstanding US-Soviet bilateral issues such as SALT. They will continue to give these priority while trying to paper-over differences with Romania. (C)

The Romanians clearly feel it is in their long-run interest to be able to demonstrate as broad a range of support as possible, even if this intensifies Moscow's momentary ire. They have made a carefully calculated gamble and are confident that they can handle the situation. They do not, however, intend to push too hard. But they are determined to maintain, and where possible expand, the bounds of autonomy. (C)

Within this framework, they are likely to look to the US for concrete signs of support, especially in the economic field, as a means of reducing their dependence on Moscow and decreasing their vulnerability to Soviet pressure. We ought therefore to think carefully about the degree of support and encouragement we are willing to give them and its potential impact on other relationships, particularly those with Moscow. (C)

212. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, January 9, 1979, 0622Z

138. Subject: Romanian Vulnerabilities and Soviet Leverage.

1. Introduction. There has been considerable speculation in recent weeks since Ceausescu's well-publicized policy differences with Romania's Warsaw Pact allies as to the kind and extent of leverage the Soviet Union can exert on Romania to influence Romanian behavior and where Romania's vulnerabilities lie. We have focused particularly on the middle range between totally ignoring Romanian "deviations" to outright Czechoslovakia-style military invasion. Following is an initial Country Team attempt to compile and assess areas, actual or potential, where Soviets could exert leverage on Romania. We would appreciate comments, particularly from Washington Intelligence Community.²

2. Political

A. Assassination of Ceausescu

As symbol of Romanian defiance of Soviet desires, one could argue that physical removal of Ceausescu could well serve Soviet interests. However, we consider such a move alone as unlikely since there is no clear indication of what leader or leaders would come to power under these circumstances and there is no guarantee that a post-Ceausescu leadership would be any more amenable to Soviet influence than he is. Nevertheless, assassination could be a viable option as part of an overall Soviet plan to invade Romania and/or to install a pro-Soviet faction in the Romanian leadership as was done in Czechoslovakia. We note that, while we may not take a possible assassination attempt against Ceausescu too seriously, apparently he does, since he is known to demand thorough and rigorous personal security at all times.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790010–0944. Secret. Sent for information to DIA, Belgrade, East Berlin, Bonn, Brussels, Budapest, London, Madrid, Moscow, Paris, Beijing, Prague, Rome, Sofia, USNATO, and Warsaw.

² In telegram 10206 to multiple posts, January 13, the Department informed the Embassy that it found the telegram stimulating and will be discussing it with members of the Intelligence Community. (National Archives, RG 59, Central Foreign Policy File, D790018–0920) In telegram 23994 to Bucharest, January 29, the Department reported that following the January 18 meeting chaired by the NIO for the Soviet Union and Eastern Europe, the judgment of the Intelligence Community was that "barring radical new external events that could change the Soviet calculus of cost and benefit, it is unlikely the Soviets would accept the costs entailed by measures drastic enough to bring Ceausescu to heel." (National Archives, RG 59, Central Foreign Policy File, D790045–0130)

B. Formation of a Pro-Soviet Faction

We must assume that one continuing goal of Soviet policy here is to identify and encourage Romanians in such key organizations as the Party, military, and security services to adopt pro-Soviet views and prepare for or engage in pro-Soviet activities, albeit clandestinely. Although neither we nor our Romanian sources can identify even incipient pro-Soviet individuals, factions, or cliques does not mean they do not exist: Case of General Serb a few years ago may have involved something of the sort and recent brouhaha in Western and Czechoslovakia media concerning Ambassador Hanak's activities here suggest option is by no means dead in all scenarios. In a true crisis situation, we would expect such persons to surface, probably joined by the opportunists spawned by any society ready to sell themselves in return for money or power. There is some indication that Soviets would seek to exploit fertile ground among some "pragmatic" Romanians who see no material advantage in terms of rising internal standards of living stemming from Romania's independent foreign policy and who point to countries like Hungary and even Bulgaria where foreign policy obedience to Soviets has brought a degree of material benefits in return. Still, we believe that anti-Sovietism is so deeply ingrained in Romanian populace and particularly those holding leadership positions that a pro-Soviet group would have little influence and could be sustained in power only at the point of a Soviet gun.

C. Internal Subversion

Soviets could seek to foment gross dissatisfaction with Ceausescu's internal policies and its conversion into political action, resulting in internal chaos of type Iran is presently experiencing. Potentially, Romania is particularly vulnerable to economic disruption and to dissidence among the some two million ethnic Hungarians living mostly in Transylvania. Yet to date, while there is considerable complaining about shortages of goods and glacially rising living standards as well as audible grumbling among the Hungarians about perceived second-class status, there is no indication that this discontent has reached point where it will spill over into overt organized political action, or any real indication that Soviets are seeking to foment such discontent in spite of near-universal Romanian belief to the contrary. Engendering internal chaos or ethnic hatreds is dangerous strategy with unforeseen outcomes, especially in Communist countries with common land borders with Soviet Union, which has its own problems in just these problem areas, and we doubt Soviets would go very far down this road even though Romania could be torn apart on either count. We do not see how a Romania in shambles would serve Soviet interests, except as a prelude to invasion.

D. Discrediting and Isolating Ceausescu

We see this “containment strategy” as most likely Soviet course of political action, first signs of which began appearing after Hua Kuo-feng visit here in August and intensified in wake of Warsaw Pact summit imbroglio in late November. Ceausescu is vulnerable to attacks from “orthodox” Communists on his leadership style, cult of personality, his pretensions to world leadership, widespread corruption among his underlings, foreign policy “deviations,” defections of key personnel, and a variety of other real and imagined items. Soviets and their friends have already expended some effort in this direction, both in bilateral whispering campaigns attacking Ceausescu’s “demagoguery” and his “erratic” personality and in such multilateral fora as recent Sofia ideological meeting on “real socialism” where Romanians and a few others from Eurocommunist parties were isolated from “mainstream” of the over 70 parties represented there. This effort could easily increase and could go so far as to include intensive pressure in interparty fora to condemn Ceausescu as an ideological deviationist as well as to rally pro-Soviet friends in Third World to discredit Romanian efforts in this arena. Further, since every political leader undoubtedly has some skeletons in his personal closet, it is reasonable to assume that Soviets know or could find out what some of them are and publicly air them, to Ceausescu’s severe personal and professional embarrassment. A concerted campaign of disinformation and ridicule could fill in any missing links. Net result, however, could well make Ceausescu even more stubborn and tenacious on policy level without seriously threatening his hold on power. At level of ideology and dogma, Romanian defensive positions are already well prepared by years of dogged insistence on confirming and reconfirming common foreign policy “principles” with all and sundry “Socialists.” On another level, given centuries of experience in Balkan politics, we have full confidence in Romanians to hold their own in any back-alley in-fighting, aided and abetted by such parties as Chinese, Spanish, and Japanese. In short, while such a campaign would be extremely unpleasant, Ceausescu and company could live with it, and probably win an even greater measure of Western and Third World sympathy to boot. Nor do we believe that it would be in Soviet interest to carry campaign to point that Ceausescu is painted as either an unredeemable pariah or a hopeless buffoon since he does, after all, rule a country which is of some strategic importance to Soviet Union and some influence and reputation with variety of countries and parties, including ruling parties, across face of globe.

3. Economic

The various steps that the Soviet Union might consider, supposing it were interested in bringing pressure to bear on Romania, are:

1. Reducing imports and exports, either overall or selectively;

2. Launching a propaganda campaign designed to undermine confidence in Romania's financial and economic reputation. Such a campaign could be focused on the international community and/or on the Romanian population itself;

3. Undertaking to encourage, solicit or force allied or friendly countries to join in economic actions against Romania.

A. Trade

Two-way trade between the Soviet Union and Romania constitutes some 17 percent of Romania's total trade activity. Although this figure is large, reflecting the fact that the Soviet Union is Romania's largest single trading partner, it is not so large that complete disruption of two-way trade would necessarily result in anything other than short-term, if dramatic, dislocations. It is generally agreed that the global figures mask special situations and sensitivities: Romania imports no Soviet petroleum but is dependent to a large extent on the USSR for coking coal and iron ore. The trend, however, has been one of decreasing dependency in general and specific declines in percentage terms of these two raw materials. Since this is a key point, a bit of elaboration is probably useful.

The effect of a complete cutoff of trade between the two countries would force Romania to undertake a crash program, supplementing its existing policy of diversification of sources for imports of raw materials. Existing commodity markets are such that coal and iron ore, for instance, could be picked up quite quickly, although most probably at a premium price if deliveries had to be made urgently. Over the longer run, it is doubtful that the prices Romania would have to pay for these raw materials would be substantially higher than those paid now to the Soviet Union since they are pegged to Western market prices. The placing of Romanian exports would probably be somewhat more problematic. Something like a billion and a half dollars worth of goods are involved. In the short run, that loss could be swallowed. In the longer run, it could have, among other effects, that of inducing the production of goods more acceptable in other markets.

A real possibility is selective cuts in trade such as simply holding up shipments of replacement parts for Romanian factories which use predominantly Russian-manufactured machinery. This kind of thing could be done without much fuss and give rise to a whole set of important, if temporary, dislocations.

B. Disinformation

The functioning of any economy is based on a set of relationships imbued with a certain level of credibility. This fact of economic life is particularly evident in the financial world, where rumors of currency devaluation or looming bankruptcy can have a positively self-fulfilling

effect. The same thing applies to less sensitive areas of economic life, particularly in a country devoted to the suppression of economic facts, and thus to the creation of myth, rumor and unhealthy ignorance. The effects of a policy effectively denying the general populace much hard information on economic reality is at least two sided: Untutored pessimism concerning the future is chronic in the Romanian masses; on the other hand, and illustrative of a general advantage of manipulation of news, the GOR, through clever publicity of the Pitesti refinery accident, has induced savings in consumption well beyond those merited by the magnitude of the accident. This raises a general point about the ability of anyone to engage in effective disinformation activities: Overuse and abuse, the effect of any increase in the level of any campaign would be hard to predict. Romanian's since [*sense?*] of truth and language has been brutalized to such a degree that the utility of further brutalization of fact or language might well be triflingly marginal.

This observation also would bear on any disinformation campaign launched by other Socialist states: having criticized Romania's system of economic development and management so severely (albeit privately) and for so long, credibility is low. The vast and even hopeless mismanagement of their own economic affairs also tends to make listeners rather skeptical.

C. Joint Action

The possibility of inducing other COMECON members to join in economic sanctions, whether so labelled or not, does not seem very real at this point. It should be noted, however, that the effect of serious cuts in trade between all members of COMECON and Romania would be positively devastating. The notion that it is not a realistic possibility is based in logic, not information. There is no doubt that the lack of symmetry in relations between members of COMECON, particularly between the USSR and all other members, collectively or individually, is gross, increasing and constitutes a most difficult and sensitive issue. Illustration: Poland's reaction to a suggestion or directive that it cut coal supplies to Romania is highly unpredictable. It would run into political imponderables, such as are involved in all relations between super and small powers, as well as bump up against one of the inherent weaknesses of the non-market economy system, i.e., the system is turgid, slow to react and in general inflexible. Poland could certainly place the coal elsewhere, but how well could it get along without the Romanian imports it currently receives in return? While Bulgaria might go along with trade cuts, total or selective, the reaction of all other states, who may frequently have been "silent partners" in Romanian dissenting positions within COMECON and WP conferences, might be nastier than generally imagined and begin a process of unravelling of intra-COMECON bilateral trade arrangements and balances that

would be difficult to control. The Romanian disease might spread—even dangerously—as an effect of measures to quarantine it. Less hypothetically, there has been no indication of EE reluctance to continue, or even to expand economic exchanges with Romania in post-Warsaw Pact summit period of negotiations of trade protocols.

The other (non-EE) client states of the Soviet Union typically have only token economic relations with Romania. Other states with considerable Soviet influence most probably would not agree to cutting back on mutually beneficial economic relations.

In economic terms, trade is the single area in which potentially effective levels exist. Financial arrangements between Socialist countries appear to provide little room for leverage. This is so because financial accounts are typically settled over a medium-term period of not more than [*five*] years, and there is a good deal of attention to balancing as one goes along. This is certainly so in Romania's case. The remaining area, economic cooperation, has been one of particular sensitivity to Romanians for the last 20 years. For all practical purposes, Romania has refused to undertake joint manufacturing ventures which would make any part of their economy permanently dependent on inputs from any other Socialist country. In some cases, they have entered into such ventures, but only with agreement that the arrangement be temporary, pending the development of Romania's ability to produce the item independently (articulated busses from Hungary, etc.). If there is a single weakness in the Romanian economic scene which is truly remarkable, it is this urge to autarchy. Romania's true enemies would egg them on in their mania of producing everything from widgets to BAC 1-11s, RR motors, and kitchen utensils.

The ambivalent effect of economic boycotts are well known. In the case of economic boycott of Romania, selective or total, there surely would be strange political effects, too. In the short term, for instance, the FRG would probably fill a large part of any economic gap. It is close, it is highly responsive economically, and might harbor some sort of sympathy. Would the Soviets favor renewal of greater German economic/political influence in this part of the world? The Chinese would feel compelled to put up more than posters on liberty wall. China trade is big now, and presumably could be swelled, at least temporarily, to fill unanticipated gaps in deliveries of, for example, coal.

4. Science and Technology

A. Training

The Romanians and the Soviets have a history of cooperation in S&T area dating from end of WWII. Many thousands of Romanian scientists and technicians were trained in the USSR and indeed, Romanian industrial development owes much to Soviets in this regard. However, since the mid-60's the Romanians have moved towards the West

for the technology they need and for a number of years (five or six) were sending a considerable number of Romanians to the U.S. and other Western nations for education and training. This has now tapered off, though there is a steady flow of Romanians who go to U.S. and elsewhere on short visits in a number of technological rather than scientific areas. In short, the Romanians no longer rely on the Soviets for training or technology and in some areas are their peers.

B. New Technology

There is no P&T area (except military weaponry) where the Romanians have not protected themselves from Soviet leverage by developing ties with other non-CEMA countries. In nuclear area, Romanians have opted for Canadian type reactor (CANDU) which uses natural uranium for fuel. Romania does have some uranium. Deal with Canadians provides for fuel and heavy water. Thus, Romanians have effectively insulated and isolated themselves from USSR and other CEMA nations which are building the Soviet light water reactor. This is not to say that Romanians do not benefit from their S&T agreement with Soviets, only that it is not critical enough for the latter to use as an effective lever.

5. Military

A. On the extreme end of the spectrum, the Soviet Union has the military capability to intervene in Romania, depose Ceausescu, and install a regime subservient to Soviet interests. However, we consider such a course of action as highly unlikely except under the gravest of circumstances. Ceausescu has shown himself to be a master of judging limits of Soviet tolerance and not exceeding them, and we have no reason to expect that in the future he will either so grossly violate these limits or so lose control of internal events as to trigger a Soviet military takeover. Further, for years Romanians have diligently been seeking to up the CTT to Soviets of any blatant misbehavior toward Romania—hyperactivity in UN and other international fora, courtship of Third World, close and increasing ties with the West, excellent relations with all shades of Communist and other “progressive” forces, doctrine of a people’s war against “any” foreign aggressor. How much of this is bluff is impossible to gauge, and how effective all of this would be in deterring Soviets in a real crunch is open to question. Nevertheless, Romanian message is quite clear—there would be no free ride for Red (or any other) Army into Bucharest, and costs of such action in terms of wider interest would outweigh any limited benefits attained thereby.

B. In a Yugoslav-Bulgarian agitation or Yugoslav invasion scenario, Soviet units could move rapidly via the Odessa-Varna ferry route. However, first commitments would probably be airborne and air transportable units which can move on short order to any point in Balkans. Important point in this scenario is that while Soviets have more open capability to avoid transitting Romania, they probably would not. If

moving to aid Bulgarians against Yugoslavs, why not kill two birds with one stone and roll the tanks over Romania? In this case, logistics support troops must be stationed in Romania which would amount to occupation force.

C. While Romanian military pledges undying allegiance to Ceausescu, and while he has a good track record in capturing and keeping military support in internal politics, possibility that Soviets can establish faction in military favorable to their interest should not be excluded. It may be harder to find pro-Soviets in military than in party, but, on other hand, decades of close cooperation have left their mark, and Romanian military weakness in any confrontation scenario will presumably incline some officers to join where they cannot resist. The emergence of a pro-Soviet faction is of course most likely in case of military intervention, but could also take place as result of severe discreditation campaign against Ceausescu.

D. In military/economic sphere, Ceausescu would not hesitate to throw most of the military into an economic endeavor such as mining if shortages and strikes emerged. He has a sizable labor force potential in the military.

E. Romania is vulnerable in its military supply relationship with Soviet Union. Romania's weapons and equipment inventory are all Soviet except for some Shanghai class patrol boats. If the Soviet Union and other Warsaw Pact country suppliers closed the valve, Romanian military capability to conduct and sustain any type of operation would be sorely limited. For example, MiG aircraft (and the Romanians reportedly have the latest MiG-23's) require huge inventories of spares [garble—across board?] the entire system (aircraft plus control radars plus weapons). The Soviets can effectively control utilization through their supply systems. The Romanians now seek to overcome this dependency. Hence come efforts to produce ground support aircraft (Jurom), tanks (improved version of Soviet T-55's), artillery, small arms and ammunition with Yugoslavia. At best, however, Romanian efforts amount to "improved obsolescence."

6. Conclusion

A. Although Romania and Ceausescu are vulnerable on such questions as ethnic Hungarian discontent and internal economic disruption, we currently see no indications that the Soviets are using these vulnerabilities to try to influence Romanian behavior. Likewise we do not believe other Romanian vulnerabilities such as military supply dependence on Soviet Union and relative isolation within that portion of world Communist movement controlled by Soviets, can be translated into effective leverage for the Soviets to influence Romanian behavior. Consequently, Soviet expressions of displeasure and anger over Romanian bearbaiting probably ring rather hollow to Ceausescu. He must realize

that, with a few exceptions, there is relatively little that Soviets can do to exert the kind of intolerable pressure to which Romanians must bend.

B. Finally, not even the most hard-line Soviet ideologist can claim that Ceausescu is other than an orthodox Communist who is in no way “soft on capitalism,” and that he and his Communist Party are not in total control of all aspects of Romanian life, as Dubcek and his colleagues were not. Kinds of things Ceausescu espouses in his foreign policy “deviations”—disarmament, a more equitable distribution of world resources, Third World causes—are items which Soviets can hardly disavow and in fact do vow. Ceausescu’s genius is in exploiting gap between Soviet rhetoric and actual behavior.

C. While this is clearly uncomfortable and annoying to Soviets, it is not yet dangerous enough to them that they have begun—at least as far as we can see—to take steps (plotting assassination or a military invasion, forming a pro-Soviet faction, fomenting unrest among the Hungarian minority or intentionally severely disrupting Romania’s economy) that could lead to Ceausescu’s downfall. The reason for this, we believe, is that Ceausescu has been careful not to confront Soviets on a question they would see as vital to their national security (e.g. leaving the Warsaw Pact). It could be, however, that Ceausescu’s recent further tilt toward China (a country about which the Soviets are paranoid) and his advocacy of no increase in Warsaw Pact defense expenditures have moved him perilously close to areas which the Soviets do see as vital to their national security.

D. Also it should not be forgotten that Ceausescu also needs the Soviets, both as ultimate military guarantor for maintaining a Communist system in Romania and as an object to bait in international arena to increase his domestic political position as a Romanian nationalist leader.

E. Consequently, we foresee no basic change in this relationship, even given periods of rather intense strain such as the present, barring a gross and unlikely miscalculation by either side.

Aggrey

213. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, June 8, 1979, 0827Z

3629. Subject: Vulnerability of Ceausescu Regime to Destabilizing Forces or Events. Ref: State 38873.²

1. (S-entire text).

2. Summary: We conclude that Ceausescu administration in Romania is facing no challenge so severe as to threaten regime stability now or in immediate future and that so far it has demonstrated the requisite flexibility to defuse successfully those pressing problems that require response. Principal internal strains stem from total centralization of party/state power and forced-draft program of rapid industrialization, but to date (except in isolated instances) economic discontent has not been translated into overt protest or other political action, and we do not expect that it will do so. Conflict could arise if, in 1985 when Romania is supposed to attain "medium-developed" status thereby vitiating regime demands for continued sacrifice, relaxation of tight controls and provision of visible and significant material benefits does not ensue. Groups with ability to cause most significant internal disruption are the sizeable ethnic Hungarian minority and an increasingly class-conscious industrial proletariat, followed by a sullen internal security apparatus. Several social problems may also force themselves into forefront, including redefinition of tradeoff between personal competency and political reliability for rising professional/technical group and resolution of centuries-old abysmal situation of gypsies. Finally, we see no significant external forces or actors which presently affect Romanian internal affairs, although Hungary and Soviet Union could exert destabilizing influences. In unlikely event of outright Soviet military invasion, all bets are off. End summary.

Internal Political and Social Strains

3. Principal internal strains faced by Ceausescu regime stem from centralization of state and party power and forced-draft program of rapid industrialization which GOR has been pursuing for at least fifteen years and which is designed to make Romania a "medium-developed" nation by 1985. Willful political decision was made to forego any rapid increase in living standards and material consumption in favor of accumulation and reinvestment (approximately one-third of national

¹ Source: Department of State, INR/IL Historical Files, Box 11, Bucharest. Secret; Roger Channel.

² Not found.

income in 1978), and this decision has been pursued relentlessly. Regime believes, possibly correctly, that necessary concomitant is what Ceausescu terms “order and discipline”, i.e. maximum party/state direction of the process and control over social forces unleashed by modernization process to avoid any disruption of maximum national effort required for rapid development in a hostile world. Net result is a paternalistic authoritarian state whose official rhetoric is heavily flavored with appeals to all to produce and over-produce for the sake of the country and future generations, and whose repressive apparatus stands ready and is occasionally used to coerce recalcitrants into line.

4. While inefficiencies, misallocations, and uncertainties of industrialization program have triggered massive grumbling, apathy, malin-gering, passive sabotage and corruption among Romanian populace, except in such isolated instances as the Jiu Valley coalminers strike in August 1977, economic discontent has not to date been translated into overt protest or other political action. In spite of some indications to contrary (see labor section, para. 17), we do not believe it will do so in foreseeable future, at least to point of endangering regime stability. Part of explanation lies in “Romanian character” formed over centuries. Tradition of democracy as we know it, or of citizen initiative and individual action, is very weak here; on contrary, Romanians have learned the hard way to accommodate to demands of whatever regime is in power and to do the minimum necessary to keep the authorities off their backs. It is the ability of Romanians to outwit, distort, and subvert government edicts that makes life human and livable under this and previous regimes. In short, this is a nation of survivors, not heroes.

5. Massive economic failure caused either by domestic mismanagement, which we view as unlikely, or by external factors would create a new and much more explosive situation, especially if living standards actually began to drop instead of rising as they are now, albeit at a snail’s pace. More pertinently, a GOR failure to start providing workers and others with respite from constant government pressure upon and supervision over individual lives as well as visible and significant material benefits in 1985, the year Romania allegedly attains its “medium developed” status, could also lead to important instability unless GOR could convincingly put blame on external forces or circumstances such as a world-wide economic crisis.

6. Neither population growth nor urbanization constitute significant stress factors now or in foreseeable future. The former is low in spite of active GOR encouragement of bigger families, and the latter is rigidly regulated through an effective system of internal migration controls by a regime determined to avoid hazards of uncontrolled growth.

Ceausescu's Leadership Style

7. During the fourteen years Nicolae Ceausescu has been in power, he has centralized decision making in his own person, extended party / state control over all sectors and aspects of Romanian life, consolidated his own position so that today he is the unchallenged master of the entire party / state apparatus, moved systematically to prevent any rival groups or persons emerging as viable contenders for power, and established a cult of personality unrivaled within Warsaw Pact area in its extent and intensity since Stalin. Such a picture has led some observers (e.g. RFE Background Report 212, September 27, 1978)³ to conclude that Ceausescu has thus isolated himself from Romanian reality, is insensitive to changing conditions, and may therefore be unable to cope successfully with future destabilizing forces and events.

8. We do not agree. We view Ceausescu as an extremely able and pragmatic politician who has shown the requisite flexibility, including concessions and backtracking when necessary, to defuse potentially explosive situations (e.g. Jiu Valley), maintain power, overcome opposition, and advance his own policies. Strategies to meet new challenges are today being incorporated into preliminary planning for Quinquennial Party Congress scheduled for late 1979. Role he has defined for himself is the classic one of enlightened but absolute despot, and Romania has had predominately despotic governments since time immemorial, although many rulers were neither enlightened nor Romanian. We are reliably informed that Ceausescu really does read position papers, absorb details of projects, and listen to advice. Persons out of favor are not purged, killed, disgraced, or otherwise turned into martyrs, but are isolated in some honorific job with no important functions (General Ion Ionita, Emil Bobu) or are otherwise buried in the system (Trandafir Cocirla, Constantin Babalau); indeed, it is not unusual to find such persons eventually returning to important positions after serious reverses in their careers (e.g. new Party Secretaries Ilie Radulescu and Dumitru Popa). Ceausescu's blend of fervent nationalism coupled with foreign policy independence and activism is still widely endorsed by most Romanians even if it may be wearing thin for some. Personal popularity in Western sense of public opinion ratings of a leader's performance is not a relevant consideration here except within extremely broad limits, and Ceausescu's personal standing among populace [garble] could plummet drastically without seriously

³ In a September 27, 1978, Background Report on Romania, Patrick Moore of Radio Free Europe argued that Romania was facing a crisis of leadership, compounded by Ceausescu's preference for fast, immediate solutions rather than more considered responses. (Open Society Archives, Records of Radio Free Europe / Radio Liberty Research Institute, Publication Department, Background Reports, Box 52, Folder 5, Report 56. HU OSA 300-8-3-52-6-56, Budapest, Hungary)

affecting either his basic acceptability as despot or his ability to govern. He is honest, works extremely hard, is omnipresent, engages in frenetic activity (sometimes we suspect for its own sake), all of which creates an image of concern, of things happening, and of forward movement. Countless mass rallies and provincial trips promote what Ceausescu terms “socialist democracy” and are designed to give important groups and citizenry in general a sense of identification with regime and Ceausescu personally, while total control is retained. Ceausescu has carefully nurtured a number of separate and sometimes competing systems to provide information from grass roots to him, result of which is that he is probably as well informed as any ruler can be within limitations of a 24-hour day. Yet he has also institutionalized a mechanism whereby ordinary citizens can address petitions for redress of grievances directly to him, thereby furthering the useful image that he is just and will see that justice is done if only a way can be found to bypass the stupid and perhaps venal advisors around him who keep the “truth” from him. Finally, he has successfully implanted belief among all Romanians, perhaps also wearing a little thin, that price for Romania’s foreign policy independence from Soviets is internal orthodoxy: While we view this as a myth and believe Ceausescu could liberalize substantially without incurring Soviet wrath, such a premise is extraordinarily helpful in muffling dissent and insuring the “order and discipline” he feels necessary to achieve his ambitious economic goals. Some senior advisors (e.g. PM Verdet, FonMin Andrei) are now privately expressing a variant, arguing that present controls must be maintained until economic development has been attained, and implying that realization can take place thereafter.

9. Withal, Ceausescu has his weaknesses, but we do not consider them either singly or in combination as overly dangerous to stability of his regime. He is vain; he can make shoot-from-the-hip snap judgments and decisions which adversely affect achievement of goals he seeks to accomplish; reliability of information on domestic developments and policy alternatives he is provided depends on candor of his advisers, a trait his style does not encourage; his toleration of son Nicu’s aberrations vividly illustrates adage that, in this society of alleged equals, there are those who are more equal than others. In his major departure from pragmatic politics, he fervently believes in creating the new Communist man—a person technically competent to perform in a modern economy but ideologically motivated by the tenets of “revolutionary communism”. This is a tough task anywhere, and more so here where Romanians have historically been generally indifferent to ideologically based doctrines of human behavior; while the education system and the creative arts have suffered, most Romanians do not take this element seriously and have shrugged it off as a personal idiosyncrasy of their otherwise quite rational ruler.

A Post-Ceausescu Romania

10. In any political system heavily centralized around a single strong leader, question inevitably arises as to effect of the leader's disappearance. This is particularly acute for Communist systems in which there is no agreed mechanism for transferring power from one leader to the next. In Romania, we believe that such a transition would be less difficult and destabilizing than in most other similar systems. While admittedly Ceausescu has made no provision for his own succession and there are no heir apparents, there is a group of a dozen or so third-string leaders (there is no second string) of approximately same age (around 54), outlook and experience whom we would expect to form a genuine, albeit temporary, collective leadership, using RCP Political Executive Committee (POLEXCO) as a framework and pledged to carrying out the policies of the fallen leader and to honor his memory. Mrs. Ceausescu would be a member of this group but, in spite of her undeniably immense influence today and probably ambitions for tomorrow, we would not expect her to inherit her husband's mantle since we consider her power derivative rather than autonomous. She is also loathed by nearly all other major power actors. Eventually a new strong leader would emerge from this group and would probably become something like the new despot. We believe that this person is today a full or candidate member of POLEXCO and that anyone who is not stands no real chance of winning succession sweepstakes. We have pointed out earlier (Bucharest 1224)⁴ the remarkable homogeneity, relative youth, and excellent health of present 41 members of POLEXCO (with a couple of exceptions), and we conclude that, barring political accident, most of these persons will hold significant positions for the next fifteen years. This is striking stability at the top leadership level. Who, specifically? With due regard for hazards of prediction, we suggest, Ilie Verdet, Virgil Trofin, Paul Niculescu, and Cornel Burtica as most likely with Ion Iliescu and Gheorghe Pana as our favorite dark horses.

Opposition Forces

11. There are no opposition forces to current regime, either in country or expatriate, of any importance. There are probably some individuals, including some in relatively high party/state positions, who may not be totally enchanted with each and every policy of Ceausescu and who

⁴ In telegram 1224 from Bucharest, February 26, the Embassy reported on the prospects of the Romanian Communist Party leadership. The Embassy suggested that outside of accidents or unexpected illness, the top echelon of the party leadership was likely to remain in power for the foreseeable future. "If they are removed," the Embassy concluded, "it will be because of political reasons, most likely associated with the relative favor they enjoy with Ceausescu, rather than because of death or sickness." (National Archives, RG 59, Central Foreign Policy File, D790088-0028)

would do some things differently if they had the opportunity, but we consider it highly unlikely that any of these persons could or would mount a challenge to Ceausescu. There are no expatriates of political significance, and it seems to be rule here that expatriation rapidly causes loss of whatever influence the person may have had within Romania (e.g. dissident author Paul Goma, now neutralized and sputtering impotently in Paris). Only individual of real stature not part of current regime or neutralized by it is former Prime Minister Ion Gheorghe Maurer who, at 77 and in fragile physical (but not mental) health, is universally considered to be too old to play a major role in Romania's future.

Security Forces

12. Security forces in Romania consist basically of regular military, para-military internal security (Securitate), and uniformed police (militia). Regular military is most important and seems to accept party control and civilian supremacy as embodied in POLEXCO and Ceausescu. Military are deeply involved in internal Romanian affairs and play a substantial and visible role in economic and social life—harvesting crops, supervising construction of Danube-Black Sea Canal and Bucharest metro, indoctrinating a largely conscript army in essentials of nationalism/patriotism. We have looked in vain for evidence of military's political role and its influence upon internal decision making, but we assume it must be substantial albeit perhaps passive. Lack of hard information in this area is probably single biggest gap in our knowledge of Romanian internal political dynamics.

13. Internal security forces, as distinguished from professional military, constitute one of few potential elements of institutional disloyalty and therefore instability. Ceausescu's principal power rival in mid-1960's, Alexandru Draghici, headed this organization; after Ceausescu's triumph, with support from uniformed military, Draghici's supporters were replaced by Ceausescu loyalists and entire organization has suffered a continuing and notable diminution in its power since then, accelerated in last year by Pacepa defection. Nevertheless, internal security forces should be considered armed and dangerous. Ceausescu still does not trust this organization—nor is he pleased with its work, as shown by relatively frequent and sharp Presidential criticism—and it is kept on a short leash. In spite of general anti-Soviet bias of most Romanians, including security officials, and constant stress on organization's role in preventing internal subversion, Securitate resentment at erosion of its pre-Ceausescu status of a state within a state, coupled with greatly reduced opportunities for personal plunder of its members, could provide elements which Soviets or some future Romanian contender for power could potentially mobilize and use, although any such attempt would likely result in major and active conflict with the military. Similarly, and decision by Ceausescu,

unlikely as it seems now, to “unleash” the Securitate would be an invitation to conflict.

14. Militia as an organization is not now and is unlikely to be in the future a significant power group. Nevertheless, given fact that every hamlet in Romania has its town policeman or two, often the only governmental authorities permanently on the scene, acquiescence by militia in government policies is essential for internal administration.

Mass Media

15. All Romanian mass media are totally under party and, therefore, Ceausescu control and consequently constitute no destabilizing threat. Because of the resulting towering dullness, incompleteness, and distortion, however, Radio Free Europe (RFE) has won here the highest percentage of listenership in any East European Country and is the USG program with single most significant impact on Romania. RFE's power to make Romanians aware that there are viable alternatives to present regime policies, even within a Communist system, as well as its news broadcasts on domestic events not covered by Romania media, terrifies Ceausescu regime concerning RFE's potential to instigate, focus, and mobilize anti-regime discontent, and causes Romanian officials even now to regard RFE as a major destabilizing force. To an extent they are right.

Labor Groups

16. Official labor organizations are totally tame and are under complete party/state control; their only real function is to act as moderately important transmission belts of orders and policies from top down. There is no threat here, even under extreme circumstances.

17. Nevertheless, as Marx correctly noted and Jiu Valley miners have demonstrated, industrial workers have potential for militancy. GOR's industrialization program is now two decades old, and first influx of workers in new industries who were fresh-from-the-farm peasants dazzled by bright city lights are beginning to be replaced by their less rustic children who could form a classic industrial proletariat. GOR officials are increasingly aware of this situation, but regime has yet to develop effective policies to deal with it although year-old “new economic mechanism,” still only partially implemented, is designed in part to meet some worker concerns. Grievances of kind familiar to Western trade union leaders do already exist, and ad hoc organizations could spring up to seek their redress, as in Jiu Valley affair and more recent “free trade union” (SLOMR) incident. As shown by both examples, however, GOR would have quickly and efficiently to defuse situation and destroy any incipient organization capable of serving as vehicle for expression of complaints of workers and others. While we therefore believe that in immediate future GOR

will face from labor sector no challenge that it cannot control, regime may be in race with time to complete industrialization/development program and begin disbursement of substantial material rewards before embryonic worker militancy flowers and spreads as it has, for example, in Poland.

18. Scientists, academicians, technicians, sub-managers, career bureaucrats, and other professionals are crucial to success of Romania's modernization effort. Aware of this, regime has been generally successful in providing them with status, facilities, promotion opportunities, and material rewards. Nevertheless, there are indications that at least some of these persons feel their talents are underutilized and insufficiently recognized, especially in a situation in which political reliability is still a more important criterion for advancement than individual competence in situations where one of these two elements is missing. Consequently, while Romania's late start at intensive modernization-cum-industrialization has probably postponed the conflict between technocrats and apparatchiks generally predicted for this type of society, as emphasis switches more and more to quality rather than quantity this problem could become more acute. June 7 appointment of Elena Ceausescu as President of National Council of Science and Technology will not help.

19. Peasants traditionally have constituted most exploited and most explosive element in Romania (e.g. 1907 Peasant Revolt), but postwar industrialization program has changed situation radically and sapped countryside of its destabilizing potential. Agricultural labor force now consists preponderantly of women and old men, as young male (and many female) workers have been absorbed by industry. Further, conditions in the countryside today are light years better than they have ever been, with schools, health care, decent housing, roads, electricity, and potable water systems extended into all areas of the country.

Youth and Students

20. Communist Youth Organization (UTC) and Communist Students Association (UASCR) are all-encompassing organizations controlled by the adult party for which they serve as a principal training and recruitment ground. In spite of some differences in style and outlook, they have shown little tendency to strike out on their own as party youth movements have in other countries; they probably could not do so here even if they wanted to. Nor have we detected any inclination to form ad hoc groups outside UTC/UASCR framework around specific issues or personalities. As a rule, Romanian youth/students are not a volatile element as compared to similar groups elsewhere. Concerned about career opportunities and a job assignment system rigorously based on academic achievement, most Romanian students have neither time nor energy to become involved in non-

conformist activities which could jeopardize their entire future. Further, Romanian system can generally absorb and reward its high school and university graduates—especially those trained in technical/scientific skills, as most are—so that there are no more than isolated problems of the unemployed, and therefore restless, intellectual.

Religious Groups

21. Leadership of all fourteen recognized denominations follow rule of “rendering unto Caesar”, except that in Romania Caesar’s share is significantly larger than elsewhere. In return, religious leaders become, *de facto*, coopted into the ruling establishment and are therefore unlikely to challenge it seriously. Moreover, Romanian Orthodox Church, which is the overwhelmingly dominant denomination, has no tradition of militancy on temporal issues and an unbroken record of accommodating itself to whatever government is in power. Dissidents within established denominations, particularly Baptists and other proselytizing neo-Protestants, do have some potential for causing disruption and are more difficult to coerce or buy off, but GOR, often acting through official denomination leaders, has been successful so far in confining religious dissidence to limited and generally harmless manifestations. While there are a few unrecognized and therefore technically illegal denominations, they exert little influence and have not been so grossly persecuted as to engender a revenge mentality. Largest group in this category is Greek Catholic (Uniate) Church, which was officially abolished by GOR in 1948 and forceably merged into Orthodox Church; although scattered pockets of sub rosa Uniates still exist, they are quiescent and show no tendency to attempt to reclaim by force what was taken from them. Finally, in spite of fact that legion of Archangel Michael/Iron Guard, the principal grass roots organization Romania has produced this century, combined religious mysticism with jingoistic nationalism and fascist ideology, we view this organization as a product of 1930’s whose conditions are unlikely to be duplicated again; attempts by “court poet” Adrian Paunescu to parlay similar elements into a political mass movement nominally loyal to Ceausescu have met with limited success at best (of 77 Bucharest A-81).⁵

Ethnic Minorities

22. Hungarians. Major unrest and insurrection among Romania’s two million ethnic Hungarians is the single most important possible source of domestic strife, as ethnic conflict between Serbs and Croats could tear Yugoslavia apart. History of Romanian-Hungarian conflict,

⁵ Airgram 81 from Bucharest, July 25, 1977. (National Archives, RG 59, Central Foreign Policy File, P770121-0954)

size of Hungarian minority, its concentration in geographical center of country, its distinct language and culture, its ties to separate religious denominations, and its psychological perception of being discriminated against by Romanian majority provide potentially combustible ingredients of which GOR is keenly aware. We detect no serious effervescence in Hungarian areas at present, no embryonic “liberation” or other organized movement, and no charismatic leaders capable of fanning grievances into political flames. We further doubt that spontaneous combustion would take place, barring a major and unlikely change in present circumstances such as a gross reversal of GOR’s minority policy. Nevertheless, a relatively rapid deterioration could occur, especially if such outside actors as the Governments of Hungary and Soviet Union were actively involved.

23. Germans. Ethnic German community, while numerically significant (circa 350,000), is not now a factor for instability. Once a source of Hitler’s SS divisions as well as an effective and active FLT column for Nazi Germany, German community was shattered by wartime losses and immediate postwar repression including deportations, and today is dispirited, demoralized, and interested primarily in emigration to West Germany. As long as issuance of emigration passports continues at a substantial rate, as it has for last two and a half years, there should be no problem.

24. Gypsies. As elsewhere, Gypsies in Romania constitute a true underclass—loathed by all other elements in society, ignored by outside world, relegated to most menial tasks, and butt of real and serious discrimination. None of this is qualitatively new in centuries-old saga of Gypsies and their wandering, and record of Ceausescu regime toward them is probably as good as any previous Romanian Government. There is no overt sign of restiveness in Gypsy community or of political mobilization to correct grievances, but it is doubtful if any non-Gypsy, including GOR leaders, has any real idea of what Gypsies are doing or thinking. There is not even any good estimate of their actual numbers, although there is a universal belief that birthrate among Gypsies is significantly higher than among any other ethnic group. Consequently, while we see little present danger to regime from Gypsies, we do see an increasing social problem which will probably get worse before it gets better (if it does).

Interactions

25. While interrelationships of policies and groups is a complex social and political phenomenon, we wish to note three points which strike us as especially significant: (a) there is a close tie between religious affiliation and ethnic membership; (b) unlike such Communist countries as Poland, there is no discernible worker-intellectual linkage here; and (c) GOR will not tolerate existence of any organization, irre-

spective of origin, not totally under party/state control, especially if it could serve as vehicle for expression of accumulated grievances of diverse groups (e.g. "free trade union" group), and on past record it will move quickly, efficiently, and ruthlessly if necessary to destroy it before it can take root and spread.

External Influences

26. There are many external influences on formulation and execution of Romania's "independent" foreign policy, but very few lap over into internal policy or affect domestic stability. Internally, only Hungary and Soviet Union could play important roles, but there is no compelling evidence that they are doing so.

27. Hungary and Transylvania are linked together by history, race, and culture (as Transylvania is also similarly linked to classic Romania), and interest of Hungarian Hungarians in situation of their ethnic brethren is as natural as Romanian interest in Bessarabia, a region heavily populated by ethnic Romanians which is now the Moldavian SSR of Soviet Union. Given centuries of Romanian-Hungarian conflict and repeated shifts in ownership of Transylvania, however, Romanians interpret this Hungarian interest as a thinly veiled lust for recovery of this "lost" territory, probably at Soviet instigation. Realization that Hungary internally is now in many ways a more attractive place to live than Romania adds to Romanian concern about Hungary's appeal to Transylvanian Magyars and the "subversive influences" emanating from Budapest. While we agree that GOH could exert a serious destabilizing force if it desired, we see present Kadar regime as essentially cautious on this issue, generally limiting official actions and keeping Hungarian nationalist firebrands under control.

28. All Romanians claim to see Soviet hand behind any internal disruption, but hard evidence is lacking. Still, as our study on Soviet leverage in Romania (Bucharest 138)⁶ concluded, one goal of Soviet activities within Romania must be identification and recruitment of individuals who could if necessary form a puppet regime imposed by the Red Army. Soviet Union has unquestioned military ability to subjugate Romania and has demonstrated in Hungary and Czechoslovakia, the political will to do so if it became convinced that vital security interests were seriously threatened by events in Romania. A Soviet invasion, unlikely as it seems now, would create so totally different a situation here as to render this analysis of regime stability inoperative.

Aggrey

⁶ See Document 212.

214. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, undated

SUBJECT

Request by Romanian Ambassador for Meeting

Ion Bestelciu, DCM at the Romanian Embassy, called me today to ask for an *urgent appointment with you on either Thursday or Friday*. He wishes to discuss with you the problems Romania is currently facing on the Hill regarding an extension of the MFN Waiver.²

Nimetz testified before the Vanik trade subcommittee on Friday on behalf of an extension of MFN for Romania and Hungary. The Hungarian portion went O.K. but there was considerable opposition to an extension of MFN for Romania, particularly from Congressman Schulze who introduced a disapproval resolution which was referred to Vanik's sub-committee. The main problem is that the B'nai B'rith and several other Jewish groups who originally supported an extension, have received some information about current emigration to Israel which has caused them to withdraw their support. While this information appears to be wrong, this support is crucial for obtaining MFN for Romania.

Vanik is very concerned about the mood on the Hill and is prepared to do battle on behalf of an extension as are influential members of the House Foreign Affairs Committee such as Derwinski, Findley, and Hamilton. Vanik is working with the Romanians and Jewish groups in an effort to work out a solution. However, if we

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 4/79–3/80. Confidential; Outside the System.

² On June 22, hearings took place in the Trade Subcommittee of the House Ways and Means Committee on Carter's recommendation to extend MFN to Hungary and Romania. While MFN for Hungary was not met with any opposition, extension for Romania faced opposition from several subcommittee members as well as Jewish groups convinced that Romanian Jews were not given fair opportunity to emigrate. In telegram 161636 to Bucharest and Budapest, June 23, the Department warned: "It appears that MFN for Romania faces serious challenge." (National Archives, RG 59, Central Foreign Policy File, D790325–0974) In telegram 161619 to Bucharest, June 23, the Department informed the Embassy that, as a result of the events June 22 hearing, Vanik had requested that Romanian Ambassador Ionescu meet with him and leaders of the B'nai B'rith organization to discuss the matter of Jewish emigration from Romania. The Department also reported that Vanik had suspended the hearing before B'nai B'rith testified in opposition of the waiver. (National Archives, RG 59, Central Foreign Policy File, D790325–1024)

cannot get the Jewish groups on board, he feels MFN for Romania may be doomed.

There is a time constraint, however. A resolution of disapproval can be held within a committee no longer than 30 days after it has been introduced. Vanik intends to hold hearings on July 9, after talking to the Jewish groups, and then report to the Full Committee on July 11. He hopes to get a favorable report out of the Full Ways and Means Committee, and call for a debate on the House Floor about July 17. The main thrust of the strategy is for Vanik to take the initiative rather than Schultze. At the same time we are pressing the Romanians to allow more Jews to emigrate to Israel and to simplify emigration procedures generally.

RECOMMENDATION

That you authorize me to set up a meeting between you and the Romanian Ambassador tomorrow or Friday.³

³ "Tomorrow or Friday" is crossed out and replaced in handwriting with "Tuesday, July 3." Aaron approved the recommendation. A note below reads: "DA appointment set for Tuesday, 3:30 pm."

215. Telegram From the Department of State to the Embassy in Romania¹

Washington, July 2, 1979, 2326Z

171577. Moscow for DAS Robert Barry. Subject: MFN for Romania: Nimetz' Meeting With Bogdan; Bogdan's Meeting With Jewish Representatives, July 2. Ref: State 168581.²

1. (C-entire text)

2. Counselor Nimetz met July 2 with visiting MFA Counselor for North America Bogdan and Romanian Ambassador Ionescu (who cancelled planned return to Bucharest). Nimetz described the concerns of American Jewish organizations over declining emigration and urged the Romanian Government to face this as a practical problem. Nimetz said that Jewish organizations are concerned that Jackson-Vanik is not working.³ Trade has increased but the kind of emigration which interests them is not going up. Jewish groups believe that the problem is intimidation in the application procedures. Having raised these concerns, they are in a position where they cannot easily back off without some tangible results. Nimetz noted that he had told representatives of the Jewish groups that distribution of applications by the Joint Distribution Committee would prove very difficult for the Romanian Government. He asked Bogdan whether a Romanian could be at the JDC

¹ Source: National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 3, MFN Waiver/Controversy 1979–80. Confidential; Immediate; Exdis. Sent for information Priority to Budapest and Moscow. Drafted by Bradtke; cleared by Schmidt, Vest, and Larrabee, and in S/S; approved by Nimetz.

² In telegram 168581 to Bucharest, June 29, the Department reported Nimetz's conversation with representatives from several Jewish organizations. Nimetz emphasized that the "administration views possible failure to renew MFN as very serious matter which would undermine a decade of effort to build up U.S.-Romanian relations." He also stressed that failure would "mean that no other country would be willing to submit itself to uncertainties of waiver process." Noting that "continued MFN for Romania is in grave danger unless the GOR is prepared to be cooperative," the Department instructed Aggrey to seek an appointment at the earliest opportunity with Romanian officials, and "make clear that loss of MFN is now real possibility. Romanians should harbor no doubts that if Jewish organizations in the U.S. oppose MFN for Romania, there will be insufficient support left in Congress to prevent passage of Schulze's disapproval recommendation." (Ibid.)

³ Nimetz was informed of Jewish-American concerns with the extension of MFN to Romania as early as June 7. Representatives of the American-Jewish Committee, the Anti-Defamation League, the B'nai B'rith and the National Jewish Community Relations Advisory Council, were particularly alarmed by what they saw as a cumbersome pre-screening process that led to intimidation of applicants. In telegram 147765 to Bucharest, June 9, the Department instructed Aggrey to meet with Pacoste and stress U.S. concerns regarding Jewish emigration. (Ibid.)

office to expedite applications. Nimetz urged Bogdan to be prepared to negotiate with the Jewish groups.

3. Bogdan said that he had come to the U.S. on a fact-finding mission and did not have instructions on how to resolve the problem which had arisen. He expressed puzzlement with motivation of American Jewish groups and their timing in raising emigration issue. Noting that he had spoken with Rabbi Rosen and with Romanian emigration authorities, Bogdan said he could see no Jewish emigration problem. He had been assured by Romanian officials that only in the case of German emigration are there any problems or attempts to spread out applications. Bogdan said that he had also spoken with the Israeli Ambassador and did not believe that the Government of Israel was prompting Jewish organizations to raise the emigration issue. As for using the JDC to distribute applications, Bogdan said personally he believes such an idea is unacceptable. No foreign or international organization could play such a role in Romania.

4. Nimetz offered two explanations for actions of Jewish groups: First, a heightened concern with general question of Jackson-Vanik in view of possibility of MFN for the Soviet Union; and second, the reports from Jews who have left Romania of intimidation at pre-screening process. He again urged Bogdan not to be overly concerned with the motivation of the Jewish groups and instead to focus on practical aspects of solving the problem.

5. Bogdan said he would try to find "a reasonable solution" but that he is troubled by the escalation of demands and what might be next. He mentioned possibilities of fact-finding trip by U.S. Jewish groups or presentation of lists through JDC or other bodies. Bogdan commented that, whatever happens to MFN, it will not have negative effect on the Jews in Romania.

6. In closing, Nimetz stressed the urgency of the situation and asked Bogdan to be in touch after Bogdan's meetings later in the day with representatives of American Jewish organizations.

7. House Trade Subcommittee staff member David Rohr, who participated as "observer" in subsequent meeting at Romanian Embassy on July 2 between Romanians and representatives of American Jewish organizations, gave Department the following account of the meeting. (The Jewish organizations were represented by Al Moses of American Jewish Committee, Mark Talisman of Council of Jewish Federations and Welfare Fund, and George Specter of B'nai B'rith International. Moses acted as spokesman in place of B'nai B'rith International President Jack Spitzer, who is now in Geneva.)

8. Rohr said Moses made following three-part proposal to the GOR to remedy their concerns re Jewish emigration:

9. (A) Rabbi Rosen would make a public statement in Romania similar to that which he made in synagogues in 1975 to the effect that those persons who wish to apply for permission to emigrate from Romania may do so. Statement would indicate where persons should go to initiate the process, how it works, etc. (Rohr said implicit in this was that application forms would have to be available to those desiring to fill them out.)

10. (B) GOR would agree that while applicants' requests for permission to emigrate were being processed by GOR authorities, applicants were free to contact Israeli Embassy to begin visa application procedure. (Moses told Nimetz following meeting with Romanians today that this step was designed to provide permanent monitoring mechanism of number of pending cases. The GOI would maintain a list, which it would share with either the USG or directly with American Jewish groups. Moses said he already had discussed this aspect of the proposal with GOI Embassy in Washington.)

11. (C) Concurrent with its acceptance of steps (A) and (B), GOR would provide American Jewish organizations with numerical accounting of how many Jews it expected would be departing for Israel in the next few weeks and months.

12. Bogdan, who Rohr said did all the talking for GOR side, responded by saying he would have to transmit the Jewish organizations' proposal directly to President Ceausescu. Bogdan said he was all too aware of the time pressures, and hoped to have a response for Moses in the nearest future. At one point in the discussion, Rohr said, Bogdan indicated it might be possible for the GOR to revert back to the procedures in effect in 1975 with regard to application for emigration (which presumably would mean dropping pre-screening).

13. Rohr said that Moses and Talisman were pleased by Bogdan's reaction to their concerns and their proposal. They had indicated to Rohr after the meeting that they had dropped the notion of having the Joint Distribution Committee serve as a "good offices" intermediary because of the negative signals they had received in the past few days. He also said that Moses had promised the Romanians that if an understanding were reached as they had proposed, the Jewish groups would not publicize it here, which they recognized might embarrass the GOR in some fashion. Rohr said that at no time during the meeting did the subject arise of Jewish emigration to the United States per se.

14. At end of day Bogdan came by alone to brief Nimetz on developments. He confirmed essence of proposal reported by Rohr in paras. 8–11 above. While cautious, he said he would be reporting them favorably to Bucharest.

Christopher

216. Memorandum of Conversation¹

Washington, July 3, 1979, 3:30 p.m.

SUBJECT

Summary of David Aaron's Meeting with Ambassador Corneliu Bogdan,
Director of the North American Division in the Romanian Foreign Ministry (U)

PARTICIPANTS

Mr. David Aaron, Deputy Assistant to the President for National Security
Affairs

Stephen Larrabee, NSC Staff (Notetaker)

Ambassador Corneliu Bogdan

Ion Bestelciu, Political Counselor, Romanian Embassy

Mr. Aaron opened the meeting by welcoming Amb. Bogdan² and saying it was nice to see him again. (U)

Amb. Bogdan stated that Mr. Aaron presumably knew why he was here. He did not want to unduly bother Mr. Aaron, but hoped that he could receive the Administration's support regarding MFN. (C)

Mr. Aaron underscored that the Administration supported MFN for Romania and had worked hard to obtain it. He emphasized, however, that there was a concrete problem which had to be resolved. He pointed out that to be successful with the Congress the Administration needed the support of the interested American groups. (C)

Amb. Bogdan stated he did not want to cover the same old ground. He was not certain why the groups had raised the issue. The fate of the Jews in Romania would not be affected by MFN one way or the other. (C)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 33, Memcons: Aaron, David: 1-12/79. Confidential. The meeting took place in Aaron's office at the White House. Earlier that day, Larrabee sent a briefing paper outlining Romanian concerns and providing Aaron with talking points for his meeting with Bogdan. Larrabee recommended that Aaron stress the administration's strong commitment to MFN for Romania, and that, irrespective of right or wrong, support of Jewish-American groups was vital for congressional approval. Aaron initialed the memorandum indicating he had seen it. (Ibid.) The memorandum of conversation was approved by Aaron on July 7. He instructed his staff to "Keep it here. Don't send it out." (Ibid.)

² The meeting with Bogdan took the place of the previously scheduled meeting between Aaron and Ionescu. Bogdan, who had been Ambassador to Washington from 1967 until 1978, was sent by Bucharest to troubleshoot the MFN situation. On June 28 Larrabee informed Aaron's office that Bogdan was coming and was seeking an appointment with Aaron to discuss the situation. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania: 4/79-3/80)

Mr. Aaron stated that it was his impression that the groups were concerned that the numbers were dropping. Basically, he thought they wanted to support MFN but they were continually receiving reports about procedural problems, etc. (C)

Amb. Bogdan replied that the Romanians were going to propose a formula which they hoped would help. He insisted, however, that they could not accept any third party intermediary. Rabbi Rosen (leader of the Jews in Romania) would make a statement saying that the Jews who wanted to leave are not intimidated, etc. This statement would be publicized. Some sort of monitoring system, perhaps similar to that of SALT (i.e., national means), could be established. He pointed out that Senator Jackson had an entire office doing this type of work and that the Romanians were ready to do it as well. (C)

Mr. Aaron suggested that the best way to prove the present procedures were no bar to emigration was to reform them. He asked why Jews making an application could not notify the Israeli Embassy at the same time. (U)

Amb. Bogdan replied that it did not look feasible, but he did not elaborate why. He insisted, however, that there was no intention on the part of the Romanian Government to keep the Jews from emigrating. (C)

Mr. Aaron stressed in response that the Romanian Government would have to do something about the procedures. The Administration would work hard, but he pointed out it could lose if the groups interested in Jewish emigration failed to support MFN. (C)

Amb. Bogdan suggested that the concerns of the Jewish groups could be allayed by the formula he had outlined. (U)

Mr. Aaron returned to the question of procedures, insisting that some change had to be undertaken and that there was a need for some sort of real action. The groups interested in Jewish emigration had backed off from some of their original ideas, but there was a need to respond to their concerns. He felt that Rabbi Rosen's statement might not be enough; something more would have to be done. (C)

Amb. Bogdan replied that he did not know what more the Romanian Government could do. He stressed, however, that the Romanian side was ready to try to meet the concerns of the Jewish groups. (U)

Mr. Aaron stated that he would not argue the case for others. This was not his role. He reiterated the seriousness of the situation and the need to find a way to resolve it. (C)

Amb. Bogdan said that he intended to stay in the States for the duration of the struggle rather than returning to Romania as he had originally intended. (C)

Turning to another subject, he noted that the Romanian Government was grateful for the briefing by Mr. Barry on the Summit.³ This had been highly appreciated. One point needed clarification, however. This concerned MFN for the Soviet Union. It looked like it would not be possible to give MFN to the USSR this year. At the same time the US might feel that it could not delay MFN for China. Bogdan felt that part of the Jewish preoccupation with MFN for Romania was related to this. (C)

Mr. Aaron replied that the President was still considering the question of MFN for the Soviet Union and had not made up his mind. At this point it was simply too early to tell what the President would do. The Administration had not linked the two (MFN for China and the Soviet Union). It wanted to proceed forward with both. However, the point of decision had not been reached. (C)

Amb. Bogdan stated that he believed some of the Jewish concern was related not just to Romania, but to the Soviet Union. He then turned to the question of MBFR, noting that it was his understanding that there had been no real progress in Vienna. He did not understand why the starting level of troops was such a problem. (C)

In reply, *Mr. Aaron* noted that at Vienna Gromyko had noted that the differences between the troop levels of both sides was 150,000. Defense Minister Ustinov had corrected him, saying that the difference was 180,000.⁴ (C)

Mr. Aaron noted that this was a large discrepancy. The problem was that we couldn't agree on the starting point. If we couldn't agree on the starting point, it would be hard to know how many troops had been withdrawn. In short, if we couldn't agree on where we were, how could we agree on where we were going? He noted that SALT was easy to verify in comparison to MBFR. (C)

³ In telegram 4026 from Bucharest, June 26, the Embassy reported on Barry's June 22 meeting with Andrei to brief the Romanian Foreign Minister on SALT II and the Carter-Brezhnev Summit in Vienna. The Embassy reported that, following the presentation of the U.S. position, Andrei told Barry that he wondered "if briefing which Soviets might provide would be as helpful." The Romanians also raised GOR concerns regarding Soviet views of Chinese participation in SALT III, effects of SALT II on Western European disarmament thinking, and possibility of movement on other disarmament issues. Barry also met with Andrei on June 23, prior to his departure from Bucharest. At that meeting, the Embassy reported, "Andrei reiterated GOR support for SALT II Treaty as a good step toward other disarmament measures, goal of which is to stop arms race, cut military budgets, and effect troop reductions." (National Archives, RG 59, Central Foreign Policy File, D790288-0202)

⁴ See *Foreign Relations, 1977-1980*, vol. VI, Soviet Union, Document 204.

Amb. Bogdan stated that he had attended a 10-member conference in Geneva at which Jules Moch⁵ had said that the question of troops was not difficult to verify. (C)

Mr. Aaron replied that we might have agreed until we had run into this discrepancy. The Soviets hoped that we would set aside the question of data; however, this was an extremely important issue politically. (C)

Amb. Bogdan reaffirmed his intention to stay in the States until the question of MFN had been resolved. (C)

In closing, *Mr. Aaron* said that he hoped he would be able to see *Amb. Bogdan* again before he left. (U)

⁵ Former French politician, and member of the French Government in the Fourth Republic, as well as former French Representative to the UN Commission on Disarmament from 1951 until 1960.

217. Editorial Note

On July 6, 1979, Matthew Nimetz, Counselor of the Department of State, met with Romanian Ministry of Foreign Affairs Director for North American Affairs Corneliu Bogdan and Romanian Ambassador to the United States Nicolae Ionescu as well as with representatives of Jewish-American organizations. The Romanian officials informed Nimetz that they had reached an understanding with the Jewish-American organizations on Jewish emigration. The agreement, reported to Bucharest in telegram 177424, July 9, provided that the Chief Rabbi of Romanian Jewry would issue a statement to the community noting that it was “the policy of the Romanian Government to act expeditiously on applications of Jews who seek to be reunited with family members outside of Romania,” that Bucharest would “supply a list of Romanian Jews who make application and the date the applications are filed,” and that Romanian Jews who wished to emigrate could also write Israel to seek letters of support for their case which Jewish groups would use to make a list of people wishing to emigrate. Based on the understanding, Alfred Moses of the American Jewish Committee told Nimetz that the Jewish organization would now support extension of most-favored-nation status to Romania. While cautioning that the understanding was not an agreement with the United States Government, Nimetz noted that the administration was “pleased with and

actively supports the steps taken by the Romanian Government to clarify its policy on emigration." (National Archives, RG 59, Central Foreign Policy File, D790311-0328)

On July 10, the Trade Subcommittee of the House Ways and Means Committee met to discuss Representative Richard Schulze's resolution of disapproval of President Jimmy Carter's recommendation to extend most favored nation status to Romania (H. Res. 317). Schulze "argued that Romanian foreign policy independence was not relevant to the MFN waiver and that terminating waiver would be signal to Romanians and to any other Communist countries that violations of human rights will not be tolerated." By a vote of 13-7, the subcommittee agreed to report the resolution unfavorably for discussion in the full committee. (Telegram 178408 to Bucharest, July 11; National Archives, RG 59, Central Foreign Policy File, D790312-0816)

On July 19, the Senate International Trade Subcommittee held its own hearings on MFN renewal. Reporting on the hearings in telegram 187329 to Bucharest, July 19, the Department noted that the subcommittee staff "expects that Senate Finance Committee will issue 'nasty statement' but that there will be no rpt no resolution of disapproval." (National Archives, RG 59, Central Foreign Policy File, D790330-0017)

Bogdan and Ionescu met with Deputy Secretary of State Warren Christopher on July 20 to discuss MFN and other bilateral questions. Noting that the MFN problem seemed to be on its way to a positive outcome, Christopher told the Romanian officials that "it had been a difficult exercise" and cautioned them that "next year is an election year and Congress can be expected to scrutinize MFN renewal carefully." He also informed the Romanian Government that the Secretary was considering a trip to Romania in early fall. (Telegram 189034 to Bucharest, July 21; National Archives, RG 59, Central Foreign Policy File, D790332-0725)

On July 25, the House of Representatives voted 126-271 to reject Schulze's resolution of disapproval paving the way for MFN for Romania.

218. Telegram From the Department of State to the Embassy in Romania¹

Washington, October 4, 1979, 0343Z

259744. Subject: Vance-Andrei Bilateral at the UNGA: Bilateral Issues.

1. (C-entire text)

2. Summary. Secretary Vance met with Romanian Foreign Minister Andrei in New York on October 2 for approximately 50 minutes. Andrei was accompanied by UN Ambassador Teodor Marinescu, Special Assistant Marcel Ghibernea, and First Secretary Ion Goritza (interpreter). US participants were Counselor Nimetz, Senior Advisor to the Secretary Philip Habib, Assistant Secretary Maynes, EUR Deputy Assistant Secretary Barry, and EUR/EE Director Schmidt (notetaker). On bilateral matters, Andrei said Ceausescu was satisfied with the continued development of our relations. He raised only two bilateral issues—further expedited issuance of US export licenses and access to Norfolk for Romanian ships loading Virginia coal—and requested the Secretary's personal support on both. The Secretary's planned visit to Bucharest was discussed briefly and the Secretary said he wished to propose firm dates in December within the coming week. Multilateral issues discussed (see septels)² included CSCE, the Middle East, South-east Asia, and the Romanian UNGA initiative on peaceful settlement of disputes. End summary.

3. Andrei said he had been requested by President Ceausescu to extend his greetings to President Carter and express his satisfaction with the continued development of US-Romanian relations both in the bilateral and international spheres. The positive developments were consistent with the 1977 [1978] Joint Declaration,³ and were in

¹ Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate; Exdis. Drafted by Schmidt; cleared by Barry; approved by L. Paul Bremer. Sent for information to USUN.

² International issues discussed were reported in telegram 260883 to Bucharest, October 5. (National Archives, RG 59, Central Foreign Policy File, D790456–0655) In telegram 262360 to Bucharest and Seoul, October 6, the Department reported that in the course of their bilateral meeting, Andrei informed Vance that, while in Bucharest, the North Korean Prime Minister asked the Romanian Government to inform Washington that Pyongyang's "public position on the trilateral proposal [a meeting among USG–ROK–DPRK representatives] was not their last word and that they were ready to explore the question further should the USG wish to do so." (National Archives, RG 59, Central Foreign Policy File, D790458–0444)

³ The 1978 Joint Declaration agreed on during Ceausescu's trip to Washington. See footnote 3, Document 204.

the interest of both countries and of worldwide peace. The Secretary noted that the President wished to extend his greetings to Andrei and to President Ceausescu and to stress our desire to work with Romania on bilateral matters and on solving pressing international problems.

4. Secretary's visit. Secretary Vance said he looked forward to visiting Bucharest and would ask his staff to work out proposed dates within the coming week for a visit either at the beginning of December or immediately after a meeting he would attend in Brussels later that month. Andrei said he was authorized by Ceausescu to fix the visit at any time except during the November 10–25 period. He explained that Ceausescu wished to meet with the Secretary during his visit but would be busy with the Romanian Party Congress during the period he had specified in November. Andrei said he was certain the Secretary's visit would contribute significantly to US-Romanian relations and to bilateral cooperation on international issues. He proposed, and the Secretary agreed, that an important area for an extensive exchange of views during the visit would be the "new economic order" and other North-South issues.

5. Trade and export licenses. Andrei said he had only two bilateral matters to raise with the Secretary. Both were economic and on each he wished to request the Secretary's personal support. The first was the matter of US export licenses. For the first months of 1979, the US had enjoyed an active balance of trade with Romania, and his government did not see this as a problem. (Nimetz noted that in 1978, Romania had enjoyed a trade surplus with the US, which had aroused some questions during the congressional review of MFN.) On the other hand, Andrei said, he requested the Secretary's continued support in efforts to expedite the issuance of US export licenses. Romania was grateful for what had been done already in this regard, in the spirit of President Carter's letter to President Ceausescu, and would like to see these efforts continue. Andrei indicated that a list of pending license requests would soon be transmitted to Counselor Nimetz via the Romanian Embassy. In response to the Secretary's query concerning the status of this question Nimetz said the problem had been more in the length of time required to process license applications rather than in large-scale denials of licenses. The executive branch had made serious efforts to expedite processing of applications, and good results had been achieved. He indicated that we were well disposed to continue these efforts. He said there had been no recent requests from Romanian Embassy here to expedite specific applications, but we would be glad to act on such a list when it was received.

6. Access to Port of Norfolk. Noting that he had already discussed the question with Nimetz and Assistant Secretary Vest,⁴ Andrei explained his interest in an arrangement which would permit Romanian ships to load coal at the Port of Norfolk. He said that the Romanian contract for purchases of coal from Island Creek, Virginia, called for long-term deliveries, perhaps extending as much as 50 years. The inability of Romanian ships to load the coal at Norfolk already added some \$2 million per year to their costs. Andrei stressed that Romania was ready to accept whatever conditions or controls the US might want to place on its ships in order to gain access to Norfolk.⁵

7. Nimetz noted that we already had carefully examined this problem in response to earlier Romanian requests. As a result, he was more pessimistic about this problem than about US export licenses. The port security regulations extended to all Warsaw Pact countries and had been in effect for some twenty years. Secretary Vance said he could readily see how it would be more costly to ship the coal by rail from the mine to Baltimore rather than directly to Hampton Roads. He said that while he could make no promises that a way could be found, he would discuss the Romanian request with Defense Secretary Brown. Andrei expressed appreciation and added that it would be very difficult for Romania to have the coal shipped from Norfolk on non-Warsaw Pact ships, especially since Romania only recently had constructed special cargo ships for this and similar purposes.

Christopher

⁴ The conversation among Assistant Secretary Vest, Counselor Nimetz, and Romanian Foreign Minister Andrei, which took place October 1 in Washington was reported on October 4 in telegram 260381 to Bucharest. Andrei stressed the Romanian desire to receive deliveries of the coal purchased in the United States at Hampton Roads (or the Norfolk Harbor) rather than Baltimore. They also discussed the CSCE process and developments in the Middle East. (National Archives, RG 59, Central Foreign Policy File, [no film number])

⁵ On June 12, 1977, the Romanian Government signed a multi-year contract with Occidental Petroleum for coal from the Island Creek mine in Virginia. (Telegram 4383 from Bucharest, June 14, 1977; National Archives, RG 59, Central Foreign Policy File, D770212–0906) Bucharest sought access to the Hampton Roads port in order to reduce the transportation costs associated with the delivery of coal to Romanian ships. In a conversation with Nimetz on May 7, 1979, Pacoste expressed the hope that the United States would reconsider its access ban of Warsaw Pact vessels to Hampton Roads for Romanian vessels, and that the Romanian Government “would be willing to comply with any restrictions if access can be granted.” (Telegram 2844 from Bucharest, May 10, 1979; National Archives, RG 59, Central Foreign Policy File, D790219–0142)

219. Editorial Note

On October 12, 1979, the Department of State informed the Embassies in Romania and Yugoslavia that Secretary of State Cyrus Vance was happy to accept the standing invitation to visit the two countries and planned to do so in December. (Telegram 267704 to Bucharest and Belgrade, October 12; National Archives, RG 59, Central Foreign Policy File, D790469-0222) Romanian Foreign Minister Stefan Andrei had transmitted the invitation through Counselor of the Department of State Matthew Nimetz during their May meeting in Bucharest. In a June 5 memorandum to Vance, Nimetz recommended a visit, suggesting it "could be very useful in coaxing the Romanians to reform some of the bureaucratic practices that lead to continuing human rights difficulties." Vance approved the recommendation on June 7 and wrote "OK. In the fall" in the margin. (National Archives, RG 59, Office of the Secretariat Staff, S/S Memoranda for 1979, Lot 81D117, Box 1, Principal Memo File, Apr-May-Jun)

In the early morning of November 4, Iranian supporters of Ayatollah Khomeini occupied the grounds of the U.S. Embassy in Tehran and took U.S. citizens there hostage. Initially organized as a protest against the Carter administration's decision to allow the Shah of Iran to enter the United States for cancer treatment, the protest quickly evolved into a political tool used by Khomeini to secure and expand his control over the revolution. Vance, convinced that the release could be secured via diplomacy, focused on coordinating the diplomatic efforts to secure the release of the hostages.

Official reaction in Romania to the taking of the hostages was initially muted. According to Embassy reports, the government-controlled press ran only two stories in November on the hostage situation. The low-key statements, the Embassy suggested, were typical of Romania's way of dealing with difficult issues in the press. (Telegram 7719 from Bucharest, November 19; National Archives, RG 59, Central Foreign Policy File, D790537-0083) In telegram 302493 to Bucharest, November 22, the Department reported on the November 20 meeting between Deputy Assistant Secretary of State for European Affairs Robert Barry and Romanian Deputy Chief of Mission Boris Ranghet. Barry told Ranghet that given Romania's desire to continue to improve relations with the United States, "it was difficult to understand why Romania had not taken any steps to express publicly its condemnation of the events in Iran." Barry also stressed that "this was a case in which Romania would be expected by the US public and US Government to take a stand." Failure to do so, Barry told Ranghet, "would be interpreted by the United States as inconsistent with the GOR's oft-

expressed desire to improve bilateral relations.” (National Archives, RG 59, Central Foreign Policy File, D790537–0054)

On December 1, U.S. Ambassador to Romania Rudolf Aggrey met with Andrei at his request to deliver two *démarches* on the Iranian situation and repeat Washington’s request for immediate, public action. In telegram 8080 from Bucharest, December 1, Aggrey reported his meeting with the Romanian Foreign Minister. Andrei, Aggrey wrote, answered that “it was not true that Romania had not been ‘vigorous’ in this instance.” Although he had no authorization to provide details, Andrei noted, “President Ceausescu was proceeding not just in the sense of Romania’s respect for international law and the Vienna Convention, but in the spirit of the Joint Statement he and President Carter had signed.” The Foreign Minister assured the U.S. Ambassador that he would seek authorization from Romanian President Nicolae Ceausescu to brief Aggrey on Romanian activities. (National Archives, RG 59, Central Foreign Policy File, D790554–0100) On December 3, Andrei described for Aggrey “in the strictest confidence” the Romanian efforts in Tehran on behalf of the hostages. On Ceausescu’s initiative, Andrei had passed to Ayatollah Khomeini, through Romanian contacts with Arab States and organizations, the Romanian Government’s appeal to release the hostages without any delay. Asked if the Iranians had listened to the Romanian message, Andrei told Aggrey that “it is our understanding that things are moving toward a solution, but we do not know what compromise might be the key and we have no assurances.” (Telegram 8127 from Bucharest, December 3; National Archives, RG 59, Central Foreign Policy File, P840163–2001)

The ongoing hostage crisis caused the postponement of Vance’s trip to Bucharest and Belgrade, and Ambassador Aggrey informed Romanian Deputy Foreign Minister Cornel Pacoste on December 4 of the postponement. In telegram 312957 to Bucharest, December 5, Vance instructed Aggrey to seek an appointment with Andrei and find out more information as to the impact the secret Romanian message had in Tehran. (National Archives, RG 59, Central Foreign Policy File, P840163–2006) Aggrey reported on his December 10 meeting with Andrei in telegram 8401 from Bucharest, December 11. After informing Andrei of President Carter and the Secretary of State’s appreciation for Romanian efforts on behalf of the hostages, Aggrey, “speaking personally” added that “the fact of the confidential Romanian demarche was not generally known within our government [meant that] Romania’s efforts could not be appreciated by all of the influential people in Washington who were assessing what our friends were doing to help.” (National Archives, RG 59, Central Foreign Policy File, P840163–1998)

Almost two months into the crisis in Iran, the Soviet leadership approved the introduction of Soviet combat troops in Afghanistan. The

Soviet Army and special KGB combat units were airlifted to Kabul on December 25. Soviet ground troops crossed the Afghan border on December 27. The invasion, ostensibly at the request of the Afghan Government, resulted in the assassination of Afghan President Hafizullah Amin, and the installation of a new regime led by Babrak Karmal. Writing in his diary on December 28, Carter noted that he was "determined to make this action as politically costly [to the Soviets] as possible. I sent messages to our allies, key nonaligned leaders, plus all the Muslim countries—urging them to speak out strongly against the Soviet action." Carter added: "I also sent on the Hot Line the sharpest message I have ever sent to Brezhnev, telling him that the invasion of Afghanistan would seriously and adversely affect the relationship between our two countries." (Carter, *White House Diary*, December 28, 1979, page 382) Over the next few months the President recalled the U.S. Ambassador from Moscow, asked the Senate to suspend consideration of the SALT II Treaty, imposed an embargo on new grain sales and transfers of technology to the Soviet Union, announced the U.S. boycott of the 1980 Olympics in Moscow, and increased the Defense budget request to Congress.

In telegram 333360 to multiple posts, December 28, the Department requested that a Presidential message be delivered to each head of state concerning the Soviet invasion of Afghanistan. The Embassy in Bucharest, the telegram instructed, was to stress that Soviet actions were in direct "violation of the sovereignty of an independent country" and that they were in "direct conflict with Romania's strong commitment to the right of all nations to full independence, sovereignty, and non-intervention in internal affairs." (National Archives, RG 59, Central Foreign Policy File, P840163–1258) On December 29, during the New Year's reception for the Diplomatic Corps, Ceausescu told U.S. Chargé d'Affairs a.i. Herbert Kaiser that Romania would "do whatever it can to help resolve peacefully the Afghan problem and to obtain the withdrawal of Soviet troops." (National Archives, RG 59, Central Foreign Policy File, P840131–2293) On December 31, Carter sent a letter to Ceausescu detailing the decision taken at the December 12–14 NATO Ministerial meeting in Brussels, including the reasons behind the decision to modernize long-range theater nuclear forces. The letter also thanked Ceausescu for his government's involvement in attempts to release the hostages in Iran. In a handwritten postscript, Carter added "I am sure you share our deep concern about the Soviet invasion of Afghanistan. Please keep me informed on your views regarding this matter." (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 1/79–6/80) The text of the letter was delivered by the Embassy on January 2 to the Ministry of Foreign

Affairs in Bucharest. (Telegram 13 from Bucharest, January 2, 1980; National Archives, RG 59, Central Foreign Policy File, D800006–0006)

In telegram 75 from Bucharest, January 4, the Embassy reported the public pronouncements of Ceausescu and the government-controlled media in Romania. While seeking to avoid explicit condemnation of one or more of the parties involved, the Embassy wrote, the reaction to the Soviet invasion was “sharp and pronounced. President Ceausescu’s initial public reaction on December 29 was unusually rapid and his reference to Afghanistan unusually pointed.” The Embassy concluded: “The continued priority given the same theme in his New Year’s message and the lengthy, authoritative editorial underline the high degree of Romanian concern.” (National Archives, RG 59, Central Foreign Policy File, D800009–0653) In telegram 173 from Bucharest, January 9, the Embassy offered an analysis of the pressure likely faced by Bucharest. Noting that Romania was the only Warsaw Pact member not to endorse the Soviet invasion or recognize the Karmal regime, the Embassy wrote that “the pressure from the Soviet Union and the Warsaw Pact is likely to intensify as international tensions grow. And yet, for Ceausescu and his colleagues, closer allegiance to the Soviet Union conflicts directly with their objective to achieve and maintain Romania’s relative independence and would undermine an important basis of Ceausescu’s acceptance by the vast majority of Romanians.” The Embassy concluded that although “Ceausescu has demonstrated an almost surprising willingness to continue to nurture publicly relations with the United States” he might be forced toward “more circumspect behavior” or “some gestures towards the Soviet Union. But all may not be what it seems.” (National Archives, RG 59, Central Foreign Policy File, D800015–0843)

220. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, January 22, 1980

SUBJECT

Designation of David Newsom as a Presidential Emissary to Romania (C)

State recommends that David Newsom be designated as Presidential Emissary to Romania² and that he stop-off in Bucharest on his return from London to deliver a Presidential Message to Ceausescu. The message is at Tab A.³ It has been cleared with the speechwriters. (C)

I support this recommendation. Ceausescu has condemned the invasion of Afghanistan in several recent speeches, and Romania was the only Warsaw Pact country not to vote against the Resolution in the General Assembly condemning the invasion. At the same time Ceausescu is understandably nervous about the implications of Soviet actions in Afghanistan, particularly in light of Tito's deteriorating health, and he has requested a high-level U.S. visit as soon as possible.⁴ (C)

A visit by Newsom as Presidential Emissary would quietly demonstrate our support for Romania in a low-key, non-provocative manner and would provide an opportunity for us to present our views on Iran and Afghanistan directly to Ceausescu. It would also serve as an indirect signal to Yugoslavia of our continued interest in stability and security in the Balkans generally. (C)

RECOMMENDATION: That you sign the Presidential message at Tab A.⁵

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 1/79-6/80. Confidential. Sent for action.

² The recommendation was made in a memorandum from Tarnoff to Brzezinski dated January 19 and forwarded to Brzezinski by Larrabee on January 21. (Ibid.)

³ Attached but not printed.

⁴ In telegram 253 from Bucharest, January 12, the Embassy reported that the Romanian Government hoped to welcome a visit by a high-level U.S. official to Bucharest in light of the international situation. The Embassy reported: "President Ceausescu and especially Andrei feel let down by the postponement of the Secretary's visit in December and the abortion of Counselor Nimetz's visit last week. Although they appreciate the sound reasons for these changes, these do not compensate for the psychological loss of support a high-level US mission to Bucharest at a time of strained relations with the USSR. They remember the success of former Treasury Secretary Blumenthal's visit here in December 1978." (National Archives, RG 59, Central Foreign Policy File, D800021-0413)

⁵ Carter signed the letter on January 24. See footnote 3, Document 221. (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 1/79-6/80)

221. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, January 28, 1980, 1637Z

680. Subject: Newsom Discussions With Romanian President Ceausescu. Ref: State 24016.²

1. Secret-entire text.

2. Summary: Under Secretary Newsom January 28 presented letter from President Carter to President Ceausescu³ and had lively two hour session, during which President Ceausescu expressed continuing criticism of Soviet invasion of Afghanistan while indicating personal puzzlement over motives for their actions, other than presumed Soviet reaction to foreign backing of Afghan rebels. In lively give and take discussion Ceausescu: (1) was skeptical that U.S. counter actions to Soviets or sanctions in Iran would have desired effect; (2) expressed confidence in prospects for Yugoslav stability post-Tito; (3) felt U.S. should “do a lot more” re Palestinian issue and, despite counter arguments, promoted idea during current Camp David negotiations of parallel initiative involving Soviets, and relating to Palestinian rights; (4) emphasized Romanian hopes for continuation of CSCE, specifically stressing military disengagement and nuclear missiles issue; (5) cautioned U.S. about promoting relations with China at expense of Soviets or other nations. Ceausescu was careful throughout to balance criticism of Soviet invasion of Afghanistan with reiteration of his general principles of detente and caution to U.S. not to aggravate situation through its reaction to Afghan and Iranian situation. End summary.

3. Under Secretary Newsom had two hour discussion with President Ceausescu on January 28, accompanied by Ambassador Aggrey

¹ Source: National Archives, RG 59, Central Foreign Policy File, P870105–0306; N800002–0439. Secret; Immediate; Nodis. Newsom recounted the meeting with Ceausescu in his memoirs, describing Bucharest in January as “one of the drabest cities I have ever visited.” (Newsom, *Witness to a Changing World*, p. 319)

² In telegram 24016 to Bucharest, January 27, the Department provided talking points on Middle East issues. Saunders informed Newsom that because of opposition to Sadat and Begin, the U.S. Government requested postponement of UN Security Council deliberations on a resolution dealing with the Palestinian question and that Yassir Arafat seemed to have decided against forcing a debate. The Department instructed Newsom to stress in his discussions with Ceausescu that the United States remained committed to finding a solution, and that the ongoing negotiations on autonomy offer the best chance for success. The Embassy concluded: “We urge that no initiative be taken to revive discussion of a resolution to supplement [UNGA Res.] 242 in the next several months.” (National Archives, RG 59, Central Foreign Policy File, P870105–0315)

³ See Document 220. Carter’s January 24 letter was delivered to Newsom in London prior to this trip to Bucharest. In it Carter commended Ceausescu for speaking forcefully against the Soviet invasion of Afghanistan. See Document 219.

and Suddarth.⁴ Ceausescu was joined by Foreign Minister Andrei, interpreter, and note taker. Major points of discussion are summarized below.

4. Newsom opened discussion by presenting President Carter's letter which interpreter read to Ceausescu, who expressed regards and best wishes to President Carter and indicated Ceausescu has been working on reply to President's letter regarding Afghanistan⁵ which he will send soon.⁶

5. General discussions: Ceausescu while being specific on several points, continued his well-known approach of articulating Romania's application of non-aligned principles to general world situation. He indicated that international situation has worsened as a result of a process begun long ago and that great powers, including China, should make efforts to retrieve the situation by pursuing detente, and taking into account independence and sovereignty of all states. Ceausescu enumerated following factors resulting in deterioration: (1) slow progress of SALT II; (2) Camp David has created impression on Soviets they are being ignored in Mid-East peace process; (3) situation in Afghanistan, partly result of fact that U.S. in the past only paid attention to military rather than social and economic matters in Iran.

⁴ Roscow Seldon "Rocky" Suddarth, Newsom's Executive Assistant.

⁵ On December 29, 1979, Carter approved a letter to several world leaders, including Ceausescu, concerning the Soviet invasion of Afghanistan. On December 31, in another letter concerning the NATO dual-track decision, Carter added a handwritten postscript again expressing concern about Afghanistan and inviting Ceausescu to inform him of his views. See Document 219. The December 31 letter was transmitted in telegram 420 to Bucharest, January 1. (National Archives, RG 59, Central Foreign Policy File, D800005-0442)

⁶ No response specific to Carter's December 29 letter on Afghanistan was found. In telegram 1033 from Bucharest, February 7, Aggrey reported his conversation with Andrei earlier that day regarding Soviet Foreign Minister Andrei Gromyko's visit to Bucharest. Andrei informed the Ambassador that Ceausescu told Gromyko that Romania saw Afghanistan as the greatest cause of international tension, that an urgent solution was necessary, and that such a solution would be cessation of all outside support for anti-government forces and withdrawal of Soviet troops. Andrei also reported that Gromyko said Soviet troops would be withdrawn once outside support ceases. (National Archives, RG 59, Central Foreign Policy File, D800066-0451) On March 12, the Embassy in Islamabad reported in telegram 2311 that it received information of a possible mediation offer from Romania between Pakistan and the Soviet Union in order to reach an accommodation on Afghanistan. The offer had been made by Pungan while visiting Pakistan in February. (National Archives, RG 59, Central Foreign Policy File, D800132-0761) In telegram 2123 from Bucharest March 14, the Embassy responded that Romania would like to broker the Afghan problem. The Embassy wrote: "While it is clearly not in a position to settle the dispute, Ceausescu is in his own inimitable way trying to act as a middleman in order to serve Romania's national interests, world peace, and his own ego—all of which are in this instance compatible." (National Archives, RG 59, Central Foreign Policy File, D800130-0957)

6. Afghanistan: Ceausescu was careful to emphasize that in citing above factors, he was trying to find causes but not rpt not justify Soviet actions in Afghanistan. He indicated he fails to understand why USSR sent troops. Ceausescu felt that outside support for anti-regime forces in Afghanistan was a factor in Soviet decision to intervene. He believes that a US-Soviet agreement could be reached perhaps, on the basis of Soviet withdrawal on one hand and cessation of outside support for anti-regime forces on the other. Ceausescu indicated current US action against Soviet Union is not rpt not moving process towards a solution; on the contrary, it could aggravate tensions and have unpredictable results. In reply, Newsom mentioned that President Carter wants to continue detente in areas where constructive action is possible, such as chemical warfare, CTB and CSCE. US response, however, reflects strong public reaction to Afghanistan situation in which Soviet invasion has made major change in balance of influence in that area. US President cannot exclude possibility that Soviets have ambitions in South West Asia wider than in Afghanistan and US, as a great power, must insure it has strength to meet such challenges. Newsom emphasized that we would like to find non-military means of resolving problems but we cannot be indifferent to the fact that others are using military force. No strong nation can afford to be unprepared in such situations.

7. Yugoslavia: Ceausescu was relatively up-beat regarding prospects for Yugoslavia. He said "I do not believe that Yugoslavian situation gives rise to worries," indicating that the good Yugoslav social order has good prospects for maintaining Yugoslav independence, which he implied would be case even following Tito.

8. European security: Ceausescu stressed Romania's desire to strengthen European security with particular emphasis on continuing CSCE. He mentioned specifically that Romania wants a solution to problems of military disengagement including problem of "nuclear missiles." Newsom indicated US support for CSCE and stressed in larger context that President has not withdrawn SALT II Treaty.

9. Iran: Ceausescu reiterated Romanian view that sanctions are not most effective means of resolving [garble], chiefly because they will aggravate difficult Iranian internal economic situation. Newsom explained that President Carter, because he chose to seek a peaceful resolution, felt the need to use all UN machinery and such action was also important to maintain support from an angry US public opinion for his Iranian policy. Newsom stressed US had postponed formal implementation of sanctions until Islamic Conference is concluded, that we welcome apparent election of Bani-Sadr;⁷ if it appears we can

⁷ Abdulhassan Banisadr was invested as President of Iran on February 4, 1980.

make immediate progress on release of hostages, implementation of sanctions could be reviewed.

10. China: Ceausescu welcomed US-China relations but cautioned that they not be to detriment of relations with USSR, stressing need for collaboration if not friendship and avoidance of confrontation. He also stressed that US-China relationship should not be at expense of interest of other peoples, implying Kampuchea. In reply, Newsom took note of his concern but pointed out that US public and Congress want stronger US relations with China and do not believe we can delay this development simply because our relations with Soviet Union are deteriorating. Consequently, our policy to China may seem more positive under present conditions than is the case, given US-Soviet relations.

11. Mideast: Ceausescu spent considerable proportion of discussion on Middle East negotiations and criticism of Camp David and U.S. role. While supporting Egyptian-Israeli steps in Camp David, he said that "present Camp David course has no chance for success, at least concerning the Palestinian problem." He said that U.S. "could do a lot more on this issue" and that a representative movement towards comprehensive peace is necessary not only for stability in Middle East but also for securing normal supply of oil. He decried fact that Jordan, Syria and PLO have been left out of process. With respect to possibility of amending 242 to add concept of "Palestine rights", which Andrei raised with Under Secretary yesterday,⁸ Newsom used talking points in reftel with Ceausescu. Romanian President listened intently but adhered to position that some parallel action to on-going Camp David negotiations is necessary. He indicated some way must be developed to assure Palestinian participation and suggested that this a sphere where an initiative could be developed with Soviet participation despite problems of Afghanistan. He also suggested idea of Geneva type international conference resumption. (Andrei later told Newsom Romanian idea was for post-Camp David conference to resolve issues not yet resolved.)

12. In reply, Newsom spoke about U.S. approach and our desire for achieving sufficient results in autonomy negotiations to attract Palestinian participation. Ceausescu listened patiently but evinced skepticism over results with a Romanian expression roughly equivalent to

⁸ In telegram 643 from Bucharest, January 27, the Embassy summarized the conversation between Andrei and Newsom which took place earlier that day. (National Archives, RG 59, Central Foreign Policy File, P870105-0322) In telegram 645 from Bucharest, January 28, the Embassy expanded on the points made by Andrei in his conversation with Newsom. The Embassy concluded that "Romanians clearly seek to pursue as much of a traditional non-aligned policy as their geographic and political position will permit" and that Newsom's discussions with Andrei showed the extent of strain that remains in Soviet-Romanian relations. (National Archives, RG 59, Central Foreign Policy File, D800048-0954)

“inshallah”. Sensing his intense interest in the subject, Newsom promised to keep Ambassador Aggrey informed as appropriate regarding progress of Ambassador Linowitz’ negotiations, so that GOR could be informed.

13. Given Ceausescu’s great stress during discussions on non-interference of great powers with small nations, Newsom could not resist temptation to indicate that we are not in a position, regardless of impression of U.S. power, to force or order another nation to do what it does not consider to be in its interest. We have the difficult and lonely task of persuading Israel to grapple with complex autonomy issues as well as questions of settlements and status of Jerusalem and to achieve sufficient results to bring Palestinians into negotiations. Ceausescu interrupted Newsom’s presentation to point out that Romania also is addressing these problems with the Israelis and Arabs.

14. Comment: We did not detect any significant change in Ceausescu’s well-known position on international issues during discussions. His criticism of Soviet behaviour in Afghanistan came through strongly, although carefully couched in terms of non-alignment and balanced but implied criticism of U.S. security measures in reaction to Afghan situation. Only new elements were Ceausescu’s suggestion that U.S. acquiesce to an initiative regarding Palestinian rights which would involve the Soviets and his stress on CSCE issue of military disengagement with specific reference to nuclear missiles. Ceausescu received Under Secretary graciously and engaged in a lively give and take on the major current international issues. He seemed genuinely pleased with letter and consultation. We believe he has a better idea of current U.S. policy assessments which could be helpful in permitting him to chart accurately the course of cautious non-alignment which he is pursuing despite proximity to the Soviet Union.

Aggrey

222. Editorial Note

On February 24, 1980, Nicolae Ion Horodincea, a Romanian intelligence officer, together with his wife and infant son, drove to a U.S. Army barracks in the Washington area and asked for asylum. The Department informed the Embassy in Bucharest in telegram 50348, February 25, of a February 24 *Washington Post* article describing the

event. (National Archives, RG 59, Central Foreign Policy File, D800098–0113) Mrs. Horodincea returned to the Romanian Embassy in Washington after her husband's defection, where she was immediately recalled to Bucharest. In telegram 56600 to Bucharest, March 2, the Department informed the Embassy that after meeting with her, Department and Immigration officials were satisfied that she was returning to Bucharest on her own free will. (National Archives, RG 59, Central Foreign Policy File, P870105–0275) On her way to the airport, however, Mrs. Horodincea collapsed, was taken to a hospital, and subsequently decided to remain in the United States.

On March 4, the Embassy in Bucharest reported in telegram 1749 that Acting Foreign Minister Constantin Oancea had called U.S. Ambassador Rudolph Aggrey to the Foreign Ministry to deliver a *démarche* decrying U.S. Government actions at the airport and accusing Washington of unduly pressuring Mrs. Horodincea to remain in the United States. (National Archives, RG 59, Central Foreign Policy File, P870105–0256) In telegram 1750 from Bucharest, March 4, Aggrey reported that during his conversation with Oancea, Romanian President Nicolae Ceausescu had called the Foreign Ministry to transmit a personal message to President Jimmy Carter. Ceausescu's message issued a personal request to Carter, asking him "to take steps to assure that the Romanian Ambassador and/or another Romanian diplomat be given access to [Mrs. Horodincea] and allowed to speak with her immediately. She should leave the hospital and be brought to Romania immediately. If what we request is accorded we will take no public notice of this incident. If we do not receive a satisfactory reply today we will have to make public all of the pressures that the US exerted upon Mrs. Horodincea as well as other acts of a similar character taken by the U.S." (National Archives, RG 59, Central Foreign Policy File, P870105–0251) Romanian Ambassador Nicolae Ionescu met with Assistant to the President for National Security Affairs Zbigniew Brzezinski and Secretary of State Cyrus Vance on March 5 to further protest what the Romanian Government saw as U.S. Government actions to force Mrs. Horodincea to change her mind. The Department reported in telegram 59850 to Bucharest, March 5, that both Brzezinski and Vance had stressed to Ionescu that the recent developments were a surprise, that the U.S. Government would respect Mrs. Horodincea's decision whatever it may be, and that the Romanian Government should not allow the incident to cloud the otherwise improving relationship between the two countries. (National Archives, RG 59, Central Foreign Policy File, P870105–0291)

As a result of Horodincea's defection, Romanian officials recalled all officers from the United States. The defection also reinforced Romanian perceptions of a diminishing special place in U.S. foreign policy and

a belief that the Central Intelligence Agency wanted to sabotage the U.S.-Romanian special relationship. (Intelligence Information Cable, March 25; Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 45, Romania: 1980) Forwarding the report to Brzezinski on March 28, Stephen Larrabee of the National Security Council Staff, recommended that Washington reduce some of the suspicion by rescheduling Vance's visit to Bucharest as part of the high-level consultations on which Ceausescu placed great emphasis, and by receiving Deputy Prime Minister Cornel Burtica at the White House during his April visit to Washington. (Ibid.)

223. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, March 14, 1980

SUBJECT

Romanian Request for Military Supply Relationship (S)

As I noted in my Evening Report (Tab B),² the Romanians have again approached us about entering into a military supply relationship with them. Our military attache, acting on instructions, met with Romanian MOD Chief of Intelligence, Admiral Dinu (see cable at Tab A)³ on March 5 to hear what the Romanians had in mind. In essence, Admiral Dinu reaffirmed the approach the Romanians had made several years ago when they had provided the U.S. with a list of desired

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 66, Romania, 4/79–3/80. Secret; Outside System. Sent for information. A copy was sent to Kimmitt. A stamped notation indicates Brzezinski saw the memorandum.

² Dated March 4. Attached but not printed.

³ Not attached. The Defense Attaché in Bucharest reported his conversation with the Romanian officer in a March 6 telegram to the Defense Intelligence Agency at the Joint Chiefs of Staff. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Box 29, Romania 6/77–10/80)

equipment.⁴ Admiral Dinu stated that as far as he knew, the earlier request was still open and that the Romanians would like technical assistance regardless of licensing arrangements which would enhance their defense capability. He acknowledged the difficulty in establishing such a relationship. What he sought was simply an indication that the U.S. might be willing to help. (S)

Our attache limited himself to describing the difficulties involved but made no commitment one way or the other. (S)

Dinu's approach most assuredly had high-level backing and could not have been undertaken without Ceausescu's approval. At present, DoD is not ready to ask Brown to take any specific action. In addition to the political implications and difficulties, there are major legal and financial problems associated with transferring such technology to a Warsaw Pact country. Indeed, because of our emphasis on human rights, the difficulties today are even greater than they were several years ago when the Romanians first made the approach. Nonetheless, the Romanian offer remains interesting, and I do not feel we should entirely shut the door on the Romanians.⁵ (S)

⁴ In a March 14 memorandum to Vance, Vest and O'Donohue described the Romanian approach and offered background information on the initial approach the Romanians made in 1975. The discussions on establishing a military supply relationship ended in 1976 when the Romanians were told the United States faced legal constraints in establishing such a relationship with a Warsaw Pact country. (National Archives, RG 59, Office of the Under Secretary for Security Assistance, Science and Technology, Chron Files Speeches, and Papers of Lucy W. Benson (1979) and Matthew Nimetz (1980), Lot 81D321, Box 6, Matthew Nimetz, Chron, March 11–31, 1980) During a port visit of the USS *Biddle* to Romania in November 1978, Deputy Minister of Defense Vasile Ionel also brought up the issue. (National Archives, RG 59, Bureau of Intelligence and Research, Office of Analysis for the Commonwealth and Eastern Europe, Office Subject Files, 1965–1980, Lot 92D412, Box 6, Romania-US—Cult/Sci/Tech)

⁵ Brzezinski wrote at the bottom of the memorandum: "DA, shouldn't we have a mini-SCC on this?" David Aaron wrote in response "OK, schedule it."

224. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski) and the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, April 4, 1980

SUBJECT

Romanian Interest in Military Supply Relationship (U)

As you know, the Romanians recently raised with our air attache in Bucharest the question of establishing a military supply relationship with us (Tab A).² With an eye to an eventual mini-SCC, I met with Barry and Siena the other day to discuss our response and to get a sense of the views of the various agencies and services. (S)

There was general agreement that the initiation of a military supply relationship with Bucharest would be a sticky wicket and that we should proceed very cautiously. While Romania and Yugoslavia share similar views on many issues, especially resistance to Soviet hegemony, there are significant differences which make the establishment of a military relationship with Romania more difficult—and more risky:

—Romania remains a member of the Warsaw Pact, albeit a reluctant one; the danger of technology transfer therefore is higher.

—The bulk of the Romanian officer corps was trained in the Soviet Union and unlike Yugoslavia, they have no familiarity with U.S. weapons systems or procurement procedures.

—The political situation in Romania is shaky. While Ceausescu has a firm hand on the reigns of power at the moment, there is considerable *latent* disenchantment with his increasingly capricious and irrational rule—as well as the deterioration of the economy over the last few years. Should Ceausescu die or be removed, a return to a more orthodox foreign policy, one more closely attuned to Soviet interests, cannot be entirely excluded.

—Romania maintains a harsh internal system and has a poor human rights record (in comparison to Yugoslavia's), a fact which would provoke opposition in Congress. (C)

At the same time there was a general consensus that we have an interest in encouraging the Romanians to diversify their arms supply and reduce their dependence on Moscow. The group felt that we should

¹ Source: Carter Library, National Security Affairs, Staff Material, Office, President's Advisory Board, Box 84, Sensitive XX: 4/1–11/80. Secret; Outside System. Sent for action. A copy was sent to Kimmitt. Aaron wrote at the top of the first page: "ZB—Very interesting and delicate. Bob [Kimmitt] should emphasize no leaks. DA."

² See Document 223.

therefore not close the door entirely—especially since the succession struggle in the Soviet Union may offer an opportunity for Bucharest to increase its freedom of maneuver. At a minimum we could quietly and discreetly discuss with the Romanians how our procurement system works and apprise them of the major legislative requirements without making any specific commitments. This might help to prevent some of the problems that have arisen with the Yugoslavs (whom we briefed too late in the game) while at the same time keeping the door slightly ajar for sales at a later date should circumstances prove propitious. (S)

We should be sure, however, that any moves with Romania do not jeopardize our military relationship with the Yugoslavs, and before proceeding too far, it would be wise to obtain Belgrade's reaction to our establishing a military supply relationship with Bucharest. While the Yugoslavs would probably support efforts to aid Romania (with whom they themselves are cooperating to build a joint fighter, Orao) they might feel that such efforts on our part might expose them to increased Soviet pressure and thus prefer we not sell arms to Bucharest. At any rate, at some point we should discreetly seek their views. (S)

At the moment no agency or service has a firm view on how we should proceed. PM/EUR is working on a memo to Vance setting out the political, legal and legislative implications of the establishment of any military supply relationship with Bucharest, which should be ready in several weeks. Defense has prepared a memo (Tab B) outlining US and COCOM restraints.³ I will keep you informed as work proceeds. (S)

After State has finished its memo to Vance, I think the issue should be raised at a VBB and then a mini-SCC should be held.⁴ (C)

³ Attached at Tab B is a undated and unsigned Department of Defense memorandum from the Office of International Security Affairs prepared for the Deputy Assistant Secretary of Defense for European and NATO Affairs. The memorandum outlined the DOD position regarding a military supply relationship with Romania suggesting that sales of dual-use items on the Commodity Control List and the COCOM International list could be sold to the Romanian military without congressional approval, but that congressional notification was advisable. The memorandum further informed Siena that the USG had asked COCOM partners to extend a more flexible treatment to Romania, but that no consensus had been reached. (Carter Library, National Security Affairs, Staff Material, Office, President's Advisory Board, Box 84, Sensitive XX: 4/1-11/80)

⁴ Brzezinski underlined "VBB and then a mini-SCC" and wrote: "OK. ZB. (good memo)."

225. Memorandum Prepared in the Central Intelligence Agency¹

PA M 80–10166

Washington, April 7, 1980

ROMANIA: A SITUATION REPORT*Summary*

Romania, as it has developed under the direction of state and Communist Party chief Nicolae Ceausescu, has become an anomaly among Communist countries. It combines such "orthodox" attributes as full membership in the Soviet alliance system, party domination of domestic political life and a highly centralized economy, with a freewheeling and relatively independent foreign policy and a one-man dictatorship that in its personalization and concentration of power harks back to Romania's pre-war, monarchical past. There are signs that Ceausescu's authoritarian and austere domestic policies are wearing thin with the Romanian public and that his independent-minded foreign policies are in danger of becoming hostage to Romania's mounting economic problems. Ceausescu has thus far managed to keep his programs intact despite external and internal pressures by dint of his remarkable ability to gauge both the limits of Soviet tolerance and the extent to which his people will bear privations. His political and diplomatic skills will increasingly be put to the test as Romania enters the 1980s.

Foreign Policies

Ceausescu's principal foreign policy objective is to achieve as much independence from Moscow as possible, given Romania's geopolitical realities. The basic strategies employed by Bucharest in pursuit of that goal are to resist those Soviet policies that promote dominance over Romania, while avoiding any action so antagonistic to Moscow as to provoke retaliation, and to cultivate relations with as many non-Communist countries and independent-minded Communist parties as possible to counter Soviet pressure. By taking this course, Romania has succeeded in gradually extending the limits of acceptable autonomous activity, but it has also come into conflict with Soviet policy preferences. Romanian-Soviet relations, as a result, have come under some strain, particularly during the past two years.

Since Romania's leaders proclaimed their country's foreign policy independence in the early 1960s, one of their major preoccupations has

¹ Source: Central Intelligence Agency, Office of Support Services (DI), Job 85T00287R, Production Case Files, Box 1, Folder 91, Romania: A Situation Report. Confidential. The memorandum was requested by the Department of Commerce. It was prepared in the Office of Political Analysis and coordinated with the Office of Economic Research.

been to ward off Soviet pressure for further integration into the Warsaw Pact and the Council for Mutual Economic Assistance (CEMA). Ceausescu has often stated that military blocs are an anachronism and has actively campaigned for the simultaneous dissolution of both NATO and the Warsaw Pact. Romania has not participated in joint Pact exercises with combat troops since 1962 and does not allow such exercises on Romanian soil. Romanian resistance to greater military integration within the Pact reached its high point in November 1978 at a meeting of the Pact's Political Consultative Committee in Moscow, where Ceausescu opposed Soviet attempts to force an increase in the defense budgets of member states and to centralize control over Pact military forces. Bucharest has subsequently assumed a more accommodating stance toward Moscow on military issues, but has not retreated significantly from the stands it took at Moscow.

Romanian opposition to economic integration within CEMA is also long-standing. Indeed, it was the primary issue over which Romania first broke with the Soviets. Last summer, at a major CEMA conference in Moscow, Romania fought—with only limited success—Soviet attempts to give the organization supranational powers in the areas of decision-making and conducting negotiations with international organizations. Bucharest further distanced itself from its CEMA partners this year by concluding a major trade pact with the EC—in direct defiance of the Soviet preference for a multilateral approach toward relations with the EC.

The Romanians have also clashed with the Soviets on a variety of international issues they consider threatening to their foreign policy autonomy, including the Vietnamese invasion of Kampuchea and the Soviet intervention in Afghanistan. Bucharest's opposition to the Vietnamese takeover in Kampuchea derives at least in part from Romania's close relations with China—the ousted Pol Pot regime's principal ally. Bucharest has opposed the Soviet move into Afghanistan because of the obvious implications this latest demonstration of Moscow's willingness to intervene in a friendly or allied regime holds for Romania. The Romanians also fear the resultant deterioration in East-West relations will be detrimental to Romania's interests. Ceausescu, who advocates a negotiated solution to the crisis, is apparently coming under pressure to fall into line with the Soviets on this issue.

Romania is highly vulnerable to a variety of Soviet pressures, including economic pressure. The USSR supplies about a third of Romania's total consumption of iron ore and, along with Poland and Czechoslovakia, about half its coking coal. As a result of Romania's worsening energy crisis and hard currency shortage, the potential for Soviet leverage has probably grown. Moscow has agreed to sell Romania a small amount of crude oil for hard currency—approximately one million

tons—in 1980 and may be dangling offers of increased future deliveries before the Romanians. We have no evidence to date, however, that Moscow has made a concerted effort to apply the economic levers at its command.

Romania's growing dependence on foreign oil—it now imports about half its crude oil needs—may be forcing a change in Bucharest's Middle East policy. Ceausescu has traditionally pursued an "even-handed" approach toward the major disputants in the region. Through his efforts to mediate their differences he has earned a reputation as an effective behind-the-scenes arbitrator of international disputes—a role he clearly relishes. Ceausescu helped arrange the historic Sadat-Begin meeting in 1977 and is now seeking to bridge differences between Egypt and the other Arab states. There are signs, however, that Romania may be tilting slightly—at least in its rhetoric—toward the more militant forces in the region, possibly out of concern to retain access to Middle Eastern oil.

Bucharest has actively courted Third World countries in order to gain political and economic support for its independent policies. Romania is particularly interested in playing a role in the Nonaligned Movement—with which it now has guest status—but is unlikely to increase its influence substantially as long as it is a member of the Warsaw Pact.

Ceausescu has also sought closer relations with the West to buttress Romania's defense against Soviet domination. He clearly believes that the "special relationship" he has sought to develop with Washington is especially valuable—both politically and economically—in this effort. Economic cooperation protocols signed in March with the Occidental Petroleum Corporation illustrate the benefits Romania hopes to derive from this relationship.

Domestic Policies

Ceausescu's independent and nationalistic foreign policies strike a responsive chord at home, where anti-Russian feeling runs high. Indeed, domestic political considerations have probably been a major motivating factor in many of Ceausescu's anti-Soviet actions. Ceausescu's domestic policies of rapid industrialization and authoritarian internal controls, however, have been decidedly unpopular.

As a result of the regime's emphasis over the past decade on capital accumulation and investment, the standard of living has remained the lowest among Warsaw Pact states while the economy's growth rates are the highest. As domestic reserves of energy and other key raw materials have become depleted, however, even the rate of economic growth has begun to falter.

In the face of mounting economic difficulties, the regime has initiated a number of belt-tightening measures. Prices have been increased

over the past two years for energy and various consumer goods and an energy conservation program has been implemented that sharply limits public consumption.

Ceausescu has sought to improve economic performance by launching a program to reform economic management. The program seeks to spur productivity by tying workers' salaries and bonuses more closely to enterprise profits and to increase production efficiency by phasing out success indicators that reward managers for lavish material expenditures. Ceausescu is also trying to mobilize public support for his economic programs by creating an aura of mass involvement in the political process. These strategies are flawed, however, by Ceausescu's reluctance to yield essential control over economic and political decision-making.

Public reaction to these measures so far has been restrained, but the regime is undoubtedly concerned that consumer discontent could erupt and touch off disturbances in other troubled sectors of Romanian society. Workers have shown some restiveness, essentially over bread and butter issues. A widespread slowdown by disgruntled coal miners occurred in the summer of 1977, and sporadic incidents of industrial unrest have come to light since then. Tensions between the Romanians and their large Hungarian minority have boiled over occasionally, though the Magyars seem quiet at the moment. Small dissidence movements have also emerged among Romanian intellectuals and certain religious groups in recent years, but have not posed a significant problem for the regime. The chances of general disturbances seem remote, but the regime has betrayed its nervousness by the quickness with which it has moved during the past year to squelch the smallest manifestations of dissent.

Ceausescu's dominance of the Romanian political scene, which was reaffirmed last November at the 12th Congress of the Romanian Communist Party, has been demonstrated during the past year by the extensive personnel changes he has overseen on both the national and local levels, under the rubric of "cadre rotations." In the latest round—in late March—the most prominent winner was his wife, Elena, who was elevated to the post of First Deputy Prime Minister. A member of the party's prestigious Permanent Bureau, Mrs. Ceausescu is thought by some to be the most powerful political figure in Romania after her husband.

Through periodic cadre rotations—which keep party and government functionaries off balance and under control—and manipulation of the bureaucratic structure, Ceausescu has amassed enormous power. He now rules the country through a small group of loyal lieutenants and appears able to bypass the regime's traditional power centers.

Ceausescu's autocratic ruling style and the personality cult that enshrines him and his wife appear to have provoked some resentment

within the bureaucracy, possibly reflected in the stinging attack leveled against him by an aged party veteran at the party congress in November. There is no evidence, however, of any organized opposition to Ceausescu or of any serious disagreement—within the apparatus—to the basic thrust of his policies.

[1 line not declassified]

226. Memorandum of Conversation¹

Washington, April 23, 1980, 1:15 p.m.

SUBJECT

Vice President's Meeting with Romanian Deputy Prime Minister
Cornel Burtica (U)

PARTICIPANTS

The Vice President
Phillip Klutznick, Secretary of Commerce
O. Rudolph Aggrey, U.S. Ambassador to Romania
H. Allen Holmes, Deputy Assistant Secretary of State for European Affairs
Denis Clift, Special Assistant to the Vice President
Frank Tumminia, Officer in Charge of Romanian Affairs, Department of State
F. Stephen Larrabee, NSC Staff Member (Notetaker)

Cornel Burtica, Romanian Deputy Prime Minister
Nicolae Ionescu, Romanian Ambassador to the U.S.
Boris Ranghet, Counselor, Romanian Embassy
Ion Timofei, Interpreter

The *Vice President* opened the meeting by welcoming Deputy Prime Minister Burtica to Washington. He informed him that the President was aware that Burtica was carrying a letter from President Ceausescu and that the President had asked him to bring Burtica by to deliver the letter.² (U)

¹ Source: Carter Library, Donated Material, Papers of Walter F. Mondale, Box 67, Foreign Countries—Romania, (1980). Secret. Drafted by Larrabee. The meeting took place in the Vice President's office in the West Wing of the White House.

² Ceausescu's letter, dated April 17, stressed Romania's desire to strengthen security, collaboration, and stability in Europe through the CSCE process. Ceausescu also expressed his belief that a solution to the Middle East could only be reached after Israeli withdrawal from the occupied territories and the creation of a Palestinian state. (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 16, Romania: President Nicolae Ceausescu, 1/79–6/80)

Deputy Prime Minister Burtica thanked the Vice President. He said that he had had good discussions with Secretary Klutznick, who was an old friend of Romania. He had also had productive discussions at State and with STR.³ (At this point the meeting was interrupted, and the Vice President took Deputy Prime Minister Burtica in to see the President, who accepted the letter and asked Minister Burtica to convey his greetings to President Ceausescu.)⁴ (C)

Resuming the discussions again, the *Vice President* stated that the President would respond to President Ceausescu's letter through our Ambassador in Bucharest⁵ and that he, the Vice President, would report his conversations with Burtica directly to the President. Burtica's visit, in his view, was an indication of the good relations between Romania and the United States. Recalling President Ceausescu's visit to the United States in 1978, he said that the United States took a great deal of satisfaction from the strengthening of bilateral relations which had occurred in the interval. As far as trade was concerned, he noted that he had been one of the original authors of MFN for Romania. This, in his view, was a symbol with some substance and an indication that we were now on a good course. (C)

Deputy Prime Minister *Burtica* thanked the *Vice President* very much, stating that the Romanians too were highly appreciative of the development of good relations between the two countries. Since President Carter's meeting with President Ceausescu, relations had developed considerably. The current session of the Joint Commission was a good example of the way in which both countries could cooperate. He stressed, however, that both countries needed to find new possibilities for expanding cooperation. After the granting of MFN, commercial exchanges had developed favorably, but it was unwieldy to have to

³ Telegram 109956 to Bucharest, April 26, reported the April 22 conversation between Christopher and Burtica at the Department. Burtica, the telegram reported, "raised bilateral issues of U.S. export controls, access for Romanian vessels to Hampton Roads, and multi-year MFN." After renewing Romania's request for access of its vessels to Hampton Roads, Burtica was informed that the administration had reviewed the issue intensively but that it was not possible to agree to the Romanian request. The two officials also discussed the hostage crisis in Iran, the Middle East, and Afghanistan. (National Archives, RG 59, Central Foreign Policy File, D800206-0636) The conversation between Klutznick and Burtica on April 22 was reported in telegram 114649 to Bucharest, May 1. (National Archives, RG 59, Central Foreign Policy File, D800216-0360)

⁴ The President met with Burtica in the Oval Office from 1:20 to 1:25 p.m. (Carter Library, Presidential Materials, President's Daily Diary, April 23, 1980)

⁵ In telegram 137585 to Bucharest, May 24, the Department instructed Aggrey to request a meeting with Andrei and deliver Carter's response to Ceausescu. Carter assured Ceausescu that, despite deteriorating U.S.-Soviet relations, he was "determined to maintain a dialogue with the countries of Eastern Europe and to pursue a differentiated approach to each of them," and in particular with Romania. (National Archives, RG 59, Central Foreign Policy File, D800255-1010)

review the question of MFN each year. The Romanians wanted to see a solution of the MFN question on a permanent basis, as in the case of China. (C)

The *Vice President* noted that the U.S. favored this as well. The question was really one of timing. There was considerable positive feeling toward Romania, but the question was really when we should move. (C)

Burtica emphasized that the Congressmen with whom he had met felt that the time was appropriate to move on the question of MFN. He had found considerable good feeling toward Romania in Congress, particularly as a result of Romania's independent stand on Afghanistan. Senator Jackson in particular was positively disposed toward granting MFN on a permanent basis.⁶ (S)

At this point Secretary *Klutznick* interjected that Senator Jackson was favorably disposed to yearly renewal not multiyear renewal. (C)

The *Vice President* commented that perhaps the attitude in Congress was changing and that we ought to look into this. The Vice President also noted that when Ceausescu came in 1975 he had gotten into a tiff with Senator Jackson and that Jackson had found that Ceausescu was not easily pushed. (S)

Burtica replied that in the meantime Senator Jackson had been in Romania and had come away with a positive impression. (C)

The *Vice President* promised that the U.S. would take another look at the question of granting MFN to Romania on a permanent basis. (S)

Turning to economic relations, *Burtica* commented that Romania had a large number of very important negotiations, especially with General Electric.⁷ If this deal were to be concluded, it would extend to the year 2000. The Romanians basically agreed on all points except counter-trade. *Burtica* stressed that such a deal would be easier to conclude if MFN was granted on a permanent basis. This created uncertainties. (S)

The *Vice President* asked if *Burtica* meant that Romania needed access to U.S. markets. (C)

⁶ Burtica's conversation with members of Congress, including Senator Jackson, was reported in telegram 121462 to Bucharest, May 8. "While discussing this year's MFN waiver" the Department reported, "DPM Burtica never confronted Jackson on the issue of multi-year MFN. We do not know if this was by design or simply inadvertence, but Jackson was prepared to tell the Romanians that no chance existed for change in the trade legislation or procedures to permit multi-year MFN." (National Archives, RG 59, Central Foreign Policy File, D800227–1123)

⁷ In an undated memorandum (drafted on March 28) from Vest to Clift, Vest summarized U.S. support for General Electric's proposal to supply the Romanians with two turbine generators for their nuclear plant at Cernavoda. (Carter Library, Donated Material, Papers of Walter F. Mondale, Box 67, Foreign Countries—Romania, (1980))

Burtica responded that Romania had to be able to pay for what they had to buy in the United States and that was why they needed MFN. Romania also had an important joint venture with Control Data Corporation. (C)

The *Vice President* joked that the Minister was very smart; Control Data was from Minnesota. (C)

In referring to contacts with U.S. firms, *Burtica* noted that the two main problems were with MFN and export licenses. (C)

Secretary Klutznick replied that the U.S. had the issue of licenses under review. (U)

Turning to international affairs, *Burtica* said that he would briefly like to inform the Vice President about Ceausescu's views on a number of important world problems. Romania was concerned about the deterioration of the international situation and felt that we should do everything possible not to allow it to further deteriorate. There were a number of factors which had contributed to this. However, he stated that he did not want to apportion blame. It was important, he stressed, that we try to resolve matters by political means. In regard to CSCE, Romania felt that everything had to be done to ensure that the Madrid Conference took place. He then noted that there were a number of steps which could be taken to improve the atmosphere. The Romanians hoped that SALT II could be ratified. They also felt that theater nuclear weapons should be withdrawn before they were installed. (C)

Burtica stressed that Romania did not want an imbalance in Europe, but rather wanted to see new steps toward military disengagement in Europe as well as steps toward a reduction of armaments and defense spending. Regarding Afghanistan, he emphasized the need for a political solution, a cessation of foreign support for anti-government forces, and a withdrawal of Soviet troops. He stressed that the problem in Afghanistan could not be solved by pressure tactics. The Soviets would not yield to pressure. Only a dialogue could lead to a solution. (C)

Regarding Iran, *Burtica* said that Romania wanted to see a reduction in tensions. Economic sanctions would only lead to greater rigidity, both in Afghanistan and Iran. President Bani-Sadr, he said, was having problems with the students. The Ministry of Foreign Affairs, however, was taking a more realistic position. The Romanians believed that pressure simply fed the most extremist forces. (C)

Burtica then turned to the question of a new economic order, noting that Romania desired to cooperate with the American side to find practical solutions. Such cooperation was necessary because otherwise conflicts in the region would increase. (C)

The *Vice President* thanked Minister *Burtica* for his observations. He stated that the United States was very interested to see GE get

the contract. This would help to strengthen and broaden the bilateral relationship. As far as Madrid was concerned, the United States wanted to see the follow-up conference on security and cooperation in Europe (CSCE) go forward and was planning to attend the Madrid session as scheduled. The Vice President regretted that it had been necessary to defer SALT II, noting that after the Soviet invasion of Afghanistan there was no way we could have obtained ratification. He assured Minister Burtica, however, that as soon as it was politically feasible the Administration would try to get the SALT II Agreement ratified. (C)

The *Vice President* then turned to the question of TNF, pointing out that for nearly fourteen years the question had been quiescent. However, recently the Soviets had begun deploying the SS–20, which was a MIRVed, mobile, highly accurate missile, at a rate of several a month. They had also begun deploying the BACKFIRE bomber which was a theater nuclear weapon. As a result, NATO had no choice but to take the decision which it took at the December 12th Ministerial. (C)

The *Vice President* stressed that we continued to attach importance to MBFR and hoped to eventually see a Phase I Agreement. As far as Afghanistan was concerned, he noted that the U.S. position was well known and that there was no need to repeat it for Minister Burtica. Iran was a heart-breaking situation. The hostages were innocent victims and their captivity was a violation of international law. The United States had been patient and restrained. We had had repeated talks with Iran. The Iranian government had repeatedly been unwilling or unable to deliver on its commitments and the situation was becoming almost intolerable. As a consequence, we had asked our friends to join with us to impose sanctions under the UN Resolution. We were trying to force the Iranians to see the folly of their ways. However, it was becoming increasingly clear that the Iranians had no intention of letting the hostages go and were determined to humiliate the United States. He assured Deputy Prime Minister Burtica that he would report the Minister's views to the President. He then asked the Minister to give his views on what would happen in Yugoslavia after Tito died. (C)

Minister Burtica stressed that in the Romanian view there would be no major changes. The Yugoslavs had achieved a system that maintained a balance and satisfied the needs of the different republics. Sometimes the various nationalities quarreled among themselves, but they were united against any outside threat. The real problem in the long run would be whether a genuinely collective leadership would emerge or whether there would be a return to one-man rule. (C)

The *Vice President* commented that it was hard to see how anyone could possibly replace Tito. (C)

Minister Burtica agreed, but noted that in China people had thought that it would be hard to replace Mao. In Yugoslavia some personalities

would be found. In this connection, he cited the example of Stane Dolanc. Dolanc was an extremely able and good politician. Before he became Executive Secretary of the Presidium, no one had known him. However, he had done an excellent job. Thus, in Minister Burtica's view, it would be possible to find some personality eventually who could lead Yugoslavia. He did not think that the Soviets would intervene directly in Yugoslav internal affairs because the Soviets knew that the Yugoslavs, like the Romanians, would not sit idly by and allow themselves to be occupied. (S)

The *Vice President* concluded the meeting by thanking Minister Burtica for his visit and conveyed President Carter's best wishes to President Ceausescu. (U)

227. Memorandum of Conversation¹

Belgrade, May 7, 1980

*Vice President's Meeting with President Ceausescu from Romania,
Wednesday, May 7, 1980, Belgrade, Yugoslavia*

Vice President: Mr. President, the loss of Tito is a great blow for Yugoslavia. It is our hope that Yugoslavia will continue to be a strong and independent nation.

President Ceausescu: Every action taken by Tito is lasting and durable. We believe the same policies will be further developed in the future.

Vice President: That is our hope. I met with President Kolisevski this afternoon,² and I reaffirmed U.S. support and renewed the President's pledge to work with Yugoslavia.

President Ceausescu: We do not consider there is any particular problem with either Yugoslav policy or security. We really believe the Yugoslav leaders will continue to promote the same policies developed by Tito.

¹ Source: Carter Library, Donated Material, Papers of Walter F. Mondale, Box 35, Vice President's Trip to Yugoslavia for Tito Funeral, 5/5/80-5/8/80: Background—Bilateral Meetings. Secret; Nodis. Following Tito's death on May 4, Mondale traveled to Belgrade to attend the funeral as Carter's representative. Clift forwarded the memorandum to Dodson on May 13 for further distribution.

² See Document 290.

But, in international life today there are many complicated issues. I see a serious deterioration of the international situation at present. What should be done to stop this course toward tension and strain and to search, instead, to solutions?

Vice President: Mr. President, when we came into office, I doubt that any Administration was more interested in detente than our own. We worked on SALT, MBFR, CTB, and liberalization of trade with the USSR. But it has proven difficult to maintain this policy. With the invasion of Afghanistan, attitudes in our country were poisoned. If we were to bring the SALT II treaty to a vote now it would be defeated.

I cite Afghanistan as the central problem in the world today. But, your point is valid. We have to seek a more stable, secure world. The independence your government has shown is important. The President appreciates your advice. He asked that I meet with you and convey his appreciation for the independence you have shown as a responsible actor on the international scene.

President Ceausescu: The fact is that many problems have accumulated in the world. If SALT II had been ratified last year, this might have influenced a number of events. Of course, events in Afghanistan have contributed to a worsening of the situation. Those events are only part of a longstanding process. I believe that in Afghanistan a political solution is necessary, not a course leading to further tension. A political solution pre-supposes a cessation of force, with no more outside forces and with withdrawal of Soviet troops. My view is that under present circumstances efforts should be made to have contacts and talks, first between the USA and the USSR. It is necessary to take care to observe the independence of all peoples and the renunciation of force. I believe that account should be taken of statements by the Soviet leadership that they are ready to withdraw forces if there is a cessation of activities by outside forces.

We have to prepare carefully for the European Security Meeting in Madrid this year. In my opinion we should do everything possible to overcome the present state of tension in the world. To be frank, I have the impression that the United States and the Soviet Union have engaged themselves in policies that further divide the two countries. And, it is not for me to emphasize the important role the US and USSR have in international life. It is also a fact that an increasing number of states have equality and independence. My main concern is that the current situation might get out of hand and reach a point where it would be difficult to step back.

Vice President: Afghanistan is important, and we are trying to get the Soviets to reconsider. They have used vague language on withdrawal, language similar to that they used in Czechoslovakia 12 years ago. One searches in vain for a single justification of the Soviet invasion. As

a result the tension is regrettably there. I will report your views to President Carter.

President Ceausescu: Please convey my greetings and best wishes to President Carter.

I understand the present problems are complex and complicated. Under the circumstances, the USSR can't use Afghanistan for a broader objective. I don't wish to offer any guarantee on behalf of the USSR (laughter). However, I have discussed this with Gromyko, and he says the USSR should be believed that it has no other intentions.

Vice President: I don't believe it.

President Ceausescu: It must be proven by the facts. There must be respect for the independence of Afghanistan. If Afghanistan's neighbors could be counseled, it would be helpful to arrive at an understanding.

Vice President: If I understand you, you are saying the Soviets should get out, others should get out and leave it to the Afghans.

President Ceausescu: The Soviets do declare they are ready to withdraw under such conditions.

Vice President: They use weasel words. They want a government compliant to Soviet wishes if the USSR is to withdraw.

President Ceausescu: Since 1921, the Soviets have had influence and have had a military mission in Afghanistan. We want to work to find solutions.

Vice President: We do not support the idea of a government hostile to the USSR, but it has to be a government that does not have an occupying Soviet army.

President Ceausescu: The situation is a little bit more complicated. Without Iran we would not have had Afghanistan. We have a situation where certain forces, religious forces are moving around, taking strength in the feudal country of Afghanistan. The entry of Soviet troops was a result of this Islamic movement supported by outside forces. Another reason for the troop entry was the potential danger for a similar movement in one of the Soviet republics adjoining Afghanistan. This is why all outside support should cease.

Vice President: I appreciate having your views, Mr. President.

**228. Memorandum From Stephen Larrabee and Robert Kimmitt
of the National Security Council Staff to the President's
Assistant for National Security Affairs (Brzezinski)¹**

Washington, June 10, 1980

SUBJECT

VBB: Military Supply Relationship with Romania (S)

As you know, the Romanians recently raised with our Air Attache in Bucharest the question of establishing a military supply relationship with us.² Both State and Defense have completed internal studies of the issue. Defense favors moving ahead with a modest relationship, while State is divided. Nimetz and EUR feel we should let the Romanians down gently;³ PM agrees with Defense. Christopher also feels we should consult with the allies before making any decision.⁴ Defense, however, argues we should make our own decision and then talk to the allies. (S)

There are thus two issues:

—do we wish to initiate a military supply relationship with the Romanians

—do we consult with the allies before or after making our decision (S)

¹ Source: Carter Library, National Security Affairs, Staff Material, Freedom of Information/Legal, Arms Transfers/Country File, Box 29, Romania: 6/77–10/80. Secret. Sent for action.

² See Document 223 and footnote 3 thereto.

³ In a May 12 memorandum to Christopher, Nimetz recommended that the United States consult with its Western Allies before making a decision on establishing a military supply relationship with Romania. Nimetz cautioned that congressional opposition would be fierce given Romania's human rights record and that establishing such a relationship with a Warsaw Pact country would "send very strange signals to the Western Europeans whom we continually exhort to increase their defense efforts to meet the Warsaw Pact buildup." Nimetz cautioned that "Romania doesn't have the dollars to buy very much; nothing we provide will change the scenario if the Soviets invade" and that "a Western European supply relationship might be more effective and less controversial for a start." (National Archives, RG 59, Office of the Under Secretary for Security Assistance, Science and Technology, Chron Files, Speeches, and Papers of Lucy W. Benson (1979) and Matthew Nimetz (1980), Lot 81D321, Box 6, Matthew Nimetz, Chron, May 1980)

⁴ In a May 6 memorandum to Christopher, Vest and Bartholomew sought a decision on the Department's position. Stating that Romanian motives for seeking a military supply relationship remained unclear, Vest and Bartholomew estimated that the Soviet invasion of Afghanistan and tension in the Warsaw Pact toward Bucharest might have increased Romanian anxiety. (Ibid.) Christopher decided on Allied consultations prior to responding to Bucharest.

We strongly feel that we should not rush into this and that we need to better understand the political, legal and legislative implications of establishing any military supply relationship before we proceed further.⁵ There are a number of reasons for advocating caution:

- the danger of technology transfer from Romania to the USSR is higher than was the case with Yugoslavia

- the bulk of the Romanian officer corps was trained in the Soviet Union and, unlike the Yugoslav officer corps, they have no familiarity with US weapons systems or procurement procedures

- despite Romania's current independent stand, a return to a more pro-Soviet policy cannot be excluded if Ceausescu were to die, or be removed

- Romania maintains a harsh internal system and has a poor human rights record, a fact which will provoke opposition in Congress (S)

We also think that it would be good to sound out our allies, particularly to determine if they have also been approached by the Romanians on this matter. However, given the delicacy of the matter and the danger of leaks, we strongly feel that this should be done *only within the Quad framework*. Vest is leaving for a Quad meeting on Monday,⁶ and the issue could be raised at that time. Based on his soundings—as well as the papers prepared by State and Defense—we could then proceed to hold an SCC. (S)

We recommend therefore that at the MBB, you

- emphasize the need to proceed cautiously

- weigh in for consulting the allies, but only within the Quad framework (S)⁷

⁵ Larrabee made a similar point in an April 23 memorandum to Brzezinski briefing him for an upcoming Vance-Brown-Brzezinski lunch. The resignation of Secretary Vance on April 28 forced the cancelation of the VBB meeting. (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 32, Luncheon Meetings (BBV): 1-4/80)

⁶ June 16. The Quad refers to the formalized meeting of the political directors of the United States, United Kingdom, France, and East German Foreign Ministries.

⁷ The Muskie-Brown-Brzezinski meeting took place June 11. In a memorandum to Denend and Aaron later that day, Brzezinski informed them that the MBB had decided to “inquire what the Romanians have specifically in mind. No need for prior consultations with the Allies on this subject.” (Carter Library, National Security Affairs, Staff Material, Freedom of Information/Legal, Arms Transfers/Country File, Box 29, Romania: 6/77-10/80)

229. Telegram From the Embassy in Romania to the Department of State¹

Bucharest, June 16, 1980, 1415Z

4940. Budapest for Counselor Ridgway. Department please pass—upon concurrence of Counselor, who has not seen message and may wish to comment further—to AmEmbassies Amman, Belgrade, Berlin, Cairo, Damascus, Kabul, Madrid, Moscow, Prague, Sofia, Tel Aviv, Warsaw, USMission USNATO. Subject: Counselor Ridgway's Meeting With Foreign Minister Andrei.

1. (C-entire text)

2. Summary. Counselor Ridgway's meeting with Foreign Minister Andrei reviewed issues in the Middle East, Afghanistan, Iran, European security and CSCE, East-West relations and general bilateral matters. Andrei informed Ridgway of the Islamic Conference committee's desire to meet with anti-government forces in Afghanistan to work out a cease-fire with condition that Soviet troops withdraw and that a provisional government be formed from members of current government and insurgents. Little substantive change in Romania's positions was indicated on any issue discussed. Meeting was cordial and candid.² End summary.

3. On June 13 Counselor Ridgway met for 90 minutes with Foreign Minister Stefan Andrei. Accompanying the Counselor were the Ambassador and Special Assistant John King. With the Minister were Constantin Oancea, Deputy Foreign Minister; Nicolae Turturea, Acting Director, Inter-American Affairs; Mircea Raceanu, OIC, North American Affairs; and Radu Matescu, interpreter.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800299–0016. Confidential; Immediate. Sent Immediate to Budapest. In telegram 4941 from Bucharest, June 16, the Embassy summarized the remainder of Ridgway's visit to Romania, and described the atmosphere of the meetings and receptions. (National Archives, RG 59, Central Foreign Policy File, D800294–1042)

² In preparation for the visit to Bucharest, the Embassy submitted in telegram 4506 from Bucharest, June 3, a draft of the "substantive toast" Ridgway was to deliver at a reception on June 13, marking 100 years of diplomatic relations. The draft contained language celebrating "continued positive development of our bilateral relationship, to our common effort to see the spirit of human genius used for the betterment of mankind." In reviewing the text, Ridgway highlighted this passage and wrote her Special Assistant, John King: "John—Check with someone other than [Romanian desk officer] Frank Tumminia about this. . . I'd hardly say that an essentially Stalinist society is one to which we ought to join our efforts to find something 'common' for the betterment of mankind. We somehow keep forgetting what we're dealing with. R." (National Archives, RG 59, Counselor to the Department, Subject Country Files and 1980 Briefing Books, Box 3, Pol 2—Romania)

4. At a separate introductory meeting earlier in the day, Counselor Ridgway and Minister Andrei exchanged letters from Presidents Carter and Ceausescu on the occasion of the centennial of US/Romanian relations.³ Andrei opened second meeting by expressing satisfaction with improvement in US/Romanian relations over past 15 years as indicated by large number of exchange visits by officials of the two countries and by progress in several fields, especially trade. He also expressed appreciation for Department's support for MFN renewal.

5. Bilateral relationship. Ridgway noted growing tradition of exchange visits and regretted President Carter's inability to stop in Bucharest during his forthcoming trip. Schedule permitted only one stop in Eastern Europe and Romania could appreciate importance of a visit to Yugoslavia at this time.⁴ After asking Andrei to convey President Carter's "high esteem" to President Ceausescu, she said the former hoped to make a trip to Bucharest in the future to reciprocate Ceausescu's April 1978 visit to Washington. She also noted that President Carter's inability to visit Romania this time in no way should imply a lessening of the importance the US attached to relations with Romania or of Ceausescu's role in European politics. Andrei made careful notes and said he would directly inform President Ceausescu.

6. Middle East. Drawing on the Secretary's June 9 speech⁵ Ridgway reviewed US position on search for peace under Camp David aegis, stressing our continuing faith in success of the process. There had been progress despite difficulty of issues, especially Palestinian autonomy question. US believes any initiative to alter UN Resolution 242 or to undermine Camp David process must be opposed. The so-called "European initiative" can be useful if it meets all of our concerns and falls within the Camp David guidelines. The US is trying to get Israel and Egypt back to the negotiations on the remaining difficult issues with minimum delay to limit prospect of counterproductive outside initiatives. Andrei said Romania was happy to see Camp David process accomplish as much as it had, but that it seems to have exhausted its possibilities since it had not provided for a comprehensive peace

³ In telegram 4475 from Bucharest, June 3, the Embassy reported that the Romanian Foreign Ministry had delivered an unofficial draft of Ceausescu's message to Carter. (National Archives, RG 59, Central Foreign Policy File, D800271-0597)

⁴ Carter visited Yugoslavia June 24-25. On June 10, Vest sent Ridgway a briefing memorandum indicating that the Romanians would seek assurances that the special relationship between the United States and Romania, and between President Carter and Ceausescu in particular, remained strong, especially in light of Carter's decision to only travel to Yugoslavia. (National Archives, RG 59, Counselor to the Department, Subject Country Files and 1980 Briefing Books, Box 3, Pol 2—Romania)

⁵ Muskie delivered the speech, entitled "The Middle East: Outlook for Peace," at the Washington Press Club on June 9. The speech was published in *Department of State Bulletin*, July 1980.

involving Israeli withdrawal from all occupied territory and had not provided a solution for the problem of the Palestinians. Romania believes an international conference should be called under UN auspices with the US and USSR as co-chairmen and bring together all parties to the conflict, including the PLO. As envisioned, the conference would not deal with problems solved by the Camp David process but only outstanding issues. A comprehensive solution should not be restricted by the guidelines of UN Resolution 242. Problems in the region must not be allowed to get out of hand in the wake of the raging conflict in Lebanon, conservative Islamic resurgence in IGCN and other disturbing developments. Israel must stop using the PLO excuse to resist solutions. Andrei said he recognized that the US could not look for solutions outside the Camp David process at least until after the elections in November, but did respond in that session to Ridgway's question whether Romania contemplated any initiative now that the May 26th deadline had passed.

7. Afghanistan. Ridgway provided Andrei with current information on Afghanistan situation and reviewed US position. She expressed appreciation for Romania's stand against Soviet invasion and hoped Romania would support efforts to find a solution. Andrei then reviewed deterioration in international relations and increasing world tension because of continuance of some problems and struggle for domination of one country over another. He said Romania considers Soviet invasion of Afghanistan as climax of this entire process. He reiterated Romania's position that invasion was not justified on any grounds. "You can't make a country happy by military force." Noting the difference between Ceausescu's and Gromyko's recent statements on Afghanistan, he emphasized again that Romania remained categorically against the invasion since military action of any type endangered international cooperation. This applied to the doctrine of "limited sovereignty" and intervention by one Socialist country in another. The struggle for independence is a major aspect in international affairs and it must be accommodated. He said a quick solution in Afghanistan must be found by negotiation of Soviet troop withdrawal together with international guarantees of non-interference by outside states in Afghanistan. Romania thus welcomes formation of the special committee by the Islamic Conference as it could lead to a political solution. Pakistan Foreign Minister Agha Shahi told him during his visit to Bucharest June 9, that the committee had already tried to contact Soviets, Babrak government and the insurgents. In this respect, Shahi emphasized that contacting Babrak regime did not imply recognition of it. Shahi said the COEE hopes to arrange a cease-fire between government and anti-government forces based on condition of withdrawal of Soviet troops from Afghanistan. Next step, in committee's view, would be formation of a provi-

sional government from members of present government and representatives of the insurgents, allowing Afghans to work out their internal problems free of outside influence. Andrei commented at this point that Romania considers it fundamental to get the Soviet Union to withdraw its troops and to guarantee non-interference in Afghanistan by all states, including Islamic countries, while internal decisions are being worked out. This should be done, he added, from the political base existing before the invasion. In this context, Ridgway noted Deputy Foreign Minister Groza's statement in Washington that Romania would not only oppose the importation of revolution, but the importation of counter-revolution as well.

8. Iran. Ridgway expressed US hopes that Romania could support efforts to free the hostages, despite its known position that economic sanctions are not feasible. The US believes sanctions will have a constructive effect and open other opportunities for discussion of the hostage issue with Iran. All nations have an interest in freeing the hostages and creating safer conditions for their diplomats. She added that the US attempt to rescue the hostages was humanitarian in impetus, not military. Andrei reiterated Romania's desire to see the hostages freed as soon as possible since it would lessen international tensions. He noted however that economic sanctions could be turned against the US by hostile forces in Iran.

9. European issues and CSCE. Andrei noted that the greatest danger to world peace lies in Europe, and that any war there would be nuclear. Romania wished to strengthen security and reach a balance between the two sides through reductions in armed forces and military budgets. The theater nuclear force deployment decision should be delayed and negotiations started immediately for reduction by both sides of medium-range weapons. Stressing the need for balance, Andrei said the negotiating process should seek ultimately to reduce tension and reestablish detente. This in turn would help the situation in Afghanistan and give impetus to the withdrawal of Soviet troops. It would also create conditions for a successful Madrid CSCE review meeting, which in turn would revitalize the Helsinki spirit and improve the international climate. In this respect Romania believed additional bilateral consultations with the US might be helpful in preparing for the Madrid meeting. Andrei suggested such consultations in Bucharest in July or early August, with perhaps yet another consultation after the summer. Ridgway agreed to take his suggestion back to Washington. On TNF, Ridgway said NATO intended to go through with its decision, pointing to the fact that three offers to the Soviets to negotiate arms reductions had gone unanswered. Since NATO missiles had yet to be produced, the TNF decision had a built-in delay on deployment which could be used to negotiate. Ridgway confirmed the American desire to safeguard

the CSCE process as the only one that brings all European nations together. The US would try to shape the Madrid meeting to achieve that objective and not destroy the process.

10. East-West relations. Describing US-Soviet relations as “poor,” Ridgway noted that this applied only to the Soviets and that the US pursues a different policy toward East European countries, particularly Romania. Andrei expressed appreciation for the wisdom of this policy but regretted the downward spiral of US-Soviet relations and the deepening of mistrust between the two nations over so many issues (Ethiopia, Angola, C[amp] David Agreements, NATO, TNF decision, and postponement of SALT process). Noting that the East-West framework was dependent on the world situation, Andrei again argued for the safeguarding of the CSCE process and the improvement of the international climate.

Aggrey

230. Telegram From the Department of State to the Embassy in Romania¹

Washington, June 19, 1980, 2210Z

162131. Subject: US-Romanian Military Supply Relationship. Ref: USDAO Bucharest 060740Z March 80.²

1. S-entire text.

2. We have given careful consideration to the question of establishing a military supply relationship with Romania. It has been decided at a high level that we should respond to Admiral Dinu's request (reftel) by going back to the Romanians in a low-key way to ask that they be more specific about their interest in establishing such a relationship.

3. Several factors have changed since 1975–76 when the Romanians made a similar request. The most restrictive provisions of the Battle Act³ are no longer in force, and the US has a growing interest in

¹ Source: National Archives, RG 59, Central Foreign Policy File, P870104–0590. Secret; Immediate; Nodis. Sent for information Immediate to the White House. Drafted by Courtney and Barry; cleared by O'Donohue, Kramer, Larrabee, Schmidt, and in PM and T; approved by Bartholomew.

² See footnote 3, Document 223.

³ The Mutual Defense Assistance Control Act, also known as the Battle Act, restricted export of certain strategic and military items to countries allied with the Soviet Union.

supporting Romania and its policies of independence. Nevertheless, Romania's membership in the Warsaw Pact and probable opposition in the Congress are serious obstacles.

4. Before deciding on next steps, we would like to have greater confidence than we now have that Admiral Dinu's request represented a serious and continuing Romanian interest in a military supply relationship. Accordingly, at the Ambassador's discretion the Defense Attache should make an appointment with Admiral Dinu and convey the points in para 5.

5. Talking points:

—Careful consideration has been given in Washington to the approach you made on March 6 concerning the possibility of US military sales to Romania.

—As was the case in 1975–76, any such sales to a member of the Warsaw Pact raise legal and political questions, although some legal obstacles have since been relaxed.

—We want to approach the matter with a constructive attitude, although we would not want to raise expectations that could not be fulfilled.

—Before considering the Romanian request further, we would appreciate having a firm indication that the Government of Romania remains actively interested in pursuing the question of US military sales.

—If it is, we would like to have specific ideas of the kinds of articles you might wish to purchase. We could not provide such items as major weapons systems or sensitive military technologies, but we would be prepared to hear other requests.

If the Romanian interlocutor responds by referring to the list handed over in 1975, the Defense Attache should answer as follows:

—We will report your interest to Washington.

—You should be aware, however, that the 1975 list contained a number of items which involve sensitive military technology or major weapons systems.

6. Begin FYI. Following, for Embassy's background, is list given us in 1975:

Portable radar station for tactical reconnaissance;

Grenade thrower—adaptable for man-portable armaments;

Marksmen passive device—for aim at the target—for gun, stun gun and machine gun;

Launching device for portable anti-aircraft missiles and portable anti-aircraft missiles designed for air defense against low speed and low level flying attacking aircraft; self-propelled anti-aircraft missile

launchers and anti-aircraft missiles for close-in defense against low flying attacking aircraft;

Portable missiles system and portable missiles designed for use against tanks and armored personnel carriers;

Light mortar—caliber 120mm.—and the 120mm. shells (explosives, flash and smoke);

Two barrels aircraft cannon;

Coastal minesweeper—designed in a magnetic structure;

Stereoscopic rangefinder for anti-aircraft artillery;

Technical equipment for medium tank. End FYI.

7. This is a joint State-Defense message.⁴

Christopher

⁴ The Embassy reported the July 1 meeting between the Defense Attaché and Dinu in telegram 5390 from Bucharest, July 2. Dinu explained that Bucharest was still interested in a military supply relationship on the basis of the 1975 list. Dinu also “enquired how eventual Romanian-US military sales agreement would be finalized, posing question of a possible signing of documents at the highest level.” (Carter Library, National Security Affairs, Staff Material, Freedom of Information/Legal, Arms Transfers/Country File, Box 29, Romania: 6/77–10/80)

231. Telegram From the Department of State to the Embassy in Bucharest¹

Washington, July 30, 1980, 1937Z

202085. Joint State-Defense message. Subject: US Military Exports to Romania. Ref: Bucharest 5390.²

1. (S-entire text)

2. The meeting on July 1 between the DATT and Rear Admiral Dinu appears to have been a useful exchange. We believe it important to have an early second exchange to clarify more precisely what we have in mind.³ We are particularly concerned that the Romanians not build unrealistic expectations and that our exchanges reflect a careful and constructive approach.

3. Our strategy at this stage is to give the Romanians a general understanding of the kinds of equipment the US might be willing to license for sale and the kinds the US is not prepared to license, and to seek Romanian reactions to this approach. Begin FYI. Shortly we will inform the Yugoslavs, who approached us, that the US would approve an export license for the export to Yugoslavia of a US aileron drive system to be installed in the wings of the Romanian version of the Jurom jet fighter. This should not repeat not be conveyed to the Romanians at this time. End FYI.

4. Accordingly, at the Charge's discretion, the Defense Attache should convey the following points to Admiral Dinu. Begin text:

—We found the exchange which took place on July 1 to be useful.

—In view of the interest in having further exchanges on this subject, we wish to outline in greater detail to you our general approach.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 67, Romania: 4/80-1/81. Secret; Priority; Nodis. Sent for information Priority to the White House. Drafted by Courtney, Farber, and Tumminia; cleared by Bartholomew, Barry, Kreisberg, Siena, and Larrabee and in T; approved by Nimetz.

² In telegram 5390 from Bucharest, July 2, the Embassy reported on the July 1 meeting between Dinu and the Defense Attaché. The Embassy reported: Dinu "expressed his satisfaction with the meeting and the fact that the U.S. response had not been a categoric 'no.'" See footnote 4, Document 230.

³ The decision to approach the Romanians to seek clarification was taken at a July 23 MBB meeting. O'Donohue forwarded Secretary Muskie a briefing memorandum on the status of the Department's position on military exports to Romania on July 22 recommending that the Defense Attaché approach the Romanians again seeking clarification. Muskie wrote in the margin "Clear cable and after Romanian response talk to Congress." (National Archives, RG 59, Office of the Secretariat Staff, Subject Files of Edmund S. Muskie, 1963-1981, Lot 83D66, Box 6, Folder 1)

—We are pleased that Romania and the United States have developed, in a gradual and prudent fashion, a military relationship that includes high-level military visits, ship visits, and other interchanges.

—We are willing to consider making strictly limited exports of US military equipment to Romania on a case-by-case basis. While we are not prepared to consider sales of military equipment on a government-to-government basis (that is, under the US “foreign military sales” program) we could approve exports of some commercially-available US-manufactured munitions list items exclusive of major defense equipment or sensitive military technologies.

—These limitations would mean that most if not all items on the list provided to us in 1975 would be unavailable. The US might, however, be prepared to entertain specific license requests for some items under such headings as, for example, certain radars, communications equipment, light cargo-personnel vehicles, light aircraft, selected non-weapons components for the Jurom jet fighter, and other non-sensitive military equipment. US approval of export licenses would be subject to COCOM concurrence.

—Exports from the US of weapons or sensitive military technologies will not be possible for the foreseeable future. No US Government credits would be available for such exports to Romania.

—Exports to Romania of commercially-available munitions list items would not involve the conclusion of agreements between Romania and the United States.

—As a condition of export approval, we would require assurances from Romania that equipment sold to it not be transferred or otherwise made available to third parties.

—Our willingness to consider such exports to Romania despite its membership in the Warsaw Pact reflects the positive trends in US-Romanian relations and would depend on the continuance of such trends.

—Before proceeding further on this matter, we would appreciate receiving your government’s views on the approach we have outlined. We are particularly concerned that both our governments have similar perceptions of what is possible and what is not.

—If you inform us that Romania is interested in this approach, we will then carefully assess all factors and inform you of our final decision. In the meantime we would be prepared, as indicated in the July 1 meeting, to receive specific requests from Romania.

—If exports are approved, the US would plan no formal announcements, but you should expect eventual public disclosure of Romanian purchases of US equipment. The administration would also need to inform appropriate congressional leaders before sales were made.

—In dealing with diplomatic or congressional queries, we will take the position that US willingness to consider exports of certain commercially-available non-sensitive munitions list items to Romania would not mark a significant new departure in US military export policy. End text.

5. If the Embassy believes it would be helpful to the Romanians, the Defense Attache may also convey the following factual information on the procedures for making purchases of US munitions list items. Begin text. The US Government does not act as an intermediary for commercial munitions sales. Romania must deal on its own with US manufacturing firms. Once the terms of a sale had been worked out between Romania and the firm concerned, the firms would request US munitions licenses from the Department of State. Prior to requesting an export license, a firm may seek an advisory opinion to determine, before negotiating a sale, whether a munitions license would likely be approved. If Romania desires names of US firms which produce certain specific items of equipment, Romania could make inquiries to the Defense Security Assistance Agency (DSAA) in Washington. Romania could also consult the Department of State (PM) regarding possible release of specific munitions list items. End text.

6. In addition to receiving a report of the meeting with Admiral Dinu, we would also appreciate having your assessment of how future exchanges with the Romanians on this issue should be handled. Admiral Dinu appears to be a channel trusted by Ceausescu, but if the Romanians express continued interest we believe it may be essential to have an exchange in political channels to ensure that there are no misunderstandings.⁴

Muskie

⁴ In telegram 7097 from Bucharest, August 30, the Embassy reported the August 29 meeting between Dinu and the Defense Attaché: "While Dinu conveyed the impression of being personally pleased by the DATT's response, Dinu sought to place the onus of further movement on the U.S. with his persistent request for an indication as to which item the US might favorably consider." Noting that when the Defense Attaché suggested that further conversations might take place in political channels Dinu did not respond. The Embassy recommended that "if the Department still considers it necessary to be more fully informed of Romanian intentions, we could wait for Dinu to convey the response of his superiors." (National Archives, RG 59, Central Foreign Policy File, P870104-0582) Dinu did not follow up on the discussion.

**232. Paper Prepared in the Bureau of European Affairs,
Department of State¹**

Washington, December 15, 1980

SUBJECT

Uncertainties in Romania

Over the past several weeks we have seen further indications of a growing mood of uncertainty in Romania which reflects Ceausescu's difficulty in coping with the country's increasingly difficult economic and political problems and his concern that developments in Poland might find an echo in Romania.

There are signs that President Ceausescu is having an increasingly difficult time managing affairs in Romania. While he has demonstrated considerable skill in maneuvering Romania through difficult periods in the past, the current situation—domestic and international—presents particular problems for him. There are also reports from intelligence sources indicating that he may be suffering from slightly debilitating medical problems and/or, increasingly, the megalomania which is an outgrowth of his own cult of personality. In any event, it seems clear that Ceausescu's erratic involvement in mid and low level personnel matters and economic planning decisions has become even more pronounced. As Soviet political pressures build over Poland, Ceausescu may also encounter difficulties in managing Romania's foreign affairs.

Ceausescu's reaction to the Polish crisis has been a mixture of predictable toughness and unusual conciliatory gestures. Although sharply critical of the Polish Party for not maintaining adequate control over developments, Ceausescu has repeatedly stressed his opposition to any outside intervention in Poland's affairs. Addressing his domestic audience, Ceausescu has stressed the need for Romania's workers to stay within the established party and trade union system when dealing with problems and raising grievances. While exhorting the workers to redouble their efforts to increase production and meet planned needs, Ceausescu has made clear that open dissent will not be tolerated, and worker slow-downs and stoppages since the beginning of the Polish strikes have been dealt with quickly, though apparently not harshly. In an unusual effort to suggest an atmosphere of responsiveness to the

¹ Source: National Archives, RG 59, Counselor to the Department, Subject, Country Files and 1980 Briefing Books, Box 3, Pol 2—Romania. Confidential. Drafted by Becker and Bradtke, cleared by Bridges and Barry, approved by Holmes. The paper was prepared as part of the briefing material for Ridgway's December 16 meeting with Bogdan.

population's needs, the Government has on two recent occasions sought comment from the general public on proposed legislation affecting housing and food distribution. In an analogous move, the official trade unions have published for comment the issues to be discussed at the quinquennial trade union conference early next year.

The future of Romania's economy seems more uncertain than at any time in the last decade. Ceausescu's goal of turning Romania into a developed country by 1985 is now clearly unattainable. Romania no longer has the raw material and manpower reserves which fueled the double digit growth rates of the past decade. In particular, Romania's oil production is declining, and net oil imports, estimated at \$1.2 billion in 1980, are an increasing drain on the economy.

Nevertheless, Ceausescu continues to emphasize investment and rapid growth. This policy only exacerbates Romania's most serious problem, its growing balance of payments deficit, which was \$1.7 billion in the first six months of 1980, more than the total deficit for all of 1979. Romania's hard currency debt also jumped by more than \$2 billion in the last six months.

Unable and unwilling to introduce real economic reforms, Ceausescu has resorted to shuffling personnel and tinkering with the economy. The 1981-85 Plan has undergone a series of revisions and has still not been approved. Measures supposedly aimed at decentralizing decision-making and creating worker incentives have had little impact—except to increase confusion and cynicism among workers and managers. At the same time, we have also seen evidence that the GOR is being forced to make shifts or cutbacks in some programs to save hard currency, reduce spending and be somewhat more responsive to consumer needs. These actions seem designed more to prevent a spread of the "Polish virus" to Romania than to serve a part of a coherent approach to Romania's economic problems.

For the average Romanian, the effects are clear. A journalist-defector recently observed to us that shortages in the stores are unprecedented, even for a communist country. For the first time in Romania's 2,000 year history, the country is no longer able to supply its population with one of its major staple food items, Romanian cheese. Our Embassy reports that given the low quantity of most food and consumer goods available and inadequate housing, it is safe to say that the standard of living of the average Romanian is in slow decline. (Romania presently stands only ahead of Albania in standard of living in Europe.)

The same defector told us that the mood of the Romanian intelligentsia is pessimistic. Those who have any awareness of events outside Romania see no hope for economic or political improvements in Romania as long as the Government maintains its over-exaggerated push for foreign trade and industrialization at the expense of the consumer

sector. Consequently, increasing numbers of intellectuals and Government officials are considering getting out. This may help account for the recent rash of Romanian defections.

We have no hard evidence of increased Soviet pressure on Romania to change its position on Poland, and Romania has refrained from the kind of polemics manifested by the East Germans and Czechoslovaks. Pressure on Ceausescu is likely to mount considerably if the Soviets intend to intervene in Poland. Most curiously, we have seen two separate reports of statements Ceausescu allegedly made in private to the effect that were the situation in Romania as precarious as in Poland, he would be prepared to invite the Soviets in to stabilize the situation.

We should be more alert than usual when it comes to demonstrating our support for Romania's independent position in the Warsaw Pact. Indications on any front of our support for Romania's continued independent foreign policy course could be particularly important in helping it maintain its precarious political equilibrium in the coming months. Tangible evidence of U.S. interest in and support for Romania will be particularly important if the Soviets should intervene militarily in Poland and the Romanians should decline to participate in or endorse the intervention.

233. Telegram From the Department of State to the Embassy in Romania¹

Washington, December 19, 1980, 0454Z

334596. Madrid for CSCE—Greenwald and Davidson. Subject: Counselor's Meeting With Bogdan.

1. C-entire text.

2. Summary. During a tour d'horizon with Counselor December 16, the Director for the Americas in the Romanian Foreign Ministry, Corneliu Bogdan, stressed Romania's firm commitment to the continuation of the Helsinki process and urged the U.S. to keep an open mind about the venue of the follow-on conference. Bogdan believed the

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800603–0381. Confidential; Priority. Sent for information Priority to Madrid for the CSCE delegation. Sent for information to Warsaw, Moscow, and USNATO. Drafted by Becker; cleared by Bridges, Barry, and in HA; approved by Ridgway.

Soviets do not want to interfere in Poland² and observed the situation there appears to be calming down. The Counselor reviewed the U.S. position on Poland, and welcomed Romania's constructive contribution at Madrid. The Counselor observed that next year's most favored nation (MFN) hearings will probably focus more on Romania's emigration procedures than on the numbers involved since the current rate of emigration is relatively satisfactory. Bogdan disclaimed any current interest in a new Mid-East initiative. Discussion of human rights, the IBRD loan, and Romania's domestic situation will be reported separately.³ End summary.

3. The Director for the Americas in the Romanian Foreign Ministry, Ambassador Corneliu Bogdan, accompanied by Romanian Ambassador to the US, Ionescu, and Embassy Counselor Ranghet called on the Counselor December 16 to review the international situation and discuss outstanding bilateral issues. EUR DAS Barry and the Romanian country officer also participated in the meeting and luncheon which followed. Conversation focused on Poland and CSCE and on the Middle East, next year's MFN's hearings, human rights, and Romania's application for an IBRD loan for a power project. The last item is reported by septel.

4. Poland. Bogdan reiterated Romania's well-known opposition to any form of outside interference in Poland's internal affairs. He

² In telegram 320368 to Bucharest and Belgrade December 4, the Department instructed Aggrey to call on Andrei to discuss the situation in Poland, stressing that a Soviet intervention in Poland would have wide-ranging consequences on U.S.-Soviet relations. The Department also instructed Aggrey to ask Andrei for the Romanian view of the situation in Poland, and assure the Romanian Government of "our own continuing strong support for Romania's independence, sovereignty, and territorial integrity." (National Archives, RG 59, Central Foreign Policy File, P870123-0417) In telegram 9896 from Bucharest, December 4, Aggrey reported that he had delivered the U.S. position earlier that day, and that Andrei promised to pass the information to Ceausescu and discuss the Romanian position with the Ambassador as soon as possible. (National Archives, RG 59, Central Foreign Policy File, P870104-0553) On December 6, Aggrey met with Andrei who informed him that he had just returned from the meeting of the Warsaw Pact countries Party leaders and Foreign Ministers in Moscow. "The general consensus," Andrei told Aggrey, "was that Poland's problems should be solved by the Polish people. At present, there is no intention of another Warsaw Pact state's military forces interfering in the internal affairs of Poland." However, Aggrey reported, Andrei warned that "if the situation in Poland reaches a point of unreasonable conflict" between the government and protestors, "such an eventuality could lead the regime to invite the Soviet Union to intervene," something neither the United States nor Romania wanted to see. (Telegram 9971 from Bucharest, December 6; National Archives, RG 59, Central Foreign Policy File, P870104-0550)

³ In telegram 336127 to Bucharest, December 20, the Department reported Bogdan's discussions with Ridgway on the internal situation in Romania. (National Archives, RG 59, Central Foreign Policy File, D800605-1009) Bogdan also met with Vest on December 22 and discussed Poland, CSCE, human rights, and bilateral relations. (Telegram 337804 to Bucharest, December 23; National Archives, RG 59, Central Foreign Policy File, D800607-1136)

emphasized that the presentation by Foreign Minister Andrei to the Ambassador earlier in the previous week was the best statement of the Romanian position and remained valid. He also observed that the past several days had been marked by constructive calm; he expected the Gdansk commemoration would not get out of hand and lead to a pretext for intervention. He was reassured by DAS Barry's report that the Gdansk observances had been orderly and non-provocative. Bogdan refused to speculate on the effect of a possible Soviet intervention and would not be drawn into a detailed discussion of the specifics of a Romanian reaction in that event. Nor would he volunteer any suggestion how he would like the United States to show its support for Romania in the aftermath of a Soviet intervention in Poland; but he stressed the need for close consultations prior to the US taking any action affecting Romania, including the issuance of a statement of support for Romania's independent position.

5. Bogdan refused to comment on Foreign Minister Andrei's trip to Moscow prior to the Warsaw Pact summit meeting.⁴ He claimed Andrei dealt solely with bilateral issues. He allowed that Romania's role in the Warsaw Pact summit had been a moderating one, "as it always is", but insisted that Romania had not arranged the meeting or sought in any way to be a moderator between the Soviet Union and Poland in the present crisis.

Middle East

6. DAS Barry asked the status of Romania's "initiative" on the Middle East to convene an international conference to carry forward the accomplishments of the Camp David Agreements. Barry noted that the GOR had decided in late summer to postpone taking any action until after the US elections, and urged that the GOR still not initiate any action until the new administration had an opportunity to review the situation in the Middle East.

7. Bogdan claimed that the Romanian "initiative" had never been more than an "idea" floated to see if the apparent impasse in the Camp David process could be broken. At present Romania does not want to undertake any moves in the Middle East because they could lead to still more turmoil.

8. The Counselor expressed appreciation for Bogdan's remarks, noting that the Iraq/Iran war and the corollary arguments among the Arab States which had grown out of it could contribute to a possible breakup of larger political blocs in the area and have a general destabi-

⁴ In telegram 9846 from Bucharest, December 3, Aggrey reported that Andrei was in Moscow on December 2 for four hours to meet with Brezhnev. (National Archives, RG 59, Central Foreign Policy File, D800576-0767)

lizing effect. Bogdan agreed and said Romania wished to do what it could to keep the conflict in the Middle East and between Iraq and Iran from widening into a broader conflict which could ultimately involve a US-Soviet confrontation, which Romania always wishes to avoid.

CSCE

9. Ambassador Bogdan expressed satisfaction with the first session of the Madrid Conference. He reiterated Romania's desire for a generally balanced discussion of all three Baskets. He stressed the importance Romania places on its proposal to host the next follow-on conference. Bogdan asked the U.S. to keep an open mind on the invitation and make no decision until the second session at Madrid is under way. Bogdan also proposed holding bilateral consultations on CSCE during the first week of February.

10. The Counselor expressed the US awareness of the importance Romania attaches to hosting the next follow-on conference. She assured Bogdan that no decision would be made until after the new administration has come into office. She took Bogdan's request for bilateral consultation under advisement.

11. Speaking "unofficially", Bogdan saw no possibility for agreement on new proposals during the second session at Madrid. He hoped for agreement on follow-on meetings by expert groups, however.

12. The Counselor raised with Bogdan the question of participation by observers from non-government organizations (NGO) and private individuals and groups at a CSCE follow-on meeting were it to be held in Bucharest. Yugoslavia's refusal to allow observers from these groups had led to considerable difficulty in the United States. The NGO's and individuals concerned with the CSCE process became highly critical of the United States engaging in a process (i.e. Helsinki) in which freedom of expression was severely curtailed. As a further consequence, the press had been very critical of the Belgrade meeting and popular support in the US for the entire CSCE process had suffered. The situation at Madrid, however, was quite different, the Counselor observed. The Spanish had set aside space for the various groups to caucus and demonstrate, consequently they have not been frustrated but have remained in Madrid or returned to their home countries, including the US, believing the Madrid Conference has provided them a forum to air their grievances. Our impression has been that the entire CSCE process has gained support in the US as a result.

13. Bogdan listened carefully & thought for a moment before responding that there would of course be some difficulties because it would not be possible for Romania to agree to permit every individual or group to enter the country in an observer status. On the other hand, he said, his government had taken this point into consideration before

issuing the invitation, and he was sure that satisfactory arrangements (not specified) could be worked out.

14. Ambassador Bogdan noted that the new alignment in the Senate would mean extra work during the MFN hearings. He believed, however, that the Romanian Embassy knew the key Senators and Congressmen involved and he hoped the hearings would go well. The Counselor saw the consistently high number of Romanians permitted to emigrate over the past year as a positive development. She believed, however, that this year much more attention would be focused on the process and procedures involved in emigration from Romania. Reports of harassment, bureaucratic delays and even physical abuse would be carefully reviewed and would play a major role in committee hearings.⁵ This point was carefully noted by the Romanians.

Muskie

⁵ In a December 16 briefing memorandum prepared by EUR, Ridgway was asked to stress that “concerned Americans and Congressional leaders are focusing increasingly on the process involved and not just on numbers.” On the copy of the memorandum circulated in the Human Rights and Humanitarian Affairs Bureau, Derian underlined “Americans and Congressional leaders” and wrote in the margin: “Back to the old ways. Not that USG is concerned but vague refs to ‘Americans’ as in: Oh, please, do this or that to help us—too bad.” (National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, 1980—Human Rights and Country Files, Lot 82D177, Box 16, Romania—Nov thru Dec 1980)

234. Action Memorandum From the Assistant Secretary of State for Human Rights and Humanitarian Affairs (Derian) and the Acting Assistant Secretary of State for European Affairs (Holmes) to the Deputy Secretary of State (Christopher)¹

Washington, December 18, 1980

SUBJECT

World Bank Power Loan to Romania

SUMMARY

There is a disagreement between HA and EUR, EB, and S/P on how the U.S. Executive Director of the World Bank should vote on the IBRD's Fourth Power Project for Romania. HA believes the U.S. should abstain on human rights grounds or, if we vote in favor, should follow up this vote with a high-level demarche. EUR, EB, and S/P believe we should vote in favor, and at some appropriate time address the issue at a lower level.

ANALYSIS OF ISSUES

In March 1979, you decided to have the U.S. Executive Director vote in favor of a World Bank loan to Romania which did not meet basic human needs (BHN). (See Action Memo of March 15, 1979, copy attached at Tab A.)² At the same time, you approved a demarche to the Romanians based on the premise "that our commitment to human rights extends to MDB matters, that we also have legal requirements and that additional reports such as the one by Amnesty International could in the end force us to withhold support from MDB loans." You decided that we would hold a series of discussions with the GOR on human rights issues and that we would monitor the practical results

¹ Source: National Archives, Bureau of Human Rights and Humanitarian Affairs, 1980—Human Rights and Country Files, RG 59, Lot 82D177, Box 16, Romania—Nov thru Dec 1980. Confidential. Drafted by Bache, Simon, and Bradtke; cleared by Bridges, and in HA, L/HR, EB, and S/P. Sent through Ridgway. Barry initialed for Holmes.

² Tab A is an action memorandum to Newsom from Acting Assistant Secretary of State for Human Rights and Humanitarian Affairs Mark Schneider, Vest, and Lake dated March 15, 1979. Newsom had approved the recommendations on March 20. In telegram 69437 to Bucharest, March 20, 1979, the Department instructed the Embassy to raise the issue of U.S. votes at the World Bank in support of Romanian loan applications in connection with Romanian performance in human rights. (National Archives, RG 59, Central Foreign Policy File, D790152–0595) The Embassy reported Aggrey's March 26, 1979, conversation with Andrei in telegram 1905 from Bucharest, March 27. Aggrey raised the question of World Bank loans and suggested a Romanian goodwill gesture in the area of human rights would be an important consideration. (National Archives, RG 59, Central Foreign Policy File, D790141–0218)

of this process carefully, with a view to determining our future position on MDB loans. We identified the areas of greatest U.S. concern as “alleged abuse of psychiatry and penal labor to control dissidents, charges of restrictions placed on the cultural life of the Hungarian minority, difficulties experienced by some religious groups and the continuing issue of the so-called Jewish economic criminals.” We also decided to take into account the extent to which the GOR cooperated with Amnesty International or other private groups in reviewing the trends in the human rights situation. In view of the upcoming IBRD vote on a non-basic human needs loan for Romania, we now need to review the situation in Romania and decide how to instruct the U.S. Executive Director to vote on December 23.

PROJECT DESCRIPTION

The loan is for \$125 million to the Investment Bank of Romania to support a three year segment of the Romanian Government’s 1980–85 investment program in electrical energy. It is a heavy infrastructure project that includes hydroelectric generating plants, heat generating plants, heat networks, and power transmission lines. The proposed IBRD loan would finance about 4% of the total cost of the project segment, and about 22% of the foreign exchange cost. The project is part of a longer term effort to reduce energy dependence on imported oil.

HA, EUR, EB and S/P all agree that the project does *not* meet “basic human needs” (BHN) criteria.

The Human Rights Situation in Romania

Romania pursues a policy of internal orthodoxy on economic and political issues, with very strict limits on the exercise of civil and political rights and economic decision-making. The society operates within strictures determined by a centralized authoritarian state.

Those who are politically active beyond the limits set by the Government or who publicly proselytize for religious converts are likely to be harassed or arrested on trumped-up charges. There are no reliable estimates of the number of political prisoners in Romania. There are allegations that some, including dissident labor union members, are confined in psychiatric hospitals.

Freedom of speech, the press, and assembly are sharply limited. All publications are government controlled. Persons belonging to recognized religions may attend religious services freely. However, evangelical groups have difficulties with the authorities whenever they seek to proselytize outside of church buildings or when they oppose laws which they believe violate their faith.

Romanians can travel freely throughout their country. However, few Romanians are allowed to travel abroad. Leaving or attempting

to leave the country without official permission is a crime. The government discourages emigration through social, economic and administrative penalties. Nonetheless, the number of recent immigrants from Romania to the U.S. has increased seven fold in the past five years, exceeding 2,700 people in FY 1980. The large majority of these cases involved family reunification.

The Romanian Government is willing to talk about human rights violations, both bilaterally and within the CSCE context. Romania has allowed some visits by international bodies to discuss human rights abuses, including Amnesty International in early 1979, a group of U.S. religious leaders, and a Congressional study group on the situation of the Hungarian minority. It has stalled on the visit of the International Human Rights Law Group. Romania has participated in a Human Rights Roundtable in Bucharest in February with U.S. officials and private citizens and is expected to repeat this in Washington in 1981.

HA Position:

Since our 1979 demarche and several follow-up discussions between senior U.S. and Romanian officials on the human rights situation, there has been little, if any, improvement in the areas of greatest U.S. concern. There are still reports of the abuse of psychiatry for political purposes. Amnesty International's 1980 Annual Report describes several cases of psychiatric abuse which took place in 1979. Political prisoners continue to be subjected to hard labor, and according to the Amnesty Annual Report, political prisoners are beaten and mistreated with the tacit approval of prison authorities. The Hungarian minority is subject to regular discrimination in the society at large. This conclusion is supported by the Congressional staff study which visited Romania this year. In our view, despite legislation to prevent such discrimination, the government has failed to take effective remedial action. Members of Evangelical groups have been jailed, harassed or intimidated by the authorities when they sought to proselytize outside of church buildings or opposed highly restrictive laws which curtail religious freedom. Romanian immigration to the U.S. has increased, but only after each immigrant endures a year or more of severe social, economic and administrative penalties. Potential dissidents are often removed from Romania in this manner. There has been progress in the status of so-called Jewish economic criminals—they have received pardons. Despite an earlier commitment to allow the visit of a U.S. private legal group (International Human Rights Law Group) to look into allegations of human rights violations, the Romanian government refused the group entry in 1980.

Amnesty International's just published Annual Report (1980) documents continuing serious human rights violations in Romania in partic-

ular, imprisonment, forced labor, and psychiatric confinement for political and religious dissidents, and for those seeking to emigrate or to form free trade unions.

A vote for the World Bank loan at this time would appear to be inconsistent with the human rights situation in Romania and our legislation on the MDBs. A positive vote would also make our previous demarches appear *pro forma*, given our laws and the prevailing human rights situation. Moreover, it would appear to be inconsistent with our posture at Madrid. At the current session of the Madrid CSCE conference, the U.S. delegation called attention to human rights abuses in Eastern Europe, including Romania.

For the foregoing reasons, HA recommends abstention on the IBRD loan to Romania. However, if because of current political events in Poland, it is not a propitious time for such a vote, HA would propose that an affirmative vote on the loan be followed by a high-level demarche similar to the one made to the Romanian Foreign Minister in March 1979. The demarche, while recognizing positive Romanian efforts, would emphasize our continuing expectation that the Romanian government work to improve the human rights situation for its citizens, particularly in those areas outlined in our March 1979 decision. The demarche would be supportive of recent statements by C and EUR to Romanian MFA American Director Bogdan. It would also express U.S. willingness to move ahead on planning for a Human Rights Roundtable as we and the Romanians had agreed earlier this year at the Roundtable held in Bucharest.

Raising our human rights concerns at the level of the Foreign Minister would convey the importance with which we view these concerns. It would reinforce our Counselor's representations by elevating to an appropriately high level on the Romanian side our seriousness of purpose. It would further demonstrate a coordinated effort on the part of the USG to further its human rights policy. Because the cable at Tab A has no specificity as to when a demarche will be made, at what level, or whether the specific areas of greatest U.S. concern will be raised, it represents a significant departure from our 1979 position.

EUR, EB, S/P Positions:

During the Carter Administration, the United States Government has voted in favor of every loan for Romania which has come before the IBRD Board. This includes almost \$400 million in loans which do not fall in the "basic human needs" category. Now is not the time to change our policy and abstain on such loans for Romania. With the threat of a Soviet invasion hanging over Poland, we do not want to signal a lessening of our support for Romania. On the contrary, our efforts should be directed towards measures which will strengthen

Romania's willingness to resist Soviet pressures to participate in or approve of Soviet actions in Poland.

More broadly, EB also feels that it is important to support projects which increase the world's overall energy supply and which can contribute, as this project can, to helping Romania maintain its energy independence from the Soviet Union.

We recognize that Romania's human rights record is poor, but we see no signs that it is worse today than in the past when we voted in favor of other non-BHN loans for Romania. In fact, there are small signs of improvement. In the area of emigration, in particular, Romania's record has continued to improve. Other positive steps have taken place precisely in those areas which we identified in 1979 as of greatest concern. Most notably,

—There have been no cases confirmed by the Embassy of psychiatric abuse within the last three years and a Romanian emigre doctor, who was the source of many reports of abuses, has withdrawn his allegations.

—A Congressional staff study delegation, which was invited to visit Romania to study the Hungarian minority situation, and toured the Hungarian areas extensively, found there was no evidence of a government policy of discrimination.

—The so-called Jewish economic criminals were amnestied this year, and those who requested to emigrate have been granted permission to do so; and

—Two free trade union activists were released from jail within the past month.

While one can debate whether these developments constitute rapid enough progress, one must also keep in mind that repression and authoritarian government in Romania did not begin in 1945.

We have expressed our human rights concerns to the Romanians here and in Bucharest, and will continue to do so. Most recently, on December 16, Counselor Ridgway and Deputy Assistant Secretary Barry specifically raised our legislative requirements on IBRD loans with Director of the Americas Bogdan (Tab B).³ Ambassador Aggrey also made a major demarche in Bucharest in November on six specific

³ Attached at Tab B, but not printed, is telegram 333465 to Bucharest, December 17.

cases.⁴ As part of our continuing human rights dialogue with Romania, we will follow up with the Romanians to ensure that they do not interpret a favorable vote in the IBRD as approval of their human rights practices. However, in view of these recent demarches and the current situation in Eastern Europe, we do not believe that a positive vote in the IBRD should be conditioned upon another human rights demarche at the Foreign Minister level. At a time when the Romanian Foreign Minister Andrei is providing us with important and sensitive insights into Soviet intentions regarding Poland, we believe that asking Ambassador Aggrey to step up the human rights dialogue with him would be a mistake.

Therefore, EUR, EB, and S/P recommend that the U.S. Executive Director be instructed to vote in favor of the loan for Romania.

L Comments

There are serious human rights violations in Romania. Nonetheless, it is possible to maintain that Romania is not engaged in a consistent pattern of gross violations of internationally-recognized human rights. Such a conclusion would have to rely heavily on the small signs of improvement, the inconsistency in GOR human rights performance, and the GOR's efforts within Romania and within the Soviet bloc to increase respect for human rights. The credibility of this position depends in large part on the Department's assessment of whether U.S. attempts to persuade Romania to do better and to resist return to past patterns of violations are having effect.

Recommendation

That you approve:

—Option One, an abstention on the loan. (HA favors)

⁴ On October 24, Aggrey reported in telegram 8780 from Bucharest that he had delivered a *démarche* on human rights to Bogdan on five human rights cases. (National Archives, RG 59, Central Foreign Policy File, D800509–0875) On November 6, during Bridges's visit to Bucharest, the *démarche* was once again brought to the attention of Bogdan. In telegram 9189 from Bucharest, November 8, the Embassy reported Bogdan's conversation with Aggrey and Bridges. Concerning human rights, Bogdan responded that the two countries should seek to minimize differences and reach practicable solutions to individual cases. Stressing that the issues were in no way related, but that "solving it would help," Bogdan also commented on the ongoing demonstrations in front of Romania's UN Mission in New York and its Embassy in Washington. (National Archives, RG 59, Central Foreign Policy File, [no film number]) Aggrey again asked Bogdan about a response to the *démarche* on December 12. In telegram 10166 from Bucharest, December 12, Aggrey reported that Bogdan "revealed, confidentially, one of the problems had been the hostile demonstrations at the Romanian UN Mission and a view among some authorities in Bucharest that the protection was not what it might have been." Bogdan noted the demonstrations had been moved, "and with that in mind" he promised "to look into the matter once more" but requested that the U.S. Government "continue to monitor the demonstrations." (National Archives, RG 59, Central Foreign Policy File, D800591–1193)

—Option Two, a positive loan vote combined with a demarche in Bucharest.⁵ (HA favors as second choice.)⁶

—Option Three, a positive vote, with no Foreign Minister level demarche. (EUR, EB, and S/P favor.)

⁵ Newsom added an asterisk at this point and handwritten at the bottom of the page: “at the Vice Foreign Minister level. Revise telegram to stress that this was not an easy choice in view of continuing human rights problems.”

⁶ Newsom initialed his approval on December 22. The Department informed the Embassy in telegram 339063 to Bucharest, December 24, that the Department believed “it is important that we continue to make clear to the GOR at a high level that our commitment to human rights extends to MBD matters, that we have legal requirements, and that we remain concerned about the human rights situation.” On a copy of the cable, Derian underlined the statement and wrote in the margin: “Which we did NOT meet on this.” (National Archives, RG 59, Bureau of Human Rights and Humanitarian Affairs, 1980—Human Rights and Country Files, Lot 82D177, Box 16, Romania—Nov thru Dec 1980) Aggrey reported his conversation with Deputy Romanian Foreign Minister Maria Groza in telegram 10536 from Bucharest, December 31. Aggrey wrote: “Groza said she understood the situation and appreciated my demarche. She believed future human rights problems affecting our bilateral relations would be considered by the GOR in the light of the background I had outlined.” (National Archives, RG 59, Central Foreign Policy File, D810001–0652)

Yugoslavia

235. Memorandum From Vice President Mondale to President Carter¹

Washington, May 10, 1977

SUBJECT

Objectives During Visit to Europe for Talks with Vorster and European Leaders

We are in the final preparatory stage for my forthcoming visit in your behalf to Portugal, Spain, Austria, Yugoslavia and the United Kingdom.

As currently scheduled, I will depart for Lisbon this Saturday for meetings with President Eanes and Prime Minister Soares on May 16; talks with King Juan Carlos and Prime Minister Suarez in Madrid on May 17; and with Chancellor Kreisky in Vienna on May 18.

The talks with South African Prime Minister Vorster are set for Vienna on May 19 and 20. I will then travel to Belgrade on the afternoon of May 20 for meetings on May 20–21 with President Tito and members of the Yugoslav leadership; then to London on May 22 to debrief Prime Minister Callaghan and Foreign Secretary Owen on the Vorster meetings.

There are three basic elements to the visit, each of priority importance to your foreign policy objectives. *My purpose will be:*

- to demonstrate in Portugal and Spain the United States' support for their return to democracy;

- to convey to Prime Minister Vorster your policy toward Southern Africa including the United States' views on the role South Africa must play in current efforts to resolve the Rhodesian and Namibian problems, and on the approach South Africa must take within its society if our relations are not to suffer;

- to emphasize to President Tito the importance your Administration places on Yugoslavia's independence, political unity and territorial integrity.

I do not plan to become a negotiator on contentious issues in any of my meetings, but I do anticipate an in-depth discussion with Vorster. The following paragraphs summarize principal issues I expect to be

¹ Source: Carter Library, Donated Material, Papers of Walter F. Mondale, Overseas Assignments Trip Files, 1977–1980, Box 12, Vice President's Trip to Portugal, Spain, Austria, Yugoslavia, and England: Objectives, 5/4–10/1977. Secret. Carter wrote at the top of the memorandum: "Fritz—Read notes. J.C." Tabs A–E are attached but not printed.

raised during the visit, review the approach I plan to take, and request your guidance.

[Omitted here is discussion unrelated to Yugoslavia.]

Yugoslavia. I believe the Yugoslavs are looking forward to this visit because of the early restoration of high-level US-Yugoslav contacts it will bring. My primary objective in Yugoslavia will be to convince President Tito and leading members of his government of your support for Yugoslavia's independence, sovereignty and territorial integrity.² I will state that the US respects Yugoslavia's place in the non-aligned movement. At the same time, we believe Yugoslavia must respect our interests in multilateral as well as bilateral relations if our relationship is to prosper.

By the time of my visit, we hope to have negotiated a satisfactory solution to the most contentious issue in our bilateral relations—that of the impasse of an export license for the Westinghouse-supplied nuclear reactor destined for Yugoslavia. We hope the Yugoslavs will give us the assurances we require on reprocessing and disposition of fuel. I will state that we will want to assure dependable supplies of fuel and equipment while taking necessary steps to avoid nuclear weapons proliferation, and I will confirm that Yugoslavia will be welcome to join the nuclear fuel cycle evaluation effort.³

The Yugoslavs have indicated their belief that we are not forceful enough in prosecuting Yugoslav emigre terrorists. Prior to my departure, I will discuss this issue with Attorney General Bell so as to be able to assure Tito that we are determined to prevent and punish terrorists; that we are giving high priority to the bombing of Yugoslavia's Embassy last June⁴ and that we will vigorously prosecute those

² On October 16, 1976, during a campaign press conference in Kansas City, Missouri, then Governor Carter stated that he would not go to war in Yugoslavia even if the Soviet Union was to invade that country. While his statements did not generate much attention at the time, he was asked about them during the October 22 Presidential Debate. Carter defended his assertion, suggesting that he would not go to war unless U.S. security was directly threatened. The statement became a campaign issue, even eliciting the first appearance of Ford's Secretary of State Henry Kissinger on CBS's "Face the Nation" program on October 24, where Kissinger compared Carter's remarks with those of Dean Acheson's remarks about South Korea just prior to the North Korean invasion in 1950. (Don Oberdorfer, "Kissinger Assails Carter on Yugoslavia Statements," *The Washington Post*, October 25, 1976, p. A6)

³ Carter wrote in the margin below this paragraph: "Let Tito know ours is a multinational concern—we are *not* singling out Yugoslavia for special stringency."

⁴ The Yugoslav Embassy in Washington was bombed the night of June 9, 1976. *The Washington Post* reported on June 10 that an anonymous caller claimed responsibility for the attack in the name of the Pan-Epirotic Federation of America and Canada, stressing however that the bombing was not sanctioned. The organization, the *Post* reported, denied any involvement. (Douglas Feaver, "Yugoslavs Protest Embassy Bombing," *The Washington Post*, June 10, 1976, p. C10)

who have committed terrorist activities. In this connection, I will note with satisfaction that the TWA hijacking case has been successfully prosecuted.⁵

Prior to my arrival in Belgrade, Admiral Holloway will have just concluded a visit to Yugoslavia for talks in the framework of our limited military cooperation and exchanges with the Yugoslavs.⁶ While stating your priority policy of reducing the level of international arms sales, I will inform the Yugoslavs that we are prepared to continue US-Yugoslav military exchanges and consultations, and to consider some of Yugoslavia's proposals for military equipment purchases.

Of importance, the visit to Belgrade should give me the opportunity to talk to some of the government's upcoming leaders, people we can expect to have increased dealings with in coming years.

I will plan to focus my discussions on international issues on the Belgrade CSCE meeting, the Middle East, and our African policy. I believe that if I am candid with Tito about the nature of my talks with Vorster,⁷ this may well produce a positive ripple effect in terms of Yugoslav consultations with other members of the non-aligned movement on our African policy.⁸ *With your agreement I will base the agenda for my talks with Tito on the issues outlined above.*⁹

I am attaching at Tab A proposed letters for your signature to President Eanes, King Juan Carlos, Chancellor Kreisky, Prime Minister Vorster and President Tito. With your approval I will plan to present the letters during my talks with each of these leaders.¹⁰

⁵ On September 10, 1976, Croatian nationalists hijacked a TWA flight from New York to Chicago and diverted it to Paris. The hijackers released the hostages on September 12, after discussions in Paris with U.S. officials. ("TWA Hijackers Allow Hostages to Leave Plane," *The Washington Post*, September 12, 1976, p. A1) On May 5, four of the hijackers were found guilty of air piracy and conspiracy. ("Croat Nationalists Guilty in Hijacking," *Chicago Tribune*, May 6, 1977, p. 7)

⁶ Admiral James Holloway, Chief of Naval Operations, visited Yugoslavia May 14–16 for discussions with Yugoslav military leaders. In telegram 4634 from Athens, May 18, Holloway described his visit to Yugoslavia as "warm and cordial," marked by consistent expressions by the Yugoslav military leadership of their desire for closer relations with the United States. (National Archives, RG 59, Central Foreign Policy File, D770176–0808)

⁷ Mondale met with South African Prime Minister Balthazar Johannes "John" Vorster in Vienna May 19–20 for talks on Rhodesia.

⁸ Carter wrote in the margin of this paragraph: "OK—I don't know whether Tito is a racist—He may be."

⁹ Carter approved the recommendation.

¹⁰ Carter approved the recommendation.

236. Memorandum of Conversation¹

Belgrade, May 21, 1977, 11 a.m.

PARTICIPANTS

Yugoslavia

President Josip Broz Tito

Edvard Kardelj, Member, Presidency

Stevan Doronjski, Vice President

Milos Minic, Vice President, Federal Executive Council

Dimce Belovski, Ambassador to the United States

U.S.

Vice President Walter F. Mondale

Assistant Secretary of State George Vest

David Aaron, Deputy Assistant to the President for National Security Affairs

A. Denis Clift, Assistant to the Vice President for National Security Affairs

President Tito greeted the Vice President; the Vice President gave him a letter from President Carter;² Tito read the letter noting the reference to the Kardelj visit; and Tito said it was a very nice letter from the President. The Vice President then gave Tito a letter from Governor Harriman;³ Tito thanked the Vice President and said he would read that letter later.

V.P.: Governor Harriman has sent you his best wishes. All Americans respect you Mr. President, and we respect Yugoslavia's independence and territorial integrity. We hope this meeting will mark improved relations between our countries. We respect your role as a leader of the non-aligned movement, and we hope that this meeting will be the start of much improved relations.

Tito: Thank you, Mr. Vice President. I believe your visit is of great importance to both our countries. I think this is a good opportunity to exchange views on issues of interest to both sides. I think our relations are, on the whole, good. There are no conflicts between our two countries.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 34, Memcons: Mondale: 5/77-6/79. Secret; Nodis. The meeting took place at the White Palace. Clift forwarded the memorandum to Dodson on June 1 for distribution to Brzezinski and Vance. (Ibid.)

² In a letter dated May 11, Carter assured Tito of his administration's commitment to resolving the outstanding issues surrounding the building of the Krsko Nuclear Reactor, reaffirmed U.S. support for Yugoslavia's territorial integrity, and invited Yugoslav Presidency member Edvard Kardelj to Washington. (Carter Library, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 21, Yugoslavia: President Josip Broz Tito, 5/77-5/79)

³ Not found.

Yugoslavia is entirely independent from both blocs. We are a founding member of the non-aligned movement, and we are deeply interested in the non-aligned. The movement rests on principles of importance, principles we think should be applied throughout the world.

There are hot points in the world, in Africa, for example, that threaten to turn into something bigger. There is, first of all, the Arab-Israeli conflict, then Southern Africa—it is a different category with the problems of South Africa, Rhodesia and Namibia. There are conflicts between the non-aligned. India and Egypt have bad relations. There are problems in Ethiopia. I read today of an attack by Rhodesia on Mozambique.

V.P.: One of the points I want to make clear, Mr. President, is our respect for the non-aligned movement. We respect your independence and your foreign policy.

These past two days pressed my country in the forefront of the issues you have mentioned, I met with Prime Minister Vorster in Vienna. I made clear that we expect an independent Rhodesia, with majority rule, with elections by 1978. We want an independent Namibia under the outlines of Resolution 385, with elections by the people and withdrawal of South African forces. I said that we reject their policy in South Africa, and that failure to make progress on all three of these issues would result in deteriorating relations. In that regard, we directly objected to incursions by Rhodesia into Mozambique and Zambia.

Under President Carter, the U.S. has a more direct policy, a policy of clarity and strength on the issues of independence, and we wanted the South Africans to know clearly our views so that they don't miscalculate.

Tito: What was his answer?

V.P.: He didn't like it. I think that is why I got sick (laughter). He said he would support independence for Rhodesia in 1978. He also agreed to meet with the Contact Group on Namibia by the end of the month. There may be hope there. The thing we are worried about is the interim arrangement for Namibia.

Within South Africa itself, Prime Minister Vorster gave us the line about how the Africans are happy, the coloreds are happy, the Indians are happy. They all played football together. It is a slow story.

Tito: It is very important about the football.

V.P.: Actually it's soccer, rather, rugby. What we wanted to do, Mr. President, was to make clear we mean business. If they want to get along there must be progress. There must be true independence. In our country in the past, unfortunately, we have not made this an issue, but we have made it an issue now.

On the Middle East, President Carter is trying to set an environment by having talks leading to a reconvened Geneva Conference. He has met with the Arab leaders, and this week he will meet with Crown Prince Fahd. When the Israelis have organized their new government, he hopes to meet with the new Israeli Prime Minister.⁴ President Carter has had good talks with President Sadat, King Hussein, and President Asad, and I am sure the talks with Fahd will go well.⁵ But, of course, the issues are very difficult.

Tito: Unfortunately, I am a pessimist after the Israeli elections. I am afraid it will be more difficult. The one who has come up in Israel is the one for war.

Only the U.S. can put a brake on it, no one else. We must insist on a peaceful solution. We think the Geneva Conference shouldn't be convened because of the coming to power of the new leaders in Israel. This will only lead to a worsening of relations with the Arabs. As the Israelis are militarily superior, they might try to take advantage of their military superiority. It would create a difficult situation for the U.S. President Sadat, who has succeeded thus far in appeasing Israel, might find himself in a difficult political situation in Egypt if there is confrontation.

V.P.: You are right.

Tito: Much depends on the Israelis.

V.P.: There is a hope that the parties can get together. We have been pressing for such a result. President Carter is reluctant to reconvene the Geneva Conference until we have essential pieces in place; otherwise, it would fall apart. Secretary Vance will be going back to the Middle East shortly to discuss the situation with each leader, and the President will be meeting next week with Fahd. Our theory is that we have to have action this year if we are going to have positive action at all.

Tito: You are right in saying that it is necessary to put some of the pieces in place before reconvening the Geneva Conference. On the other side, what is bad is that we are not witnessing the coming together of the opposing sides. There is an opposite process; they are going further apart.

V.P.: President Carter's impression, based on his talks with the Arab leaders was that the situation was developing nicely. With the

⁴ Menachem Begin's party, the Likud, won the May 17 elections in Israel. Begin was confirmed as Prime Minister on June 21, 1977.

⁵ Egyptian President Anwar Sadat traveled to Washington April 3-6. King Hussein of Jordan traveled to Washington April 24-27. Carter met with Syrian President Hafez al-Assad in Geneva May 9.

Israeli elections, we don't know. We are aware of Likud's previous statements, but we don't know what position he will take.

Kardelj: The Arabs have been evolving in a positive sense, including Syria and the Palestinians. But what has happened in Israel might turn things upside down.

V.P.: President Carter had an excellent meeting with Asad, and I am sure this will be true with Fahd. Now it will depend on whether progress is possible with Israel. The President has said there has to be a Palestinian territory and that the Arabs have to evolve a process for peace. It is difficult to commence this process considering the ancient animosity of the Arabs and the Jews.

Tito: For Israel, the essential thing is for the Palestinians and the other Arabs to declare that they recognize Israel's right to exist.

V.P.: Correct, that is a part of it. Setting aside the PLO, we believe the other Arabs would be inclined to do so. We don't know about the PLO. . . .

Kardelj: After they have something in their hands. . . .

V.P.: Those are the rumors we hear. . . .

Minic: We have been told so by the PLO directly.

V.P.: We are hopeful. President Carter hopes to have progress. As you have observed, it is a hot spot and outside help is needed because of the animosity.

Tito: There is big hatred in the region. It is unstable. Since 1947 Israel has occupied territories and not complied with UN resolutions.

V.P.: We objected to the most recent Israeli settlements.

Kardelj: We assume the US will tell Israel not to continue to lie.

Tito: In 1967, I told the Arabs, I told Nasser that they had to recognize Israel, that they couldn't throw Israel into the sea. They didn't like it, but they accepted it.

V.P.: We will press them.

Tito: We don't know how the situation will develop. That is why I am not optimistic.

V.P.: What do you, Mr. President, think of the situation in Ethiopia and Somalia?

Tito: Ethiopia sent a delegation to Yugoslavia two years ago after the revolution. We had talks and advised them to have a federation with Eritrea. Nothing happened. They came again at a high level. I told them again that federation was the best possible solution. Succession would not be acceptable; it would cut Ethiopia off from the sea.

As far as Somalia is concerned, I had a visit from their President. He said he is ready to have confederation with Ethiopia.

In Djibouti, the situation is dangerous. I sent our Assistant Foreign Minister with messages urging the parties to reach a peaceful solution. In terms of the internal situation, fighting is going on. Both sides are stubborn. We have let the Ethiopians and the Eritreans know that we do not agree with succession. However, I am not optimistic.

Minic: After the Ethiopian revolution, when the Emperor was overthrown,⁶ Ethiopia applied for assistance. We agreed to provide economic and military assistance within the limits of our possibilities. It is a progressive regime and we thought it important to maintain Ethiopia as a non-aligned country. The policy of some Arab countries, supporting the succession of Eritrea, is the wrong policy. The Ethiopian regime is assuring us that they are determined to remain non-aligned. We are of the opinion that we have to support Ethiopia because the government assures they are determined to remain non-aligned. We are trying to encourage the government to find a federal solution for Eritrea, not war. We are trying to press the Arab countries to change their policy and to influence Ethiopia along these same lines. Neither Ethiopia nor the Arabs are ready to accept such suggestions.

Tito: It is difficult to say what consequences there will be if the situation continues on its present course. If such a thing were to develop, we would have to keep the conflict from spreading. We should all try to contribute.

Kardelj: What is in question is the policy of detente itself. All of these conflicts inevitably involve the two world blocs. Africa is possibly a confrontation ground.

V.P.: Mr. Kardelj, our fondest hope is that that will not happen. We want majority rule in Rhodesia and Namibia. We want progress in South Africa. Where there is profound social injustice, there is room for caprice. We want the U.S. and the Soviet Union to stay out of there. That is the policy we want to pursue; we do not have designs for hegemony.

Kardelj: But it is possible that this will have to be the result of US-Soviet negotiations. It is in U.S. interests that non-aligned countries remain non-aligned.

⁶ Ethiopian Emperor Haile Selassie was deposed on September 12, 1974.

V.P.: We have commenced efforts to move forward on detente with the Soviet Union. The talks in Geneva are going very well. We would like to see progress on MBFR. We would like to see a broadening of people-to-people contact. The Russians haven't included wars of liberation in their definition of detente. I would hope, incidentally, that we could get to the subject of the Belgrade meeting before these talks are over.

Kardelj: It is not a good position to consider wars of national liberation outside the framework of detente.

V.P.: We want to get along with the Russians, but we found they are not perfect. Mr. President, your interpreter is great. She never takes a note. I think if we put her in charge we could solve all our problems; she is always perfect.

Mr. President, would you please give me your views on CSCE?

Tito: If I have a suggestion to give, it is that you don't introduce matters that lead to confrontation—one is human rights. It is a question that is discussed too much. If the debate on human rights were to be confined to the US and USSR that would be okay, but other countries are being drawn in.

Yugoslavia is an open country. Millions of our people work outside of Yugoslavia; there are many tourists. We have a few people in jail; this is held as a human rights violation. There are just a few people who work against us. We have our laws and we must apply them. We don't want this held against us in Belgrade. We want to go forward, not backward, after Helsinki. Yugoslavia has signed an agreement with Italy and we have solved other problems with our neighbors. I know there are injustices, but what is injustice? We should try to move along the lines set in Helsinki. I would hope you will convey these views to President Carter.

V.P.: I will do so, we want to consider all three baskets to the fullest extent possible and in a non-confrontational manner. We want to keep the dialogue on a firm track, a non-confrontation track.

Turning to another issue, because of your leadership in the non-aligned movement, I wanted you to know we will try to get North-South dialogue going through CIEC⁷ on a constructive, hopeful basis. At the London Summit, we pressed for a hopeful dialogue permitting progress by the poorer countries of the world. We are proposing case-by-case commodity agreements; a common fund to keep commodities in a normal market range. We have proposed increasing contributions to the World Bank. Our hope is that the CIEC Conference in Paris will provide the basis for a much more constructive discussion.

⁷ The Conference on International Economic Cooperation, also known as the North-South Conference, met in Paris from December 1975 until June 3, 1977.

Tito: The question of assistance to the LDCs is important; unfortunately, the progress is slow.

V.P.: We are increasing our assistance from \$2.4 billion to \$8 billion over three years. Mr. President, some of the demands of the poorer countries we don't find possible to accept.

Tito: I feel the greatest obstacle is that of the international companies which contribute to fluctuations in prices—copper and other raw materials.

V.P.: It is terrible.

Tito: I think a great responsibility lies with the international companies.

Minic: We have studied the positions taken at London carefully. Some are positive, but still the positions of the group of 19 and the group of 8 at Paris are far apart. It is difficult to know whether the Paris conference will be successful. We shall try to do whatever we can in order to achieve at least partial results. You know the group of 19 has to be careful so as not to be denounced by the group of 77—which is actually 110 nations. If the group of 8 comes closer to the group of 19, success will be achieved in raw materials, investment and financial matters.

V.P.: On another issue, Mr. President, I am aware of the fact that we have had an irritating delay with regard to the Krsko reactor. Our Nuclear Regulatory Commission has now approved the license, and I hope you will find this a helpful step.

Tito: We are satisfied with this solution. It would have been unpleasant for a small country like Yugoslavia to have invested so much and not to have it work out.

V.P.: Absolutely. I hope that this will be a symbol of cooperation between our countries across the whole range of issues.

Tito: As far as bilateral relations are concerned, we had some agreements with Ford and Kissinger, certain agreements on some kinds of arms. Now military purchases have stopped. I must tell you openly and frankly that the discussion about the TOW missile did not please us. There was a great fuss about this, propaganda and the suggestion that Yugoslavia was being armed by the U.S. We produce 85 percent of our own arms. We want to avoid a big fuss. We aren't asking for sophisticated weapons, but we don't want obsolete equipment. I would hope we could avoid misunderstandings.

V.P.: I know Admiral Holloway has just visited and met with your military leaders.⁸ We will look into this aspect of our relations.

⁸ See footnote 6, Document 235.

237. Editorial Note

On May 31, 1977, the Central Intelligence Agency confirmed that U.S.-manufactured M-47 (Patton) tanks were present in Ethiopia. Further circumstantial evidence suggested that the tank shipment to Ethiopia originated in Yugoslavia. Secretary of State Cyrus Vance reported the evidence to President Jimmy Carter in an Evening Report dated June 22. Noting that the tanks had been delivered to Yugoslavia in the 1950s under a Military Assistance Program (MAP) grant, Vance added that the Export Control Act required congressional notification in cases of unauthorized transfers of military equipment. "If the intelligence is confirmed," Vance reported, "we will approach the Yugoslavs and make the required report to the Congress in a timely fashion." Carter wrote in the margin "Why not simply ask the Yugoslavs?" (Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 18, Evening Reports (State): 6/77) The next day Vance reported to Carter that the Department of State had authorized U.S. Ambassador to Yugoslavia Lawrence Eagleburger to broach the subject with the Yugoslav Government. (Ibid.)

Although the Military Assistance Program with Yugoslavia was terminated in 1959, the Yugoslavs had agreed not to transfer "to any other nation, title or possession of any military equipment, materials, information, or services" acquired from the United States "without the prior consent of the Government of the United States of America." (Telegram 145552 to Belgrade, June 22; National Archives, RG 59, Central Foreign Policy File, D770223-0965) Eagleburger, who arrived in Belgrade on June 16 and presented his credentials on June 21, requested permission to deliver a strongly worded *démarche* suggesting that Yugoslav actions cast doubt on "stated GOY desire to expand military-to-military cooperation, and particularly military sales. More fundamentally, it raises serious questions about GOY credibility on a range of existing bilateral undertakings with the USG, as well as future agreements." (Telegram 4238 from Belgrade, June 23; National Archives, RG 59, Central Foreign Policy File, D770225-0333)

On June 24, Eagleburger informed Yugoslav Foreign Secretary Milos Minic that the U.S. Government had information that M-47 tanks supplied to Yugoslavia may have been transferred to Ethiopia in violation of U.S.-Yugoslav agreements. Eagleburger requested that the Yugoslav Government confirm if U.S. tanks had indeed been transferred to Ethiopia. (Telegram 4263 from Belgrade, June 24; National Archives, RG 59, Central Foreign Policy File, D770226-0826) While waiting for Minic's response, the Embassy reported its own analysis of the reasons for Belgrade's transfer of weapons to Ethiopia. The most likely explanation, the Embassy wrote, was that Yugoslav "enthusiasm

for a socialist brother got the best of them.” Yugoslav position in the Non-Aligned Movement (NAM) offered Belgrade the opportunity to expand “non-Soviet, ‘progressive’ influence” to Ethiopia. Another probable reason was the low state of relations between the United States and Yugoslavia prior to Vice President Walter Mondale’s visit in May. Eagleburger wrote: “Given their obligation to a non-aligned and socialist state, their irritation with us, and an estimate that they had little to lose” as military sales from the West were not forthcoming, Belgrade probably decided to transfer the tanks without regard if the transfer was discovered. (Telegram 4316 from Belgrade, June 27; National Archives, RG 59, Central Foreign Policy File, D770229–0316)

Minic met with Eagleburger on July 8 to confirm that the Yugoslav Government had, indeed, transferred 70 M-47 tanks to Ethiopia. Minic suggested that the equipment had been decommissioned by the Yugoslav military and was about to be sent to scrap yards when a decision was made to provide it to Ethiopia. He stressed that the Yugoslav and U.S. military authorities should establish direct contact to clarify responsibilities arising from the old agreements. According to Eagleburger, “Minic appealed for USG’s understanding,” expressed his government’s hope that Washington not allow the incident “to have a negative impact on all fields, including military cooperation,” and stressed that Yugoslavia takes very seriously its obligations under international agreements and has always lived up to them. (Telegram 4603 from Belgrade, July 8; National Archives, RG 59, Central Foreign Policy File, D770243–0661) On a copy of the cable forwarded to him by Brzezinski, Carter noted “My inclination is not to embarrass the Yugoslavs.” (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 86, Yugoslavia: 1–9/1977)

Visiting Belgrade in mid-July, Deputy Secretary of State Warren Christopher told Minic that U.S. law required the administration to notify Congress of the equipment diversion matter. However, Christopher informed the Yugoslav Foreign Minister, the administration had decided to do so in a classified letter so as to minimize the chances of the instance leaking to the press: “We attempting to handle problem with restraint, not because we do not consider it a very serious matter—as we do—but because we set great store by our relationship.” (Telegram 4930 from Belgrade, July 21; National Archives, RG 59, Central Foreign Policy File, D770260–0639) Christopher informed Chairman of the Senate Foreign Relations Committee Frank Church (Democrat-Idaho) and Speaker of the House Thomas O’Neill (Democrat-Massachusetts) of the Yugoslav diversion on August 6. (Telegram 184571 to Belgrade, August 6; National Archives, RG 59, Central Foreign Policy File, D770282–0535)

238. Memorandum From Gregory F. Treverton of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 4, 1977

SUBJECT

Summary of Your Meeting with Yugoslav Ambassador Belovski, August 3, 1977

For your information, the following is a summary of the main points made in the meeting:

Tito's Trip

Belovski said that Tito would be gone for nearly a month; he was uncertain whether the Soviet Union portion was an official visit or a vacation. In any case, he said it was important for the Yugoslavs to "normalize" their relations with Moscow. In the last year the Soviet approach has included many "old" aspects—talk of "brotherhood," invitations to bloc meetings despite clear Yugoslav indications that it will not participate, military approaches—and a persistent tendency to retain Yugoslavia as a member of the "family." You agreed that Yugoslavia was doing just what a country that wanted to retain its independence and territorial integrity should do.

Korea

In response to your question why Tito was going to North Korea, the Ambassador said: (1) the Yugoslavs had been frankly impressed by the sincerity of the North Korean desire for peace on the peninsula (an argument he repeated); and (2) North Korea had opted for non-alignment, which was important to Yugoslavia not because of the U.S. but because of the Soviet Union and the PRC. When you asked why Belgrade did not recognize Seoul, the Ambassador evaded, with vague talk of their original cease-fire proposal and their desire to see the UN force withdrawn.

You indicated that there had been no change in our plans for withdrawal from Korea. You indicated that we would be prepared to open communications with the North, provided the South Koreans were involved. There are two Koreas and the North must recognize

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977. Secret. Sent for information. Brzezinski sent a copy of the memorandum to Vance on August 15 and underscored his hope that Tito would "get some of these points across to Brezhnev." (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Subject Chron File, Box 122, Vance, Misc. Communication with: 7-8/77)

that; the way to proceed would be to get both admitted to the UN and begin to involve them in an international framework which might lead to peace on the peninsula.

U.S.-Soviet Relations

You referred to the Charleston speech on U.S.-Soviet relations² reiterating that those relations cover a wide front, comprising many different negotiations in different phases. That is normal for countries that are in many respects rivals but which recognize their global responsibility to cooperate. You described the relations as “steady, stable and evolving,” with SALT the only substantial disagreement. You agreed with the Ambassador that a breakthrough in one set of negotiations—for instance, CTB—might help across the board, but you also suggested that the effect should not be exaggerated. Differences on other issues are real, not atmospherics or a reflection of our approach to human rights.

You suggested to the Ambassador that it is important that the Soviets understand that we want cooperation on a broad front. We do not see separate issues as linked. At the same time, to create a false sense of agreement would be to court the danger of backlash. We are committed to, and speak about, detente, but it cannot be a selective detente.

The Ambassador believed this Administration was more genuine in its commitment to detente than its predecessor, but he wondered how it could escape the current impasse. You said there was no reason to be impatient. We want to move but will not make unilateral concessions, and you suggested that Tito might convey that message to the Soviets.

You indicated that Congressional and public opinion is solidly behind the President and that, if anything, stagnation in U.S.-Soviet relations works to the advantage of those who oppose detente. There is no rush to move forward; quite the contrary, delay may make it harder to do so; a SALT agreement along the lines we proposed four months ago would have passed the Senate easily then, now it will not be so simple. The more impediments the Soviets throw in the relationship, the more anti-SALT sentiment grows in the United States. More generally, the Soviets have been unwise in their SALT strategy; in January 1976 they could have had an agreement they would now regard as good, but not now.

We want a SALT agreement that is real and sustaining. If there is no agreement by October, we will see how the parties behave once the

² For the text of the President's speech at the 31st Annual Meeting of the Southern Legislative Conference on July 21, in Charleston, South Carolina, see *Public Papers: Carter, 1977*, Book II, pp. 1309–1315.

interim accord lapses. If the Soviets take actions that are inconsistent with that accord, the mood in Congress will press the U.S. to respond. The situation could be reminiscent of the early 1960s, and the result might be again to widen the gap between U.S. and Soviet nuclear capabilities, since the U.S. stands on the verge of a new era of weaponry. Once we plunge into that weaponry it might again take years for a new balance to emerge. We want a SALT agreement that is a wedge for better relations, both political and military. We will not be silent about what we stand for, just as we do not expect the Soviets to abandon their ideology.

Bilateral Relations

The Ambassador said Tito believes that the President is an honest man and that the Mondale visit had laid a very “clean” platform for relations. Tito would convey both impressions to the Soviet Union. In response to your mention of the tank transfer,³ the Ambassador called it an “administrative failure” which his government wanted to correct. Yugoslavia would stand by its commitments; it wants to build a substantive basis for closer cooperation, including in the military field. You indicated your agreement and hoped that the Presidents could meet soon.

China

You responded briefly to the Ambassador’s question by indicating that we are serious about normalizing relations, building on the Shanghai communique. At the same time there are historical and psychological legacies—and domestic factors—that both sides must take into account. The Shanghai communique does that on our part; the Chinese must do likewise.

The Ambassador asked if you would come to Yugoslavia. You responded affirmatively, saying that you were thinking about a trip to Europe in the fall and that it might include Yugoslavia.

³ See Document 237.

239. Letter From President Carter to Yugoslav President Tito¹

Washington, August 5, 1977

Dear Mr. President:

Vice President Mondale has told me about the warmth of your hospitality during his recent trip to Yugoslavia, and has given me a full report on his talks with you. Your insights are very helpful to me.

I understand that you will soon be travelling to Moscow, Pyong-yang, and Peking—a trip which will be of great importance to everyone who seeks greater international understanding. I would welcome hearing from you after your trip, to gain your own assessment of the situation in the three countries you are visiting, and to learn of their leaders' views on world problems.

This is a particularly important time in U.S.-Soviet relations. Despite the tenor of much public commentary in recent months, I am encouraged by the progress we have made in bilateral discussions with Soviet officials in a number of areas, including the limiting of military forces in the Indian Ocean and the ending of nuclear testing. I am committed to building on what has been done so far, in order to reduce the risks of war, place firm limits on the nuclear arms race, and create an enduring basis for U.S.-Soviet relations. I hope you will assure Soviet leaders of my commitment. We are prepared to move forward with the Soviet Union on a broad front, on the basis of mutual interest, reciprocal action, and a common commitment to strengthening peace.

Clearly, gaining a new SALT agreement is of great importance. Many difficulties remain; but I am prepared to work closely with Soviet leaders to reach an agreement that will truly provide greater security in the years ahead. The forthcoming conference to review the Helsinki agreement, which you are hosting this fall, is also of major importance. We want to make this a constructive meeting, in order to strengthen the basis for security and cooperation in Europe.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 21, Yugoslavia: President Josip Broz Tito, 5/77-5/79. No classification marking. The initial draft was prepared in the Department of State and sent to the White House by Tarnoff on July 29. Trevorton and Hunter reworked the draft at Brzezinski's request. (Ibid.) Brzezinski forwarded the letter for signature to the President on August 5, noting that he and Vance thought a letter to Tito "in advance of his trip to Moscow, Pyongyang, and Peking" would be "useful." (Ibid.) The letter was transmitted to Belgrade in telegram 184567, August 6, with instructions to deliver it to Tito. (National Archives, RG 59, Central Foreign Policy File, D770282-0270) Eagleburger delivered the letter to Minic on August 9. (Telegram 5378 from Belgrade, August 9; National Archives, RG 59, Central Foreign Policy File, D770286-0413)

With regard to China, we are committed to moving forward on the basis of the Shanghai Communique. Secretary Vance will be in Peking shortly before you arrive, and will be exploring ways in which normalization of relations can proceed. I consider our approach to China to be central to our global policy. Both the United States and the People's Republic share parallel interests: namely, to prevent third countries from establishing positions of dominance where we both have legitimate concerns. At the same time, our desire to improve relations with China is not intended to increase problems and difficulties for any other nation. Rather, I believe that normalization will enhance the prospects for an enduring peace and security in Asia and elsewhere, and will encourage Chinese participation in international arenas in a useful and constructive way.

I am particularly concerned with stability in Northeast Asia, and with the peaceful resolution of problems which divide South and North Korea. We have decided to carry out a phased withdrawal of American ground combat forces from the Republic of Korea in a manner which will not endanger stability on the peninsula. We remain firmly committed to the security of the Republic of Korea and we are taking steps to ensure that no one mistakenly believes there has been any reduction in our resolution to uphold that commitment. At the same time, we seek ways to lessen tension and establish a framework for a durable peace on the Korean Peninsula. To that end, we are prepared to meet with all of the parties most immediately concerned to explore how best to resolve outstanding issues. Such a meeting would, of course, have to include the governments of both North and South Korea.

I look forward to hearing from you, and know that I would benefit from your observations on these and other critical issues. I would also be deeply pleased if you could visit me in the United States early in 1978. This would give me a chance to meet and talk with you about world problems, and about ways we can continue to promote the close relations which exist between our two countries.

Sincerely,

Jimmy Carter

240. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 31, 1977

SUBJECT

Military Sales to Yugoslavia

As requested in NSC memorandum 5468 of August 23,² the State Department has reviewed the interagency study on this subject.³ Provided that the outcome of the September mission to Belgrade⁴ is satisfactory and that we receive necessary assurances concerning unauthorized retransfers of US-origin equipment, the State Department recommends that a refined version of Option III (Expand the relationship moderately, with an emphasis on political impact) set the general direction of future US policy.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977. Secret; Sensitive

² On August 23, the White House tasked the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, the Joint Chiefs of Staff, and the Central Intelligence Agency to review an interagency study on U.S. options for arms transfers to Yugoslavia. The memorandum requested that substantive comments on "major problems or necessary additions" as well as a clear indication of which option the agencies favor be forwarded to the White House by August 31. (Ibid.) On August 30, ACDA notified the White House that it supported either option II or III of the interagency study. On September 1, the CIA responded that it had no substantive comments on the paper. In telegram 5865 from Belgrade, August 30, the Embassy reported its own strong support for option III. (National Archives, RG 59, Central Foreign Policy File, D770313-0596) The Department of Defense response is Document 241.

³ Following Admiral Holloway and Vice President Mondale's visits to Yugoslavia, Brzezinski requested a interagency memorandum to review U.S. options on military sales to Yugoslavia based on Yugoslav requests. The full study, forwarded by the Department of State to the White House on August 19, discussed four possible alternatives: "1. Curtail the Relationship; 2. Maintain the Status Quo; 3. Expand the Relationship Moderately with emphasis on political impact; and 4. Expand the Relationship Substantially, with emphasis on force modernization and improvement." The study concluded that options 2 and 3 most closely matched U.S. interests, and that option 3 would "be an unmistakably favorable indication to the Yugoslavs about U.S. intentions." While option 4 "is most consistent with the U.S. strategic interest in maintaining Yugoslavia's ability to protect its independence," it "could add stress to U.S.-Soviet relations" and "would tend to commit us to supporting the Yugoslavs in the event of conflict." (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977)

⁴ A U.S. team met September 14-15 in Belgrade with Yugoslav officials to discuss the uses and disposition of MAP military equipment previously provided to Yugoslavia. The Embassy reported in telegram 6256 from Belgrade, September 17, that "our objectives and concerns have been met." (National Archives, RG 59, Central Foreign Policy File, D770339-0574)

We should signal to the Yugoslavs our interest in improving and modestly expanding the current arms transfer relationship. Any such forthcoming message, however, should (a) not raise false Yugoslav expectations, especially with regard to the level of technology we will transfer; (b) not impose a significant political cost on the US if the Yugoslavs are unresponsive; and (c) not put the US in the position of pressing arms on an uninterested recipient.

Accordingly, the Yugoslavs should be informed in substance that:

- we want to contribute to the security of an independent and non-aligned Yugoslavia;

- the maintenance and improvement of the arms transfer relationship, in our view, would contribute to that objective;

- nevertheless, both sides must recognize that there are limits on the amount and kinds of arms which can be transferred. These constraints include:

- a shared reluctance to undertake USG financing;

- limits on the level of technology which can be transferred;

- shared interest in not jeopardizing broader political relations (i.e., US-Soviet and Yugoslav-Soviet relations);

- need to assure that the systems are defensive and could not threaten our security nor that of our friends and allies.

These constraints, which would include a ban on the transfer of offensive air and naval systems, will limit the arms transfer relationship with Yugoslavia. They are consistent with the PD-13 guidelines.⁵

Limited procedural improvements also should be proposed. For example, we could designate Ambassador Eagleburger as the focal point for US action on arms transfer requests and invite the Yugoslavs to name a counterpart in Belgrade. If the Yugoslavs demonstrate a strong preference for having such exchanges in Washington, similar arrangements could be made between the State Department and their embassy. A formal consultative mechanism, however, should not be offered.

Since our purposes are primarily political, the State Department should have the lead in determining the timing of this initiative, as well as that of responses to specific Yugoslav arms requests.

The State Department also recommends that it be asked to conduct an interagency study to develop specific guidelines to facilitate our responses to subsequent Yugoslav requests.

Peter Tarnoff

⁵ Presidential Directive 13, signed by President Carter on May 13, 1977, limited the sale and transfers of conventional weapons to cases that are deemed clearly in the national interest of the United States.

241. Memorandum From the Deputy Secretary of Defense (Duncan) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, September 14, 1977

SUBJECT

Military Sales to Yugoslavia (U)

(S) I have reviewed, as have Secretary Brown and General Brown, the interagency study of US Arms Transfers to Yugoslavia.² We have concluded that a policy of moderate expansion of US arms sales to Yugoslavia, generally as described by Option III of the study, best satisfies US and Yugoslav interests. A policy based on Option II would serve these interests less satisfactorily. The choice of either Option I or Option IV, as stated in the study, currently is not warranted.

(S) US interests in Yugoslavia are centered on preserving its independence and territorial integrity and fostering its professed role as a nonaligned nation. The possibility of Tito's death in the near future makes the risks to US interests more imminent. An expanded US-Yugoslav arms sales relationship will assure the Yugoslavs of US support and enhance the position of those Yugoslavs who wish to look to the West for support against Soviet pressures. US sales diminish to some degree the heavy Yugoslav dependence on the Soviet Union for military equipment, and they develop a framework which would be the basis for greatly expanded support should we choose to respond to a Yugoslav request for major assistance.

(S) In addition to the factors noted in the study we must assure ourselves that the Yugoslavs will not make unauthorized transfers of US equipment and that Yugoslavia will assume a truly nonaligned role. The manner in which our policy is carried out should make clear its connections with these factors.

(S) Implementation of an increased military sales program should give proper consideration not only to the expansion of the relationship but also to the constraints which exist. Specific US transfer actions would of course require evaluation on a case-by-case basis in consideration of the guidelines of PD-13, the security and proper use of US equipment, and US force requirements. In general, materiel should come from excess stocks or from production, utilizing existing lead-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977. Secret.

² See footnote 3, Document 240.

times so as not to interfere with US force requirements. Yugoslav limitations are also significant. Although we do not understand fully their failure to purchase many items which have been offered, it is clear that they have severe budgetary and political constraints and a measure of unsureness as to their needs and how best to meet them. These factors are likely to persist regardless of changes in US policy, and they will play significant roles in governing the rate and direction of expansion of sales. We must not outdistance the Yugoslavs in our efforts to expand the relationship.

(S) A US policy based on Option III is appropriate for Yugoslavia's present domestic and international political situation. It is also the policy likely to best serve US interests in post-Tito Yugoslavia. This policy can be carried out in ways which avoid excessive Soviet reactions. Yet it also increases the credibility of Yugoslav deterrence. This can be accomplished by demonstrating US and general international interest in Yugoslav independence and by providing a measure of increased military capability, both of which will heighten Soviet reluctance to risk an embarrassing, prolonged and costly military intervention in Yugoslavia.

CW Duncan Jr

242. Memorandum From the President's Assistant for National Security Affairs(Brzezinski) to President Carter¹

Washington, September 20, 1977

SUBJECT

U.S. Arms Transfers to Yugoslavia

In conversations with both the Vice President and CNO Holloway, Yugoslav officials indicated their interest in expanding their arms purchases from the United States. (U.S. sales totaled \$689.5 million in the period 1950–63, but dropped to under \$500,000 per year in the mid-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977. Secret; Sensitive. Sent for action. Trevorton forwarded this memorandum to Brzezinski on September 17 noting that it had been delayed partly to await the outcome of the mission to Yugoslavia to discuss the M-47 tank re-transfer and "partly because Defense liked the study so much it nearly expired winding its way ever upward in the Pentagon." (Ibid.)

1960s.) Specifically, the Yugoslavs expressed interest in the MK-44 torpedo and raised again the question of the Harpoon missile which we had previously declined to sell.

At my request, an interagency study addressed the general issue of our military sales relationship with Yugoslavia (Tab A).² *There is consensus that the relationship should be expanded moderately, with emphasis on political impact* (agency comments are at Tab B).³ I believe that course of action will serve our basic objectives: (1) underscoring both to the Yugoslavs and to the Soviets our interest in an independent Yugoslavia; (2) marginally reducing Yugoslavia's dependence on the Soviets for weaponry, thus enlarging its room for maneuver; and (3) building a relationship with the military, certain to be a key shaper of post-Tito events.

The Yugoslav transfer of old U.S. M-47 tanks to Ethiopia this summer stands as a caution. Belgrade's explanation of it as an administrative mistake is disingenuous, but I believe the risk of such a re-transfer in the future can be minimized. Our team just returned from Belgrade where it reiterated the non-transfer provisions that apply to U.S.-supplied equipment, reviewed Yugoslav inventories and received fresh assurances from the Yugoslavs that re-transfer would not recur.

We can expect, and must demand, that Belgrade live up to its non-transfer commitments. At the same time, however, *if we modestly expand our arms sales, the objectives in doing so are long-term.* To have value, the military relationship must be sustained even though the Yugoslavs will continue to take actions we dislike—actions in Third World groupings, permission for Soviet military passage through Yugoslavia. In the past, the sales relationship has been turned off and on with each Yugoslav action that Washington disliked or approved. The result has been to confuse the Yugoslavs and drain any benefit from the existing military relationship.

RECOMMENDATION:

That you approve a moderate expansion in the U.S. arms transfer relationship with Yugoslavia.⁴

Substantively, that would imply:

² At Tab A, attached but not printed, is the interagency memorandum on military sales to Yugoslavia. See footnote 3, Document 240.

³ At Tab B are the comments from the Department of State, the Department of Defense, ACDA, and the CIA. See Documents 240 and 241.

⁴ Carter wrote "OK JC" at the top of the memorandum indicating his approval. Brzezinski notified the Department of State, the Department of Defense, ACDA, the JCS, and the CIA of the President's decision on September 22. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977)

—informing the Yugoslavs of your decision but also making clear its limits. You could mention the decision to Kardelj when he visits on September 30, and Harold Brown could reinforce it when he goes to Yugoslavia at about the same time.⁵

—first candidates for sales would be ship defense systems identified by the U.S. Navy (*not* including Harpoon). The TOW missile, previously offered to them, might be re-offered.

—*no* credit is sought, or would be granted, so only the normal procedures for notifying Congress would be involved. *No offensive systems would be transferred, and the relationship would be consistent with PD-13.* Of course, increases in sales to Yugoslavia would add to global U.S. totals, but the Yugoslav total will be modest even in an expanded relationship.

Procedurally:

—State would chair an interagency group to develop procedures for responding to Yugoslav requests. That group would include Defense and intelligence representatives to make sure that transfers did not entail risks of technology leaks.

—Ambassador Eagleburger might be designated the focal point for helping the Yugoslavs better understand U.S. arms transfer procedures.

⁵ See Documents 244 and 245.

243. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, September 29, 1977

SUBJECT

Your Meeting with Yugoslav Presidency Member Edvard Kardelj, September 30, 10:30 a.m.

The memorandum from Warren Christopher² (in the accompanying briefing book) effectively presents the issues for this meeting.

The most critical question for Kardelj (addressed as Mr. KarDELL) is continuing uncertainty about our commitment to Yugoslavia's independence and integrity. While efforts throughout the year have erased most of the deep concern over your comments in the final television debate³—though it came up again on Tito's China visit—reasserting our concern and commitment is very important. Our new offer of an arms supply relationship will help considerably.⁴ You will be breaking the news to him (points summarized in the State memo). We are also resuming the processing of FMS cases and requests for export licenses.

Yugoslav concern is heightened by the role the Russians are playing. When Brezhnev came to Belgrade last year, he tried to bully Tito into moving closer to the Soviet orbit. Tito stoutly resisted, and circulated the memoranda of conversation to key party leaders to make the point. On Tito's trip to Moscow, however, Brezhnev tried the opposite approach: surrounding him with warmth and affection. Yugoslavs who are intensely suspicious of the Soviet Union believe this is designed to be used as a weapon following Tito's death: that the Tito "line" was friendship for Moscow, and his successors should be bound by it. In

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: Presidency Member Edvard Kardelj, 9/28/77–10/5/77: Cables and Memos. Secret. Sent for action. Carter initialed the memorandum indicating he had seen it. Later in the day, Brzezinski sent another memorandum to Carter forwarding Department of State talking points on détente and the Overseas Private Investment Cooperation program with Yugoslavia. Carter initialed Brzezinski's covering memorandum indicating he had seen it and wrote at the top "We may follow up on N/S Korea." (Ibid.)

² Memorandum from Acting Secretary of State Christopher to the President, September 27. (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: Presidency Member Edvard Kardelj, 9/28/77–10/5/77: Briefing Book)

³ See footnote 2, Document 235.

⁴ The phrase "arms supply relationship will help considerably" is underlined by an unknown hand, possibly Brzezinski. The Department of State talking points submitted by Christopher recommended that Carter inform Kardelj of the U.S. Government's decision to expand the arms sales program moderately. See footnote 2 above.

fact, [less than 1 line not declassified] indicates that Tito stonewalled Brezhnev on the latter's requests for port facilities, overflight rights, and landing rights.

While, if time permits, it would be valuable to discuss broader aspects of international relations with Kardelj, he will be most interested in the bilateral aspects of our relations, in order to pin down U.S. concerns.

Of special significance for him also will be Yugoslavia's leadership of the non-aligned movement. There is also their proposal and support for next year's UN Disarmament Conference. And Yugoslavia is proud (and a bit uneasy) to be hosting the CSCE review conference, opening on October 4. (FYI: on the basis of Yugoslav heavy-handedness in dealing with representatives of Non-Governmental Organizations at the June preparatory conference, we have urged them to seek advice from the Finns and Swiss—who hosted CSCE in the first round. Otherwise, we fear ugly incidents. This matter will be raised with Kardelj in other meetings.)

Kardelj has a long (6 or 7 page) letter for you from Tito, covering his trip to Moscow, Peking, and Pyongyang, as you had suggested in your letter to him.⁵ Kardelj will reportedly say that Tito would like to come here in January or February.

The Yugoslavs are also concerned about the record of violence by emigre groups against their missions in this country, and have repeatedly accused us of not taking appropriate action. (Except for the TWA hijacking, no case has been solved, and at times the FBI has been uncooperative.) If this comes up in other meetings, Kardelj will be given strong assurances about our concern and commitment.

Kardelj's latest book, *Trends in the Development of the Political System of Self-Management Democracy*, has just been published. State summarizes it as follows:

⁵ See Document 239. An English translation of Tito's letter, dated September 22, was attached at Tab B of Brzezinski's second memorandum to Carter on September 29. (See footnote 1 above.) Tito informed Carter that in his discussions with Brezhnev, the Soviet leader stressed Soviet interest in disarmament and the SALT II negotiation process. Describing his meetings in Pyongyang, Tito recounted Kim Il Sung's proposal that a peace treaty be negotiated between the People's Democratic Republic of Korea and the United States or that tripartite negotiations among the Democratic People's Republic of Korea, the Republic of Korea, and the United States begin, but only after South Korean President Park Chung Hee was removed from power. Regarding Sino-Soviet relations, Tito described his impression following visits to Moscow and Beijing that neither country was prepared to make any concession which would alleviate the tensions and that the relationship was bound to continue on its present course. On October 6, Carter signed a letter to Tito thanking him for his insights and inviting him to Washington in 1978. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 56, Yugoslavia: 1977)

While not destined to be an international best seller (the Yugoslavs have announced their intention to publish it in “world languages”) or anywhere as controversial as Santiago Carrillo’s recent work,⁶ Kardelj’s “study” is noteworthy for a number of reasons. It is an extension of a major speech he made June 13th to the 30th Session of the Presidium of the League of Communists of Yugoslavia (LCY), in which he coined the term “self-managing pluralism” to define the Yugoslav system. The speech and the resultant book were endorsed by the Presidium “as the basis for the activity of the LCY in preparation for the 11th Party Congress,” which is scheduled for spring of 1978. The study presents a sort of master plan for the future development of the Yugoslav political system as it approaches the level of democracy that they feel the economic system has already achieved. Kardelj’s “study” does not provide for a Tito-like role and thus his approach can be seen as an attempt to provide a stable and mature system that will not be shaken by the passing of Tito. However, although the upcoming Party Congress is widely regarded as being the main event which will establish, at least, the immediate succession to Tito, the official problem to be solved by the Congress and the main problem addressed by Kardelj is the achievement of a higher degree of political democracy.

Kardelj is typically philosophic in his comments and does not attempt to define the exact form of a future, trying “to indicate only some points of departure for determining our practical tasks concerning the harmonization of the political system with the system of production and social-economic relationships, and the further development of self-management-democratic forms.” He does address a number of topics of interest, i.e. human rights, Eurocommunism, and other political systems, both East and West, finding them all wanting in comparison to “self-managing pluralism.” There are not, however, the racy critical references to the Chinese or Soviet systems rumored to be present in early drafts of the book.

I have included a copy of President Tito’s speech this Tuesday in the briefing book.⁷

⁶ Santiago Carillo, Secretary General of the Spanish Communist Party, together with French Communist leader Georges Marchais and Italian Communist leader Enrico Berlinguer, launched the Eurocommunist movement on March 2, 1977, at a meeting in Madrid. His book, *Eurocommunism and the State*, was published in 1977 and repudiated Marxist-Leninist revolutionary dogma in favor of participation by Communist parties in the democratic electoral process.

⁷ An English translation of Tito’s September 27 speech to the Central Committee of the League of Communists of Croatia, is in the Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: Presidency Member Edvard Kardelj, 9/28/77–10/5/77: Briefing Book.

244. Memorandum of Conversation¹

Washington, September 30, 1977, 10:40–11:25 a.m.

SUBJECT

Summary of the President's Meeting with Edvard Kardelj, Member of the Presidency of the Socialist Federal Republic of Yugoslavia

PARTICIPANTS

The President
The Vice President
Warren Christopher, Acting Secretary of State
Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs
Lawrence Eagleburger, US Ambassador to Yugoslavia
William H. Luers, Deputy Assistant Secretary for European Affairs
Gregory F. Treverton, NSC Staff member [Notetaker]²
Edvard Kardelj, Member of the Presidency of the Socialist Federal Republic of Yugoslavia
Dimce Belovski, Yugoslav Ambassador to the United States
Emil Ludviger, Member of the Federal Executive Council and Federal Secretary for Foreign Trade
Dragan Bernardic, Assistant Federal Secretary for Foreign Affairs
Svetozar Starcevic, Director of the Political Department, Federal Secretary for Foreign Affairs
Borislav Lazarevic, Chef de Cabinet for Mr. Kardelj
Radivoje Petkovic, Minister-Counselor, Yugoslav Embassy
Vladimir Matic, Political Counselor, Yugoslav Embassy
Branka Jojic, Interpreter

Mr. Kardelj opened the meeting by thanking the President for his invitation and for taking the time for the meeting. He handed the President the original of a letter from President Tito, indicating that the President had already been informed of the letter's contents. The President said he read the letter that morning. He was honored to have Kardelj in Washington. He said that he and his colleagues had been reviewing Kardelj's book, and he congratulated him on his role as a statesman and author. Kardelj said he was not sure he deserved the compliments; he and others in Yugoslavia had done what they had to.

The President expressed gratitude for the reception given to the Vice President in Yugoslavia, saying that it and this visit confirmed

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 35, Memcons: President: 9/19–30/77. Secret; Sensitive. Drafted by Treverton. While the White House memorandum of conversation notes that the meeting took place in the Oval Office, a Department of State memorandum of the conversation drafted by Luers places the meeting in the Cabinet Room. (Ibid.)

² All brackets are in the original.

the friendship of the two nations. He looked forward to President Tito's visit this spring, and he thanked Kardelj for delivering the letter. He found President Tito's report very helpful. He noted that the Yugoslavs were eager to have the US begin discussions with North Korea, and he reminded Kardelj that he had told President Tito of our commitment to the South Koreans not to begin those discussions without them. We want a peaceful solution and would like to explore with the Yugoslavs how progress might be made, while assuring the South Koreans of our commitment. He again thanked Kardelj for the report and said he would study it with great care.

Tito's Trip

Kardelj said much of what President Tito wrote would be familiar to the President. He emphasized that the North Koreans want a peaceful solution. With regard to China there was not much new to report. President Tito had the impression that the Chinese were aware of their differences with the US. At the same time there was some coincidence of interests. They wanted better relations with Washington; of course, however, there were conditions, including Taiwan. Apart from that, one way or another, the Chinese wanted to cooperate. He said the welcome that the Chinese had given President Tito had greatly exceeded their expectations; it was much warmer than they had expected. That seemed a symptom of a deep change in Chinese policy, the beginning of an opening to the world. In that sense, the attention given to Tito was not meant for him alone.

President Tito had found it interesting that the Chinese had apparently decided to accelerate their economic development, especially in the industrial sector. They had introduced material incentives quite at odds with previous policy.

Kardelj thought the Chinese could be a very positive force in international affairs in the future. Of course, the Yugoslavs realized that China's attitude toward them was a function of the Chinese attitude toward the Soviet Union. Yugoslavia wants good relations with China, not to become their advocate with the Soviets, but rather because of the positive, independent role in world affairs.

In his discussions in the Soviet Union, President Tito did not encounter serious difficulties. The two parties preserved their positions unchanged, and the well-known differences continue to exist. The Soviet Union dislikes both Yugoslavia's non-alignment and its internal system, but it understands that those will not change, and it is prepared to develop its relations with Belgrade. Yugoslavia desires similar development; its location, both geographic and strategic, requires special efforts at good relations with the Soviet Union, despite differences with it. That is necessary for peace in Europe. Yugoslavia will maintain its

own ideas about non-alignment and internal structure. Kardelj felt the Soviets now understood that, and thus relations had improved. Within this general framework, the Soviets seemed preoccupied with their relations with the US—with detente and disarmament.

The President thought that perhaps because of Tito's discussions in Moscow, the Soviets had been more cooperative in recent weeks in SALT and other discussions, and he asked Kardelj to tell President Tito that relations had improved. US-Soviet discussions had been freer and more productive. There had been progress in SALT and on CTB; no final agreements had been concluded, but the US was encouraged by progress. The US had talked with the Soviets about building a constructive attitude at Belgrade. The President hoped that the terms of the Final Act and compliance with it would be discussed openly and freely, but without aggravating difference. We will be forceful but not in a way which will disturb detente. The Belgrade conference is important to us, and we appreciate the good influence of President Tito in bringing us together for common purposes.

The President stressed that the unity and strength of Yugoslavia, as well as its non-alignment, are very important to world peace; they are important to us as well. He said he was eager to have constant exchanges of views with the Yugoslavs, and he hoped that Kardelj would not hesitate to contact him when he could aid relations.

The President said that the US wanted to move toward peace, to diminish armaments levels in the world and the threat posed by nuclear weapons, to extinguish the flames of war. Yugoslav advice and cooperation would be important.

Kardelj said he was happy to hear the President's views because he also felt that the big and small nations should participate equally in solving major global problems. Yugoslavia supports detente and recognizes that US-Soviet relations are decisive for world peace. But for efforts to succeed, other nations, including the non-aligned, must participate. Yugoslavia wants to contribute to developing less confrontation and more cooperation in the world.

In that context, Kardelj welcomed the President's statement that the US not only sought arms limitation, but wanted to reduce arms. He reiterated that all countries should participate; at the same time, the balance of power is important to global strategy, and especially to Yugoslav independence. Still the effort should be made to move to lower levels of arms. Kardelj was unsure whether Yugoslavia's influence on the Soviets, or President Tito's own, had been important. But President did what he could to make steps toward US-Soviet understanding, an understanding valid for disarmament and for other fields. Perhaps the Soviets did react to President Tito's comments in their discussions with the President.

Kardelj hoped there would be more Soviet-American efforts but stressed that in discussing problems, the US and the Soviet Union should talk with the non-aligned nations. All nations should take part if they have an interest—for instance, in southern Africa. There is distrust, and it is not easy for parties to accept cooperative efforts. Yet those efforts are still positive; the more that non-aligned and other nations take part, the more chance there is of reaching solutions. In particular, the superpowers ought to act to increase the strength of non-aligned nations. There are always tensions and the possibility of local wars. If the major blocs appear to be behind those tensions, then arms pour in, aggravating local tensions. Thus, the non-aligned nations should participate in the attempt to preserve peace. Kardelj indicated that President Tito wanted to know the President's view on non-aligned nations and their role.

US Global Policies

The President indicated that he had to leave soon but wanted to make several points before he did. He first asked Kardelj for his assessment of the Middle East, the controversy between Ethiopia and Somalia, and other areas of tension. He said that Yugoslav views were important, and he wanted to hear them, particularly on the Middle East.

The President recognized that some policies of the United States would create problems for the Yugoslavs. He hoped that Kardelj would be able to resolve those difficulties in his conversations at the State Department. It is hard to change the policies, but he wanted to diminish the problems caused for the Yugoslavs by them.

He expressed the hope that US investments in Yugoslavia would grow. We would like to build plants and other facilities in Yugoslavia. However, there is a problem with US policy on investment guarantees. He and Congress prefer that those guarantees go to the poorest nations. Yugoslavia had done so well that it was difficult to justify extending guarantees to it. The US would do the best it could, but if guarantees could not be given, the President wanted the Yugoslavs to understand that there was no anti-Yugoslav motivation.

With regard to arms transfers, the President said that the US would like to supply some of Yugoslavia's needs; the Secretaries of State and Defense would be prepared to discuss that subject further. The United States is attempting to work with arms suppliers to reduce overall transfers. One means of doing so is to induce consumers to reduce their purchases. But the US is prepared to sell some weaponry to Yugoslavia, and we will talk further with the Yugoslavs. However, those discussions are within the context of a general promise—applying to all countries—to the American people to cut overall transfers each year. We will work with the Yugoslavs.

With regard to atomic power, the President stressed that the US is committed to nuclear energy but also to prohibiting transfers that could be used in nuclear explosions. There is no doubt that Yugoslavia is trustworthy and shares the same goals as the United States. Yet as the US develops laws, it may find that the rules governing sales of nuclear equipment are not as flexible as some might like. The President indicated that we would try to meet Yugoslav needs but that there might be difficulties from time to time. Again, the President hoped that problems could be discussed frankly and that any constraint would not be interpreted as a blow to our friendship for Yugoslavia. We will be as flexible as we can within the law, and the President suggested that Kardelj discuss these issues further with US Cabinet officers.

Middle East

The President asked for Kardelj's assessment of the Middle East, saying that he wanted Kardelj brought up to date and was interested in his views.

Kardelj said he had read the US statement issued that day and thought it was a step toward peace.³ In the Yugoslavs view, the Palestinians are the central issue. From the start their status has been a major cause of war. At present the Palestinians seem radical to Israel, but it is hard to keep up with their position. Yugoslavia has close contacts with the Palestinians and thinks they are ready to change. However, it is difficult for them to move without first having a guarantee of some rights. Qaddumi⁴ was recently in Yugoslavia and, knowing that Kardelj was coming to the US, asked what the US meant by "homeland."

Kardelj thought that the Palestinians were ready for peace; the Palestinian issue is a hard one, but the Palestinians seem ready to recognize Israel and the Israeli borders at the end of the first war. It is hard to see how relations between Israel and the Palestinians could be regulated, but if there were a long-term solution, then it should be possible to settle relations. The Palestinians would have access to the Mediterranean through Israel. Kardelj stressed that it would be important to have an independent Palestine; any other arrangement would be a hotbed in the Middle East, something that is up to the US to make Israel understand. Kardelj thought that with any Israeli concession the Palestinian position would soften.

³ In statements issued following Carter's meeting with Syrian Foreign Minister Abd al Halim Khaddam, and with Jordanian President of the Royal Court Abdull Hamid Sharaf and Jordanian Foreign Minister Hassan Ibrahim, the White House stressed that it had "agreed on the importance of working to reconvene the Geneva conference by the end of the year." (*Public Papers: Carter, 1977*, Book II, pp. 1677–1678)

⁴ Farouk Kaddoumi also known as Abu al-Lutf, Palestinian Liberation Organization (PLO) leader.

Finally, Kardelj noted that all Arab states have recognized the PLO as the representative of the Palestinian people. In his press conference, the President had mentioned the possibility of a flexible solution.⁵ Kardelj thought that might work but believed it important that the PLO be represented.

The President said that the US was willing to talk with the PLO, even with Arafat, but that first the PLO had to agree—as had all other states of the region—to negotiate on the basis of UN resolutions 242 and 338. As long as the PLO refuses to do that it is impossible for the US to talk directly with it. The President said he knew the PLO trusted the Yugoslavs and suggested that the Yugoslavs might use their good offices to get the PLO to make a declaration that it agreed with the principles of those UN resolutions. If the PLO wanted to add language indicating that something more than a refugee problem was involved—indicating, perhaps, the need for a homeland—that would be okay with the United States. But so far the PLO has rejected even that course. The US had signed, and the President indicated he had confirmed, an agreement with Israel that PLO acceptance of 242 was a prerequisite for US dealings with that organization. The President said he would appreciate any Yugoslav help. He looked forward to reports of Kardelj's talks with Cabinet officers.

The President presented Kardelj a book of satellite photographs, indicating that he thought one was of the Yugoslav coast. He said the photos were available to Yugoslavia any time they would be useful. Kardelj presented the President with a gift from President Tito for the President's birthday. The President expressed his thanks to Kardelj and to President Tito. Kardelj said that any time the President could come to Yugoslavia, it would be a pleasure to welcome him.

[At 11:25 a.m., the President and the Vice President left; other participants remained and the meeting continued.⁶]

⁵ In a press conference on September 29, Carter stressed that if the PLO were to accept UN Resolution 242 and the right of Israel to exist, the United States would begin negotiations with the PLO on the Palestinian question. (*Public Papers: Carter, 1977*, Book II, pp. 1687–1688)

⁶ No memorandum of conversation for the remainder of the meeting was found.

245. Memorandum of Conversation¹

Belgrade, October 13–14, 1977

SUBJECT

Secretary Brown's Meetings in Limited Sessions with Yugoslav Federal Secretary of National Defense Ljubicic

PARTICIPANTS

Yugoslavia

Federal Secretary of National Defense, General of the Army Ljubicic
Chief of the General Staff, Colonel General Potocar
Assistant Chief of the General Staff for Operations, Colonel General Radakovic
Lieutenant Colonel General Stojicic
Colonel Grkovic

US

The Secretary
US Ambassador to Yugoslavia Eagleburger
ASD/ISA, Mr. McGiffert
Army Attache, Embassy Belgrade, Colonel Bartos (notetaker)

FIRST LIMITED MEETING

This initial private meeting at 0940 on 13 October immediately preceded the first plenary session.² The purpose of this meeting, limited to the principals and a few of their assistants, was to permit a free discussion of broad strategic issues and to provide General Ljubicic with an opportunity, if he chose, to be very candid with the Secretary.

General Ljubicic opened the meeting by stressing the significance the Yugoslav Government attaches to the visit of such an important individual as Secretary Brown to Yugoslavia; that he has expectations of the relationship between the two countries expanding. However, he pointed out that cooperation of one power does not exclude cooperation

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 11/77–12/78. Secret. Drafted by Commander Eric A. McVadon on November 3; approved by David E. McGiffert on November 16. The meeting took place at the Federal Secretariat of National Defense.

² A memorandum of conversation of the first plenary session, which consisted of a general presentation of U.S. policy on arms transfers to Yugoslavia, is *ibid.* Following his meeting with Ljubicic, Brown met with Yugoslav Vice President of the Presidency Stefan Doronjoski. (*Ibid.*)

with another power and that such cooperation should not be directed against another power. He then continued into the standard explanation of the Yugoslav nonalignment policy. *Secretary Brown* replied that his influence in the USG should not be overestimated. Brown pointed out that the US military relationship was part of a general relationship which had as its objective the support of Yugoslav independence. Brown hoped that his presence in Belgrade would be the beginning of an increased military relationship. Brown invited Ljubicic to the US for a reciprocal visit. Ljubicic quickly accepted the invitation.

After stating that the time for the Ljubicic visit would be worked out, *Brown* pointed out that US-Yugoslav military arms negotiations have had difficulties in the past primarily because of trying to determine what procedures should be followed. Brown said that sometimes the US has had a long list of Yugoslav requests to which it has not responded promptly. However, when the US responded positively, the US has not heard from the Yugoslavs. Brown said that the US should respond "Yes" or "No" to the Yugoslav requests promptly, but when the US responds "Yes" to the Yugoslav requests, the Yugoslavs should buy. Brown emphasized the point by stating, "If you don't want to buy, don't ask us to sell. In return, the US will not take too much time coming up with an answer."

Brown then turned to the subject of Yugoslav tank transfers to Ethiopia. He said that he was referring to this subject to put it behind both countries; that by law the Congress had to be notified; that every effort was made not to embarrass the Yugoslav Government in public; that the issue is closed. *Ljubicic* responded that the tank issue was unpleasant; that it was a Yugoslav mistake in administration; that he was glad that the tank difficulty had been overcome; that the tank issue should not affect other arms negotiations; that it was a one-time failure in thirty years. Ljubicic, however, defended the Yugoslav action as follows: He said that the tanks were ready for scrap; that the US officials were advised of this, but the GOY received no answer nor did the USG express any interest. He repeated that the Yugoslavs made a mistake on the issue and that he was not trying to justify the mistake. He pointed out, however, that when the Yugoslavs provided tanks to Ethiopia, Soviet military instructors were not in Ethiopia but only in Somalia; that at that time the Ethiopians were more involved with nonaligned countries and less with the Soviet Union. Now there are Russian tanks and Russian military instructors in Ethiopia; the country is more under Russian control. *Brown* interjected that the problem was solved.

At this point *Ljubicic* said that arms negotiations procedures could be worked out and asked Brown about SALT II. He wanted to know where the US is in SALT and where it expects to go. *Brown* replied that in SALT II the US was interested in reduction of the strategic forces on each side, in reducing the rate of new weapon deployment and development in equality and stability to preclude either side from being tempted to launch an attack, in precluding either side from developing systems aimed at the vulnerabilities of the other side. Brown said that this last point was probably the most difficult. Also, he pointed out that the problem of that which each side defines as a strategic system and counts in the strategic aggregate continues to complicate the negotiations. Brown said that the US is concerned over the rapid build-up of Soviet ICBM's with MIRV's. As a result of this Soviet build-up, the US sees US ICBM's becoming vulnerable as Soviet ICBM numbers and accuracy increase. Brown said that the US has strategic bombers that can takeoff before the Soviet missiles land, and the US also has SLBM's which are not vulnerable. Despite this he still considered the Soviet ICBM build-up as destabilizing. Brown said that he wonders as he views the building of new Soviet ICBM's and the enlargement of air defense and civil defense systems whether the Soviets really plan to survive a thermonuclear war. He said he viewed such an idea as unrealistic, but if the Soviets believe they can, then it is a very dangerous situation. Brown said that from the US side, the main impediment to an agreement stems from the inability to establish agreeable limits on the Soviet buildup of ICBM number and capability and the inclusion of Soviet Backfire bombers which the US believes to be strategic because they can reach the US. The Soviet side contends the Backfire is not strategic and does not want to include it in the strategic aggregate. From the Soviet viewpoint, US cruise missiles present a serious impediment to an agreement.

Brown then proceeded to outline the cruise missile issue. He said that there were two general kinds of cruise missiles: those launched from an aircraft and those which are land-based or sea-based. He said that the air-launched cruise missile was needed to penetrate Soviet air defense. He said that, if air defenses are formidable, air-launched cruise missiles are needed to penetrate them, since it is difficult for a bomber to do so. Turning to the sea-based or land-based cruise missile, Brown said that these systems present a political-military problem because they might be based in or near Europe. The issue of the sea-based and land-based cruise missiles is further complicated by the fact that the Soviets have deployed SS-20 MRBM's with MIRV's opposite NATO countries. The Soviet Union does not consider this system strategic

because it does not have enough range to reach the US and, therefore, believes it should not be limited in SALT; Brown then pointed out the inconsistency of Soviet arguments when attempting to limit US land-based and sea-based cruise missiles and at the same time deploying the SS-20 MRBM's.

Brown indicated that the US and the Soviets were close to a SALT II agreement; however, in this agreement, the resolution of some issues would be postponed. Brown said at Vladivostok a strategic aggregate of 2400 was agreed upon, but now both sides have reduced their number and are negotiating at between 2160-2250. Brown emphasized that this is not a concession because the agreed number would be equal for both sides.

Brown mentioned other proposals under negotiation: (1) 1200-1250 ICBM/SCBM MIRV's with a sub-limit of 800-850 land-based ICBM's with MIRV's. (2) The agreement would extend until 1985. (3) There would be a limit on the deployment of sea-based and land-based cruise missiles beyond 600 kms. All tests beyond 600 kms would be air-launched. (4) The limit on air-launched cruise missiles would be 2500 kms, but this would be for a three-year period. (5) The limits on the mobile missiles would apply to deploying and testing the missile but not to testing the launchers. (6) Some sort of assurance of limitation on Backfire bombers, possibly involving production rate, refueling and training. *Ljubicic* asked a question to clarify the 2500 kms limit. *Brown* said that it would apply for three years to air-launched cruise missiles. *Ljubicic* was satisfied with the explanation. *Brown*, continuing to comment on SALT, said that the bombers and cruise missiles are less destabilizing than ICBM's as it takes longer for them to get on target; i.e., about eight hours. *Ljubicic* commented that SALT II agreement appears to protect the interests of the Soviet Union and the US; for example, a 600 kms cruise missile from [less than 1 line not declassified] would be militarily significant to Yugoslavia, so from the Yugoslav standpoint there would be no difference in the 2500 or 600 kms limits. *Brown* said that the 600 kms and the 2500 kms cruise missile limits make a difference to the Soviet Union.

Ljubicic then asked if there was an attempt to reduce the stock of [less than 1 line not declassified]. *Brown* replied that this issue is not included in SALT and explained the omission of forward-based systems as nonstrategic systems in SALT. Brown cited Soviet SS-4, SS-5, and SS-20 missile systems and US aircraft that are forward-based as excluded in all negotiations. He said that such systems could be included in a separate forum or a SALT III agreement. *Ljubicic* told Brown that he did not ask about systems that threaten Russia, but that he is talking about stocks of nuclear weapons that threaten Yugoslavia. He said that he would like to see detente enlarged to all countries, to make the world more secure. *Brown* said that he understood.

Ljubicic then asked Brown if he thought Yugoslavia could produce a 300 kms cruise missile. Brown said it could be produced in the future easily. *Ljubicic* (jokingly ?) asked Brown if he would provide assistance to produce such a weapon. *Brown* said "No." Then Brown said that it is still not clear whether a cruise missile is a good means to deliver a nuclear weapon. *Ljubicic* said that he was against a monopoly of any kind. *Brown* retorted that proliferation is worse.

Ljubicic asked what Brown could tell him about the neutron bomb. He said that SALT as it concerns Yugoslavia is a ratio or balance between big powers; that it is concerned with strategic weapons systems and does not contribute to general disarmament in the conventional sphere; that new conventional armament is taking place: new Soviet bombers, tanks, satellite bombs, meteorological warfare. It was in this context that *Ljubicic* asked about neutron bombs. *Brown* replied that some of the things that *Ljubicic* mentioned are ideas and some are more than ideas. Brown said he thought that nuclear weapons should be limited at as low a level as possible but that this level must be balanced. He added that the US can compete in all areas; that the Soviets have concluded that they can compete better in military areas and the US, therefore, must be prepared to respond to this Soviet emphasis by taking appropriate action. *Ljubicic* said that, when Tito talked to Brezhnev, Tito concluded that Brezhnev was genuinely interested in detente. *Brown* then went through an explanation of the effects of neutron bombs. He talked about how the blast effect is reduced and how the radiation is increased, making a comparison with an ordinary nuclear weapon. He pointed out that the bombs were designed mainly for use against large tank columns; that the use of such bombs would force tank columns to disperse, thus reducing the effectiveness of large tank formations. Brown said that such weapons would not reduce the threshold of nuclear war and would not be used unless there was an invasion. He emphasized US political control and the impact of the weapon on the prevention of war. *Ljubicic* agreed that he saw the military justification for such a weapon, but added that if war started such a weapon could be used on small countries. He recalled a conversation of the subject of neutron bombs with the Soviet Minister of Defense, Ustinov, who said that now that the Americans were developing such a weapon system, Ustinov would have to assure development of such a weapon for the Soviet Union. *Brown* said that use of tactical nuclear weapons is a political question. Each country has to decide for itself whether such weapons increase or decrease the chances of nuclear warfare.

Brown said that because of the sensitivity of the Yugoslav-US relations, the demands of the Western press, and presence of many

reporters in the city covering CSCE he planned to provide background information to the reporters at a press conference in order to make sure that the inevitable news stories were accurate. *Ljubicic* agreed. After an exchange of pleasantries, the meeting broke up.

SECOND LIMITED MEETING

The second private meeting between SecDef and General *Ljubicic* took place at 0840, 14 October in the Defense Secretariat.³

SecDef began by explaining that he requested the meeting after *Mr. Bernardic* expressed to Ambassador Eagleburger the concern of the Yugoslavs over the results of the first plenary session. SecDef did not want such issues to remain unanswered, nor that the US side be misunderstood. He stressed that he viewed his visit as the beginning of a process and did not plan to reach final agreements during the visit. He repeated his exposition of the previous day concerning the recent decision by President Carter to increase military sales to Yugoslavia of defensive weapons but not to transfer sensitive technology. This decision was taken concurrently with the President's decision to reduce arms sales worldwide, and the significance of these two decisions should not be overlooked. He explained that the purpose of this visit was to describe the new Presidential decision and to begin the process of putting it into effect. It will be a lengthy process requiring more meetings, probably at a lower level. The *Secretary* said that he hoped to see General *Ljubicic* in the United States when such a trip would be convenient.

Brown said that further staff meetings will be necessary and the specifics of individual weapons will result from such meetings. That will take time. Concerning the new procedures, there must be full understanding on both sides in order to overcome past problems. We must understand Yugoslav needs for equipment in order for US to meet the needs. The *Secretary* explained that the Yugoslav Embassy in Washington will still play an important role. Many past problems resulted from absence of a single US point of interest. The various agencies involved—American contractors, American military services, our Defense Security Assistance Agency, the Embassy in Belgrade—do not always know what the others are doing. He suggested that we should initiate the new process by sending an expert from Washington who is thoroughly familiar with our procedures to advise our Embassy and Yugoslav officials and, if the Yugoslavs wished, the Yugoslav

³ The second plenary session, which followed the unscheduled private meeting on October 14, consisted of a Yugoslav presentation of military cooperation with the United States and Yugoslav expectations. (Ibid.)

defense attache in Washington, Col Vuckovic, could accompany the experts to help get the new process underway.

The *Secretary* said that when General Cemalovic⁴ meets with General Fish⁵ in Washington on 17 October, we will discuss various candidate systems in which General Cemalovic expressed interest—air defense systems, air-ground anti-tank weapons, and other Air Force systems. *General Ljubicic* interjected that the aircraft engine would also probably be discussed, to which *Secretary Brown* agreed.

The Secretary said that certain weapons are consistent with Yugoslav interests and with our new arms transfer policy concerning sensitive technology. He pointed out examples, specifically Harpoon, in which the US said “No” not only to Yugoslavia but also to others who were either friendly but not Allies, or were Allies, and cited Kuwait, Bahrain, United Arab Emirates, the Philippines, and the Republic of China. He said that we want to be clear that we are not singling out Yugoslavia for negative treatment.

Secretary Brown said that the definition of sensitive technology depends upon time. In some cases our policy prevents transfer now. In those cases, SecDef proposed that we would first discuss Yugoslav needs and when those needs must be filled, and then discuss alternatives, since some alternatives may not be sensitive enough to prevent their future release.

The Secretary assessed overall US-Yugoslav relations as improving in economic, political, cultural, and in military areas since the Mondale visit. He described the purpose of his visit as beginning and advancing the consultation process in order to advance military relations as progress is made in other areas. He completed his statement by expressing the hope that he has cleared up any misunderstandings, but noting that the US is still unable to transfer all systems desired by the Yugoslavs. *General Ljubicic* thanked SecDef for his information. He recognized the impossibility of much progress in an initial meeting. He stated that if the US offered many things now, Yugoslavia probably could not absorb them all. However, he considered that the list could contain more equipment than it did. *General Ljubicic* stated that the Yugoslavs understand US regulations and our organization and will try to adapt to us. He continued that one responsible for the Defense of his country must consider why it is impossible to acquire necessary equipment. Certain time is required, and patience will be required. He

⁴ Colonel General Enver Cemalovic was commander of the Yugoslav Air Force and Air Defense Forces.

⁵ Lieutenant General Howard M. Fish was Deputy Assistant Secretary of Defense (International Security Affairs) for Security Assistance and Director of the Defense Security Assistance Agency until March 1978.

acknowledged that more was expected than was offered, but that this fact in no way decreases the significance of Secretary Brown's visit. It opened the door and more will come later. *The Secretary* agreed and responded that we should move forward now and try to resolve problems which exist.

General Ljubicic stated that regarding procedures, the American expert can come. He added that Yugoslavia does not want to create problems with the administration and Congress, and that there are people who oppose cooperation with Yugoslavia. *SecDef* concluded the meeting with the observation that the modest expansion of military relations and arms transfers will be generally popular and approved by the American people and Congress.

246. Memorandum From Secretary of Defense Brown to President Carter¹

Washington, October 20, 1977

SUBJECT

Report on Trip to Yugoslavia and Italy

Last week I went to Yugoslavia to begin the process of modestly increasing our military relationship with the GOY, to Bari in southern Italy to attend the NATO Nuclear Planning Group meeting, to Rome to meet with senior Italian officials, and to the Sixth Fleet at sea in the Mediterranean. I believe we accomplished a number of positive objectives, and also avoided negative effects. Ambassadors Gardner and Eagleburger, as well as our senior military commanders in NATO, contributed substantially to that result.

Yugoslavia. I was warmly treated throughout the visit: the Yugoslavs were clearly interested in promoting a better relationship. I met principally with Defense Minister Ljubicic and a few colleagues, but also paid calls on two other members of the ruling hierarchy (Doronjski and Djuranovic). Tito was in Paris.

Each side's litany provided the framework for the discussion. On our side, this was an expression of support for the independence,

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Agency File, Box 4, Defense Department: 10-11/77. Secret. Carter wrote at the top of the first page: "Good report J."

territorial integrity, and non-alignment of Yugoslavia. On their side, it was their desire for improved relations without prejudice to their cherished non-alignment and national unity.

They implied they were more afraid of an attack by Bulgaria² than by the Soviet Union. But if they were overmatched, they were (they said) prepared to retreat to the mountains, as in World War II, and fight on as guerrillas. On the political side, they would not admit that their internal ethnic differences created political instability, but they were at least willing to recognize the potential for such trouble. They noted that Albania and Bulgaria both claimed Yugoslav territory.

They asked about SALT, including cruise missiles, and I gave quite a detailed explanation. Ljubicic remarked that, while a SALT agreement might beneficially limit systems by which the US and Russia threaten each other, it would not necessarily make the smaller countries more secure. He asked about reduction of [*less than 1 line not declassified*]. I responded that that issue was not included in SALT although eventually forward-based and other non-strategic systems would probably be dealt with in SALT or some other forum. Ljubicic asked about the neutron bomb and I explained its military purpose.

As to an enhanced military supply relationship, I outlined our desire to be forthcoming within certain limits (e.g. defensive weapons only, no sensitive technology) and stressed the need for better procedures to avoid the misunderstandings of the past. I gave a few illustrations of weapons which we would be willing to provide and which we would not be willing to provide. By pointing out that you had endorsed enlarging the US-GOY relationship while at the same time ordering a world-wide reduction in our arms transfers, I noted our special interest in them.

While they welcomed the US attitude in general, the Yugoslavs expressed disappointment as to specifics. I believe this concern was somewhat alleviated by my emphasizing that our visit was designed to start a process rather than to result in definitive decisions. They indicated that their principal interests lay in high technology anti-armor, anti-air and anti-landing (helicopter and airborne) weapons. While we can modestly expand our relationship, the process will not be easy because Yugoslavia's desires will frequently involve systems too sensitive for release. Most of their arms purchases (they say they make 75 percent themselves) are from the USSR. They buy about 550 million a year from the U.K.; our own sales are no more than a couple of million a year.³

² Carter underlined "Bulgaria."

³ Ermarth wrote in the margin next to this paragraph: "10/31 DOD informed NSC that 550 should have read 50."

I invited Ljubicic to visit the US sometime next year and he quickly accepted. We will use that visit as a target against which to manage plans for improving the military relationship. The next steps will be a visit to the US (now underway) by the Chief of the Yugoslav Air Force and a visit to Belgrade by US experts to explain FMS procedures.

[Omitted here is Brown's report on the NATO Nuclear Planning Group and his conversations in Rome.]

**247. Memorandum From the Executive Secretary of the
Department of State (Tarnoff) to the President's Assistant for
National Security Affairs (Brzezinski)¹**

Washington, February 10, 1978

SUBJECT

Tito Visit: Export License for Nuclear Fuel for Krsko

As before the Vice President's visit to Belgrade last May, the most serious issue in our relations on the eve of the Tito visit is the dispute over nuclear exports to Yugoslavia. At that time a compromise was worked out permitting the Nuclear Regulatory Commission to license the export of the Krsko nuclear reactor on the basis of, inter alia, Yugoslav agreement to negotiate with us on the conditions governing use of fuel in Krsko. The current issue involves the precise nature of U.S. approval rights over retransfer and reprocessing.

Yugoslavia, which is a party to the NPT, a cooperating member of the IAEA, and a participant in INFCE, has consistently indicated its willingness to accept universally applicable safeguards which result from new international agreements. The Yugoslavs, however, have resisted what they regard as U.S. attempts to impose additional, unilateral and discriminatory conditions on existing agreements. They have also said they are unwilling to "tie their hands" with regard to a future reprocessing option. (We are aware of no current Yugoslav plans to recycle or reprocess.) Furthermore, the Yugoslavs have been extremely

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: President Tito, 3/6-9/78: Cables and Memos. Confidential. The memorandum was requested during an interagency meeting at the Department of State on February 7 held to discuss the status of preparations for the Tito visit. (Telegram 36703 to Belgrade, February 11; National Archives, RG 59, Central Foreign Policy File, D780063-0954)

sensitive to any proposed conditions which do not already apply to other recipients of U.S. fuel. They have in particular focused on U.S. willingness to ship fuel to India—a non-NPT party with a “bad record”—and argue that Yugoslavia should in no case be asked to provide more, in the way of assurances, than did India.

Although the existing agreements on Krsko give the U.S. most of the assurances required immediately by our pending nuclear legislation, they fail to provide us with prior approval rights over reprocessing of U.S. fuel and they cover retransfer of only the first fuel core. We have been seeking additional Yugoslav assurances which not only satisfy these immediate criteria but which also would be consistent with the legislative requirements for new agreements, i.e., U.S. approval rights over disposition of *any* fuel used in a U.S.-supplied reactor. We have explained to the Yugoslav Government that since we expect to continue to cooperate with Yugoslavia in nuclear energy programs, we would prefer to resolve the entire issue now rather than to work out a “quick fix” on U.S. fuel only and then have to renegotiate that agreement within the 18 month time limit of the legislation. Furthermore, an agreement on U.S. fuel only would be more difficult to sell to the NRC. Should the Yugoslavs resist our proposed long-term solution, however, it may be necessary to work out a compromise combining approval rights on U.S. fuel with a provision for exclusive use of U.S. fuel in the Krsko reactor.

Following discussions in Washington in late December, we will resume negotiations in Belgrade February 16–18 in the hope of resolving this issue before Tito’s arrival². However, the Yugoslavs—who have already indicated that Tito will personally make the final decision on what additional assurances can be given—may decide to raise this problem in the Presidential talks in March.

Peter Tarnoff³

² During a meeting in Belgrade February 17–18, the U.S. negotiating team met with the Yugoslav team and reached a tentative understanding on dealing with the nuclear fuel issue for the Krsko reactor. (Telegram 1407 from Belgrade, February 21; National Archives, RG 59, Central Foreign Policy File, D780079–0755) A final agreement consisted of an exchange of letters among the Department of State, the Yugoslav Foreign Ministry, and IAEA covering the disposition of spent fuel from the Krsko plant. (Telegram 49293 to Belgrade, February 25; National Archives, RG 59, Central Foreign Policy File, D780087–0054)

³ David Anderson signed for Tarnoff above this typed signature.

248. Memorandum From Robert Hunter of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, February 15, 1978

SUBJECT

Tito Visit: Economic Cooperation

Larry Eagleburger proposed the setting up of a government-to-government economic commission with Yugoslavia,² to replace the current non-governmental one, as part of Tito's visit. We asked State, Commerce, and Treasury for a recommendation. (See Tab II.)³

They have recommended that there be two working groups, instead—one here and one in Belgrade—which could meet alternatively every few months.⁴ Commerce Assistant Secretary Weil would co-chair the one here; and Eagleburger there. This course was chosen because:

—the nature of the Yugoslav economy does not require the same kind of apparatus as for Poland, Romania, or the Soviet Union;

—the Yugoslavs would probably prefer having an arrangement different from that of other states; and

—once meetings start at a high level, they cannot then be downgraded.

We sought a further judgment on this point, especially in view of Larry's initial recommendation. State says that he now concurs, and thus so do I.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-3/78. Confidential. Sent for action.

² Noting the successful development of relations between the United States and Yugoslavia during the first year of the Carter administration, Eagleburger proposed the creation of a joint economic/trade commission chaired at the Assistant Secretary level to better coordinate U.S. policy in the economic field. (Telegram 8574 from Belgrade, December 5, 1977; National Archives, RG 59, Central Foreign Policy File, D770450-0304)

³ Attached but not printed is a December 28, 1977, memorandum in which Brzezinski requested the opinion of the Department of State on the idea of establishing a Joint Economic Council with Yugoslavia. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-3/78) Hunter initially proposed setting up both a Joint Economic Council and a Joint Defense Council, but both Brzezinski and Aaron opposed the idea of a Defense Council. (Ibid.)

⁴ Tarnoff forwarded the Department's concurrence in a memorandum to Brzezinski on January 16. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-3/78)

RECOMMENDATION:

That you approve the memorandum for Secretary Vance at Tab I.⁵

⁵ Attached but not printed is a February 17 memorandum in which Brzezinski informed Vance that “your recommendation for two U.S.-Yugoslav Economic/Commercial Working Groups” was approved and noted that “while this approach may be discussed and agreed with the Yugoslavs now, public announcement should be reserved for President Tito’s visit to Washington.”

**249. Telegram From the Embassy in Yugoslavia to the
Department of State¹**

Belgrade, February 24, 1978, 1600Z

1570. Subject: Tito Visit—The Bilateral Relationship.

Overview:

1. Tito’s visit to the U.S. culminates more than a year of substantial improvement in most areas of our bilateral relationship. The Yugoslavs were quick to perceive in the foreign policy of the Carter administration a more positive approach than they felt had existed in previous years toward the development of good bilateral relations and toward a number of international issues important to them, such as the nonaligned movement, North-South dialogue, and problem areas in the Middle East and Africa. This perception, reinforced by concrete steps demonstrating the importance both sides attached to a strengthened relationship and expanded cooperation—notably the Mondale, Kardelj and Brown visits and the Presidential correspondence—generated a momentum that has led to what is widely regarded by Yugoslavs as the best state of U.S.-Yugoslav relations since World War II. Against this positive background, however, two major issues—ExImBank operating procedures and Krsko fuel supply—remain unresolved on the eve of the Tito visit, while a third important issue—military cooperation and sales—awaits tangible implementation.

Political:

2. The tone of political relations with Yugoslavia has improved profoundly in the past year. Issues now regarded by the Yugoslavs as

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780086–0612. Secret; Immediate.

minor irritants would have been treated in a more serious light before this period. The Yugoslavs recognize that in pursuing a political dialogue at all levels the U.S. has sought an enhanced, mature, cooperative relationship without papering over matters on which we do not agree. The Yugoslavs have shown a willingness to respond to this approach. The personal correspondence between Presidents Carter and Tito on key international issues has been an important element in creating an atmosphere of confidence and cooperation at the senior levels of government. The Yugoslavs must also be aware that Tito's visit to Washington is, significantly, the first by a Communist country leader during the Carter administration.

3. The response on the party level has been longer in coming. However, the LCY's acceptance of a joint invitation from the Democratic and Republican National Committees to send a delegation to the U.S. in the fall promises the possibility of an even larger extension of the political dialogue.

4. Our recent actions in the U.S. with regard to the apprehension and legal prosecution of emigre terrorists have temporarily mitigated a major and traditional problem in our relations.

5. Nevertheless, our political relations still are fragile and any of a host of unforeseen developments could adversely affect their positive movement—grievous decisions emanating from the Belgrade Non-aligned Meeting this year, an upsurge of anti-Yugoslav emigre activity in the U.S. (especially during the Tito visit), fallout from the CSCE Conference, the misreading of an incident similar to the "overflights" occurrence. An important objective of the political dialogue is to help insure that we are able to weather such occurrences.

Economic/Commercial:

6. It is in the economic and commercial area—perhaps more than any other—that we can give concrete expression to the overall general improvement in our bilateral relations. At the same time, however, it is also the economic area in which disappointments over unfulfilled promise can be greatest, and in which we now face a severe bilateral problem—the current impasse over ExImBank's operating procedures in Yugoslavia.

7. The present state of the Yugoslav economy and Yugoslavia's economic balance between East and West provide both foreign policy and commercial incentives for us to capitalize on the current status of our bilateral relations. Committed [to] continuing a high rate of economic growth domestically (GNP and industrial production rose by 7 percent and 9.4 percent, respectively, in 1977), Yugoslavia has had to rely on increasing imports of foreign equipment and technology, and has had to borrow heavily abroad to pay for them. Now, increasingly concerned by their growing economic reliance on the Soviet Union (the

USSR accounted for 16.4 percent of total Yugoslav trade in 1977) and alarmed by their burgeoning trade deficit with the Common Market (2.4 billion dollars in 1977), the Yugoslavs are clearly receptive to expanded trade and economic cooperation with the U.S.

8. U.S. trade with Yugoslavia—which, according to U.S. statistics, amounted to somewhat less than 700 million dollars and was nearly balanced in 1977—is still in the developing stage but with a clear potential for future growth. While Yugoslavia has been traditionally oriented to West European suppliers and, for both political and economic reasons, has channeled a substantial part of its trade to the East, there is widespread interest in U.S. products and equipment because of their reputation of quality and advanced technology. In the past several years, U.S. companies have been increasingly active in exploiting market opportunities both through direct sales and joint ventures with Yugoslav partners. The U.S. is currently second among all countries in the number of joint ventures (17) and first in total equity participation (168 million dollars). Recently concluded joint ventures involving Dow Chemical and General Motors have received considerable attention and have been cited as the kind of cooperative arrangements that contribute to Yugoslavia's economic development. Westinghouse is the supplier for Yugoslavia's first nuclear power plant at Krsko, and is bidding actively on two major hydro and thermal power projects. General Electric and GM are presently setting up business offices in Belgrade.

9. Against this background, the current impasse over ExImBank's operating procedures in Yugoslavia assumes major significance. The Bank has been an important source of financing U.S. equipment sales to Yugoslavia, and its current overall exposure here is close to one billion dollars. For large industrial projects requiring long-term loans, in particular, ExIm financing has been a key ingredient. Having informed ExIm that they could no longer furnish "superguarantees from the National Bank, the Yugoslavs are currently considering whether they can accept as a basis for discussion ExIm's proposals for a solution based on joint commercial bank guarantees, foreign exchange assurances for loans over five million dollars, and governmental guarantees in exceptional cases. In the meantime, the Yugoslav authorities have informed their banks and enterprises that ExIm facilities are not currently available for financing imports from the U.S. Having reached the point of confrontation, the issue represents a major irritant in our bilateral relations on the eve of the Tito visit, and resolution of the problem will be difficult unless the Yugoslavs are prepared to break off their intransigent—albeit principled—position and demonstrate the same willingness to negotiate which ExIm has shown.

10. The bilateral air agreement signed in December 1977 has settled our major civil aviation difficulties with Yugoslavia, at least for the

moment. Although JAT received increased frequencies and capacity rights in the agreement, the Yugoslavs are likely to press for additional U.S. gateways (such as Chicago or Los Angeles) in the future.

11. There are no major outstanding bilateral agricultural trade problems at this time. Although the two-way trade balance in agricultural products still favors Yugoslavia, it narrowed appreciably last year to about 10 million dollars, due to increasing imports of soybeans and soybean meal. If the GOY accepts the CCC credits for soybean purchases currently being offered, then the agricultural trade gap should close in 1978, even though our imports of hams are expected to increase.

12. The establishment of joint U.S.-Yugoslav economic working groups, which we have proposed to the Yugoslavs as part of the Tito visit, should provide a useful inter-governmental mechanism to address economic and commercial problems on a regular basis.

Nonproliferation: Nuclear License for Krsko:

13. The trilateral agreement with the IAEA and GOY for the supply of nuclear equipment and material for the Krsko nuclear plant being built here by Westinghouse does not conform to the criteria for nuclear exports now required by the USG and contained in pending antiproliferation legislation. In December 1976, the Department moved to rectify this and asked the GOY to grant the U.S. approval rights on retransfer and reprocessing. The GOY has refused to accept any new conditions unless internationally agreed. The Yugoslavs claim that the U.S. request infringes national sovereignty, could impede their economic development, and is unfair given Yugoslavia's record on nonproliferation. To avoid delaying the project, an equipment export license was issued last May in return for the GOY's commitment to negotiate the conditions for the fuel export. Negotiations held on February 17-18 produced a possible solution. However, the GOY may not have time to react before the Tito visit. If Tito raises this issue, and he probably will, we suggest a reply along the following lines:

—Place Krsko in the broader context of U.S. international policies on disarmament and nonproliferation.

—Note that the USG and GOY objectives in nonproliferation are identical.

—Note that USG nonproliferation policies are nondiscriminatory and that the U.S. is not asking more from GOY than from other nations.

—Praise spirit of cooperation shown by Yugoslav side during negotiations.

—Hope that a mutually satisfactory resolution will be found before the fuel should be exported, autumn 1978.

Scientific Cooperation:

14. There are clear indications that the decline of bilateral scientific cooperation will be raised during the Tito visit. On November 24, 1977,

Finance Minister Cemovic wrote to Secretary Blumenthal² asking that U.S. Federal annuitants in Yugoslavia be paid in dollars (at current rates 12 million dollars annually) thus freeing dinars to support scientific and cultural cooperation. A president of the Academy of Sciences and Arts is included on the official delegation. Indeed, the subject has rarely passed unmentioned in high-level visits and, given the rate at which the scientific cooperative program is winding down, and our stock of dinars is dwindling, this is probably the last chance for saving the joint program. We recommend replying as follows:

—The Cemovic request is being given serious consideration.

—The existence of U.S.-owned excess dinars was a special circumstance that has come to an end.

—The USG is exploring possibilities for continuing cooperation.

Military Cooperation:

15. An important U.S. objective in Yugoslavia is to develop closer contacts with the Yugoslav armed forces (JNA) than we have now. The JNA and the LCY are Yugoslavia's two strongest and most durable politically-related institutions, and the political influence of both has increased in the last six years. JNA's ties to the political center have been increased by a strong LCY organization within the JNA. In his Dec. 22, 1977 Army Day toast, Tito called on the military to continue its role of helping to preserve the unity of the nation, an unnecessary reminder that the military is certain to be a determining factor in the post-Tito era. In fact, under less than stable post-Tito conditions, the military could become the strongest element in determining the succession and charting the country's future. Tito, as Supreme Commander of the JNA since its creation during World War II, has long been involved intimately with this formidable all-Yugoslav institution.

16. In pursuit of our objective and complementary to the other facets of our bilateral relationship, we have been attempting to enhance military-to-military cooperation. This cooperative effort comprises several components: (1) maintaining a regular series of ship visits to Yugoslav ports, and seeking to have an NPW visit at a favorable time; (2) beginning a program of ship repairs in the Yugoslav shipyard at Tivat; (3) seeking a mutually acceptable solution to overcome the barriers, mostly financial, which now prevent JNA officers (the future military leaders of Yugoslavia) from receiving professional U.S. military training; (4) establishing a military cooperation working group to examine periodically all our activities; (5) high-level visits; and (6) military equipment sales. Of all these, the last two are of most immediate

² Not found.

interest to the Yugoslavs, and the last may be the key to a successful relationship.

17. With the number of high-level visits last year and proposed for this year, the pace has never been so high. In 1977 SecDef Brown and CNO Holloway came to Yugoslavia and Yugoslav Air Force C/S Cemalovic visited the U.S. This year visits are being planned for USAF C/S Jones to Yugoslavia and Yugoslav DefMin Ljubicic and Army C/S Potocar to the U.S. These visits afford opportunities to instill confidence in U.S. strength and intentions and to develop personal relationships between the leaders of the respective defense establishments. In addition, from the Yugoslav side, the sales question is always high on the discussion list, and thereby has become an important element of the confidence equation.

18. Beginning with dependence on the Soviets from 1945 to 1948, the GOY has turned alternately to East and West for its military equipment and training. After the massive U.S. grant military assistance program of the 1950's, the GOY chose not to renew the assistance agreement. Once again the Soviets became Yugoslavia's main foreign military supply source. It still is, although the GOY has built a domestic military industry providing the JNA with between 65 and 85 percent of its military needs. However, after the Soviet invasion of Czechoslovakia in 1968 the GOY started looking beyond the USSR toward Western Europe and the U.S. for other foreign sources. A sore point with the U.S. has been the GOY's desire for equipment of sensitive (and often classified) technology and the USG's reluctance to provide this sort of equipment to the Yugoslavs. However, USG policy decisions in the last few years, the most recent in 1977 by President Carter, have encouraged a modest sales program increase including the consideration of sophisticated equipment on a case-by-case basis. Nevertheless, the only major items on which we have been forthcoming have been those which do not contain the latest technology. While it may take years to reduce the Yugoslav dependence on the USSR in many areas, this is a Yugoslav goal, and we, together with other Western nations, should do what we can to assist. Consequently, we have recommended that a policy decision be taken to free at least one major item of Yugoslav interest. Up to now the totality of turndowns on sophisticated equipment must evoke a sorry image in the Yugoslav view. To alter this impression we must demonstrate that we are more than willing to support a qualitative change in the relationship.

Consular:

19. A continuing source of concern in the area of Consular relations is the absence of agreement concerning U.S. access to detained Americans who are dual nationals. In 1972 the Embassy attempted to negotiate an agreement, in the spirit of Article 36 of the Vienna Convention,

which would guarantee Consular access to American citizens who are also considered to be Yugoslav citizens. The GOY turned the U.S. proposal down primarily for two reasons: (1) Yugoslav citizenship and nationality laws do not permit foreign Consular access to Yugoslav citizens who happen to have another nationality; and (2) if such an agreement were signed other countries (Canada, Australia, France, etc) would demand the same arrangement. In 1974 the GOY circulated a so-called pro memoria to all diplomatic missions in which it declared that such agreements would be “contrary to the constitutional principle of the equality of Yugoslav citizens before the law. . .” The GOY did promise to “take into account” the fact that a person detained also possessed another nationality.

20. In the Embassy’s view, only a carefully drawn and executed agreement on receiving-state responsibilities regarding notification and access in the case of limitation of personal freedom of sending-state nationals will assure the interests of both governments in this troublesome and potentially poisonous area of our Consular relations. Cases of this nature continue to arise, straining our otherwise good relations, and efforts should now be made to remove this problem area in the near future.

Cultural and Informational Activities:

21. Cultural and information programs have also played a major role in the development of bilateral relations. Exchange activities, particularly the Fulbright and International Visitors programs, strengthen ties between the two countries. Complementing activities of the Embassy, U.S. Information Centers (USIC) in Belgrade, Zagreb, Ljubljana, Skopje and Sarajevo offer another means for advancing U.S. interests in Yugoslavia. With resident American officers, these centers provide not only an American presence in the community, but a unique outlet in five of the six Yugoslav Republics for American ideas.

22. As Yugoslavia enters the transitional period leading to the post-Tito era, we can act to put the United States into a position of influence by intensifying cultural and information contacts and exchanges, and by expanding them into areas of the society which have been all but untouched until now (such as the LCY, SAWPY, social scientists and regional political groupings).

Eagleburger

250. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, February 26, 1978, 1356Z

1584. Subj: The Tito Visit in Perspective.

1. Very little that affects the future of the foreign policy of the United States can be predicted with confidence. But (as in so many other things), Yugoslavia is an exception to the rule. We can be absolutely positive of one thing, and reasonably certain of another:

—The certainty: Despite all the evidence to the contrary, Josip Broz Tito will not live forever. Indeed, it is unlikely that he will still be around when the Carter administration leaves office.

—The probability: There will follow in the wake of Tito's demise a period of internal uncertainty and international tension in the heart of Europe, with the ever-present danger that uncertainty will degenerate into civil war and tension escalate to crisis.

2. These two factors—The certainty of Tito's death and its potential consequences—must lie at the heart of our thinking about the substance of our bilateral relationship. And since the Tito visit will inevitably influence the development of that relationship, these factors are relevant to the trip as well.

3. The key question is not so much what we will do when or after Tito passes (important as that is), but what we can do beforehand to put ourselves in a position to have as much influence as possible on the course of events in the post-Tito period.

4. Under a worst-case scenario Tito's death could unleash immediately, or within a reasonably short period, a clash among Yugoslav nationalities, or a vying for power among the residual leadership, or both, that would result in massive instability. And who could predict with confidence what the Soviets might, under such circumstances, be tempted, "invited," or feel compelled to do?

5. I make no claim that these events will come to pass. Indeed, I believe it improbable that they will. Certainly there are other less horrendous scenarios that are more within the realm of the possible. But some degree of uncertainty and instability, even if only of a very temporary nature, is virtually certain. And it is during that period of uncertainty and—if the crisis passes uneventfully—the institution-building that will follow after, that the US can have its greatest and

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780089-0117. Secret; Niact Immediate; Exdis. According to another copy, Eagleburger drafted and approved the telegram. (Ibid.)

most productive impact. But we will be in no position, at that late date, to influence events or forestall mistakes unless we have taken full advantage of whatever time we still have to build the bridges of understanding, confidence, and—most important—common interest, that will give us meaningful access to the forces that will shape post-Tito Yugoslavia. Those who will lead, when the old man is gone, must not be left to feel isolated from the West, or that the Soviet Union is the only nation whose interests must be taken into account.

6. Nor should we lose sight of the fact that the chances are relatively good after Tito, for a slow transformation from what must now be classed as a repressive (yet by no means highly repressive) regime. Tito has moved Yugoslavia a long way from the Stalinist state it once was; indeed the process of liberalization over the course of the past 30 years has been remarkable. But so long as he remains, the pace of further improvement in the rights enjoyed by Yugoslavs—whether human or political—will be strictly limited. He is too much a product of his past, too much a victim of the cult of hero-worship that has grown up around him, ever to permit much more freedom than now exists. But the seeds have been planted, and there will be substantial elements in the society, after Tito departs, that will want to move toward something more akin to the realities—if not the forms—of Western democracy. They will need support, encouragement, advice and guidance. And we ought to be among the first to whom they turn, out of a confidence born of the experience of having known and worked with us in the time before Tito exited.

7. These not-so-long-term aims are far easier to describe than to achieve. But if they make sense, then our objective ought to be to define and implement programs that will build a web of relationships which will create, first, a better understanding of the interests and actions of each side, followed by growing shared interests, the loss of which would be painful to both parties, and, eventually, access to critical elements of the society that have thus far been largely closed to us (e.g., the Party and the military).

8. We should, therefore, take full advantage of the opportunities the Tito visit offers to establish that web of relationships. The work is already well begun; the months of the Carter administration have seen a steady improvement in our relations to a point where they are as good as they have been since the end of World War II. The visit should be seen as an affirmation of that progress and a commitment to its continuance. Tito should return home convinced that the United States is a friend, that we understand the imperatives of Yugoslavia's peculiar international circumstance, and support its independence and non-alignment, even though we will sometimes disagree on the specific positions that circumstance and Yugoslav prejudices dictate.

9. During the visit we should:

—Listen with respect to Tito's thoughts on the world scene (we might even learn something), give him a clear picture of what is on our mind, and seek to influence him on specific problems where he and Yugoslavia have significant influence, e.g., disarmament, the Middle East, Korea. Tito rightly considers himself a world figure and statesman and we ought to let him know we share his high opinion of himself. President Carter's letters have had an enormously positive impact and he should indicate that the practice will continue.

—Recognize Yugoslavia's role as a leader of the nonaligned and use the opportunity of this visit to demonstrate US understanding of the strength and importance of that movement. At the same time, we should underline that: (a) recent shifts in U.S. policy on a number of issues of central importance to the nonaligned warrant, even more than before, a more positive and balanced attitude on their part toward the United States; b) as consultation between us grows, so can there be a growing degree of cooperation in resolving Third-World issues and in fostering economic development.

—Give him and his advisors a sense that we are trying our best to resolve the few bilateral issues (Krsko and ExIm guarantees) that stand between us, while at the same time reminding them that compromise is a two-way street.

10. All of the above is important in setting the stage for post-visit progress on the development of ties that link Yugoslavia more closely with the United States. Foremost among these is substantial room for a mutually profitable expansion of trade and investment. The Yugoslavs are anxious to reduce their heavy reliance on the Soviet Union and to compensate where they can for their serious trade imbalance with the Common Market. They see the US as their most promising alternative, and we should do all we can to encourage and foster a shift in our direction.

11. Of almost equal importance, but far less amenable to easy solution, is the development of improved U.S. defense cooperation with Yugoslavia—particularly arms sales. Over the past several years our sales have been virtually nonexistent; our contacts with the Yugoslav military (a critical element in the post-Tito transition period) only slightly better. President Carter's decision to permit a "modest" expansion of our sales program, and Secretary Brown's subsequent visit to Belgrade, marked a new phase in the relationship—one which has already led to some new sales and a marginal improvement in our relations with the military. But the program is still plagued by bureaucratic inertia and distrust on both sides—factors which a successful visit should make it easier to resolve.

12. And finally, the visit can give a major impetus to the development of contacts between political leaders of both countries. The Repub-

lican and Democratic National Committees have invited a delegation of Yugoslav Communist Party leaders to visit the US later this year—a first. But the invitation took great effort to arrange, and mutual suspicion, I suspect, will be high. The Tito visit should make each side more respectable in the eyes of the other, thereby encouraging the development of a real dialogue and a continuing exchange.

13. The question of suspicion may, in the last analysis, be the real roadblock that must be overcome if our relations are to prosper over the longer term. Yugoslavia is led, after all, by a generation of Communists who fought a war and died for their beliefs; men who, soon afterward, only reluctantly and after great soul-searching chose to accept Moscow's excommunication rather than change their ways; men who for a long time, in their heart-of-hearts, longed to be reaccepted into the body of the faithful (but on their own terms). And we, in their eyes, are the bulwark of capitalism, the fortress of economic exploitation, and the last defender of a dying colonialism.

14. Admittedly, times have changed. Unlike whichever Louis it was, the Yugoslav leadership has learned something. But it has forgotten very little. The emotional pull of the Soviets has lessened, the growth of Eurocommunism has reduced the sense of isolation. The United States does not post the ever-present military threat the Soviets do; we can be used, we are generally respected and often envied, but we are not widely trusted. In the end the saving element is that they are all better Yugoslavs than Communists. As such, their own interests as they perceive them will guide their decisions (which makes them very like all the rest of us). It is our job, then, slowly to persuade them of the community of our interests. We have made a remarkably good start over the course of the past year; the task now is to transform a promising beginning into a lasting success.

Eagleburger

251. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, March 3, 1978

SUBJECT

Meetings with President Tito

The memorandum from Cy Vance (Tab A)² sets out effectively the background, setting, and issues for your meetings with President Tito. A suggested arrival statement and talking points for your toast are at Tab B;³ your latest letter to Tito at Tab C;⁴ his latest letter to you at Tab D;⁵ and Reston's article on his interview with Tito at Tab E.⁶ The Yugoslavs have also suggested issuing a joint statement at the end of the visit, as has been customary on past Tito visits. State is currently negotiating an appropriate statement with the Yugoslavs, which we will forward to you before the meetings.

In your recent letter to him, you suggested discussions on East-West relations, disarmament, the Middle East, Africa, North-South relations, the global economy, and Tito's trip to the Soviet Union, China, and North Korea. We have not yet had a response to your letter soliciting his comments on this proposed agenda, but will send it to you immediately if and when it arrives.

The Yugoslavs have made clear that Tito will want to talk about major issues with you, preferably leaving bilateral issues to discussions

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: President Tito, 3/6-9/78: Briefing Book. Secret; Sensitive. The date is handwritten.

² See Document 252.

³ Attached but not printed. For the remarks at the welcoming ceremony and the toasts delivered at the State Dinner, see *Public Papers: Carter, 1978*, Book I, pp. 473-480.

⁴ Attached but not printed; dated February 24. In the letter, Carter proposed an agenda for discussions including East-West relations, arms control and disarmament, the Middle East, Africa, North-South relations, and global economic issues as well as any other reflections Tito might have on his recent trip to the Soviet Union, China, and North Korea. Carter also expressed support for achieving "a substantial and well-balanced document" at the conclusion of the CSCE meeting in Belgrade. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-3/78)

⁵ Attached but not printed. In the undated letter, sent February 12, Tito addressed the Palestinian issue, the Horn of Africa, and the CSCE conference in Belgrade. He also stressed his belief of the importance of adopting a substantial and comprehensive document at the conclusion of the Belgrade CSCE conference. (Ibid.)

⁶ James Reston, "At 85, Tito Still Looks to Future and Worries About the Present." (*The New York Times*, March 3, 1978, p. A1)

at the ministerial level. However, he may raise with you the question of the Krsko reactor.⁷

The Yugoslavs have repeatedly said that the exchange of letters between you and President Tito have deeply impressed him, and it is clear they have done a lot to improve relations between our two countries. The Yugoslavs were particularly struck that in a recent letter you praised Tito's leadership of the non-aligned *movement*,⁸ something no U.S. Administration had done before.

In your most recent exchange of letters, you discussed the Middle East, the Horn of Africa and CSCE. His reply (tabbed in the book) was only general on the first two issues, but sought your assistance in moving Belgrade to a successful conclusion, an appeal he also addressed—unsuccessfully—to Brezhnev. (Your response is also tabbed in the book, and you may wish to refer to it.)

Issues

In addition to material in the State Department book, there are the following issues:

Krsko. The basic issue is well set out in Cy's memo: as part of our own non-proliferation program and in accord with the Act, we seek commitments from the Yugoslavs about disposition of U.S.-supplied equipment and fuel—commitments additional to the original Yugoslav agreement with the IAEA. We offered a package which would meet our requirements, and negotiations seemed to be going well. However,

⁷ In telegram 1359 from Belgrade, February 17, Eagleburger reported his conversation with Malivoj Maksic, Tito's National Security Adviser, in which the two discussed how the meetings between the two Presidents should be organized, and whether the Foreign Ministers would participate in the meetings with the Presidents or have parallel meetings. Eagleburger concluded: "Tito clearly prefers to focus on international problems, leaving bilateral issues to others." (National Archives, RG 59, Central Foreign Policy File, D780076–1117) In telegram 1582 from Belgrade, February 25, Eagleburger reported his February 25 meeting with Maksic, in which the Yugoslav official stressed Tito's desire for private meetings with Carter and informed Eagleburger that Tito would not get into details on bilateral matters, but would concentrate on international issues such as détente, CSCE, disarmament, the Middle East, China, North Korea, and the Non-Aligned Movement. (National Archives, RG 59, Central Foreign Policy File, D780088–0200)

⁸ In his January 31 letter, Carter discussed the deteriorating situation in the Horn of Africa due to increased Soviet and Cuban involvement in the area. Carter asked Tito to use his influence in the Non-Aligned Movement and his good offices to convince the Ethiopian Government of the need for a negotiated settlement. He also asked Tito to convey to the Soviet Government the growing U.S. unease about Soviet and Cuban involvement in the Horn. (Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 21, Yugoslavia: President Josip Broz Tito, 5/77–5/79)

this week at the IAEA the Yugoslavs called our proposals unacceptable and said Tito would ask you for a “waiver.”⁹

—If Tito raises the issue in a general way, I suggest you applaud the Yugoslav record on non-proliferation; explain our concerns and legislation, thus making clear that we are not discriminating against Yugoslavia; express appreciation for their willingness to negotiate and that you look forward to a successful conclusion.

—If Tito asks for a waiver, this is the situation: the Non-Proliferation Act contains no “waiver” permitting you to authorize shipments of fuel to a country that does not meet the immediate conditions of the Act. There is, however, a theoretical loophole which gives EURATOM and the IAEA two years to meet the immediate conditions of the Act. Since Yugoslavia’s agreement is with the IAEA, that might be made to apply. *But to use that loophole for Yugoslavia would create an impression that the Act is being dismantled as soon as it was signed.* And it would put you in confrontation with the NRC, which is strongly opposed and feels that Yugoslavia supply agreement with us should not be through the IAEA in the first place. If Tito asks for a waiver, I suggest you explain that there is no waiver provision in the act that would apply, point out the effect on our entire non-proliferation program, and suggest that Vance discuss the question with Foreign Minister Minic.

Science and Technology Cooperation. During the past five years, we have had a science and technology cooperation program with the Yugoslavs, to which each side committed \$7 million over that period. Our part has been financed out of our dinar holdings, which will not continue to be large enough to finance this program, in addition to the usual expenses of our Embassy in Belgrade.

The Yugoslavs have proposed, therefore, that we begin paying Yugoslav annuitants (from Social Security, etc.) in dollars instead of dinars, in order to free up extra dinars for the science and technology program. Treasury objects, on the grounds that that will swell the pool of dinars to excess, and that the proposal falls outside the intent of Congress, if not the law itself governing U.S.-owned foreign currencies.

I have asked State-Treasury-OMB to propose an alternative—such as a direct appropriation of approximately \$1.5 million a year to this

⁹ As reported in telegram 2025 from Vienna, March 2, the Yugoslav negotiating team at the IAEA held that the United States should reacquire the spent fuel from Yugoslavia’s Krsko reactor. The Yugoslavs, the Embassy reported, told the IAEA that Tito would raise the matter with Carter. (National Archives, RG 59, Central Foreign Policy File, D780095–1047)

program, which the Yugoslavs value highly. As soon as I have their proposal, I shall forward it to you for approval.¹⁰

Demonstrations. As you know, the Yugoslavs are very much concerned about the prospect of demonstrations during Tito's visit. Two permits have been granted: one to a small group of Serbs, and another to a larger group of Croats. Justice and State continue to work on the problem, but at time of writing no way had been found to shift the demonstrations from in front of the White House. I will continue to pursue this issue; in any event, everyone is on notice that there can be no repeat of the incident when the Shah was here.

North Korea. The Yugoslavs have reported that President Tito continues to be interested in a possible role as go-between us and Pyongyang. In addition to the material in Cy's memo, I believe you should know that:

—North Korean intransigence is responsible for the current diplomatic impasse. It is Pyongyang that maintains it is the "only legal sovereign government" on the Peninsula, insists that its friends and allies foreswear all contact with Seoul, rejects a renewal of serious, substantive discussions with the Republic of Korea, and refuses to contemplate the wider involvement of both Koreas in the international community through dual membership in the UN on a provisional basis, pending progress toward reunification.

—Pyongyang's position is increasingly out of phase with international realities. More than 50 countries recognize *both* Koreas—54 to be exact. *Both* Koreas sit alongside each other in a growing number of UN Specialized Agencies, despite the North's refusal to countenance dual membership in the UN itself. Though Pyongyang seeks to keep alive the fiction that South Korea is illegitimate, it must come to terms with the fact that the ROK is not merely a going concern, but has become a major world trading power which in a few years time will qualify for membership in the OECD on the basis of its industrial prowess.

—Some of the Communist countries—most notably the East Germans—have apparently acknowledged that any long-term movement toward reunification must progress through a prolonged period of

¹⁰ In a March 6 memorandum to Carter, Brzezinski informed the President that OMB, the Department of the Treasury, and the Department of State disagreed on the possible way forward for the Science and Technology program. While OMB recommended allowing the various agencies to seek funding based on their own priorities, the Department of State recommended seeking a \$7 million appropriation to fund the program for another five years, an option Brzezinski also supported. Carter approved the appropriation, noting in the margin that it should be a "regular budget item—no special budget request." (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: President Tito, 3/6–9/78: Cables and Memos)

“peaceful coexistence” in which North-South relations are institutionalized and regularized, i.e., the German formula.” This is a salutary development. Others should chime in, Tito included.

—Yugoslavia’s position is itself somewhat curious. Belgrade wishes to assume the role of go-between. Yet it has not carved out a policy toward Korea that reflects the dominant movement toward international recognition of the reality of two Koreas.

I recommend, therefore, that you emphasize the following points:

—Our belief that North Korea’s diplomatic stance is increasingly anachronistic.

—We are serious about implementing our troop withdrawal plan, but have no intention of responding to North Korean suggestions to discuss the Korean problems in forums which exclude the South. Our attitude toward contacts with Pyongyang will depend on the willingness of its allies to make reciprocal contacts with Seoul.

—Our conviction that a prolonged period of institutionalized peaceful coexistence is the only plausible route toward reunification. In that context the diplomatic objective should be the reduction of tensions between the two Koreas and a resumption of the North-South dialogue.

—Ask whether Honnecker’s veiled suggestions in Pyongyang that the North consider a two-Koreas policy comparable to arrangements worked out by the two Germanys reflects Soviet thinking on this subject. Inquire about North Korean reactions to Honnecker’s proposals.

—The Yugoslav policy of shunning direct commercial relations with Seoul appears to be inconsistent with the diversification of relations by South and North Korea which Tito has asked us to accept.

Post-Tito Contingencies. The Four-Power Political Directors have been working for some time on a general contingency paper in the event of Soviet pressure following Tito’s death. This paper seeks to identify the military supply needs of the Yugoslav military—for several contingencies—and Western ability to provide those supplies. It also surveys diplomatic efforts that could be made in support of Yugoslavia under those circumstances. The paper does not contemplate any form of direct Western military involvement. It will be discussed at the next Four-Power Foreign Ministers’ meeting, but this will *not* lead to any joint commitments, nor has the paper been discussed in any way with other countries, including Yugoslavia.

Overflight. Last week, there was another overflight incident, when four U.S. aircraft from Italy briefly violated Yugoslav airspace. We have no indications that the Yugoslavs detected the violation; but the

State Department has informed the Yugoslav Ambassador about it.¹¹ You will recall that we were falsely accused of overflights last fall, but dealt successfully with the incident by sending a senior Admiral to Yugoslavia to compare technical data, and by showing our deep concern. There is now an “informal” procedure—to avoid setting a precedent that could cause problems during a succession crisis—by which we let the Yugoslavs know when there will be naval air activity in the Adriatic.

Economic Cooperation. In his Reston interview (not in the part carried in the Times), Tito emphasized economic cooperation with us. In the last week, we have agreed with the Yugoslavs to set up two working groups, at the Deputy Assistant Secretary/Ambassador level, on economic cooperation—one group in Belgrade and one here. This will be announced in the joint statement at the end of the visit.

Kardelj. You may want to recall the visit of Mr. Kardelj last fall. At the moment, he is very seriously ill (cancer, reportedly), and you may want to inquire after him.

Detente. The Yugoslavs repeatedly say that detente between the U.S. and Soviet Union has possibilities of condominium, unless broadened to include “smaller powers”—i.e., Yugoslavia. You might go into Yugoslavia’s role (and that of other smaller powers) in CSCE, areas like diplomacy on the Horn, Tito’s role in dealing with both East and West, and his leadership of the non-aligned movement.

Horn of Africa. We would welcome more Yugoslav initiative on the Horn of Africa. We hope the Yugoslavs can capitalize on the relationships they have in Addis Ababa, a) to influence Mengistu’s government to pursue a more balanced and more truly non-aligned policy; and b) to cooperate in a settlement with the Somalis which will preserve Ethiopia’s territorial integrity—but at the same time avoid needless humiliation of the Somalis. If an Ethiopian-Somali settlement is to last, some arrangement for a broader ceasefire policing operation appears to us to be needed. It would be best to have this set up under OAU auspices; but if the OAU finds it difficult to work out arrangements, we would like to see more experienced countries—such as Yugoslavia and India—offering their help and serving as catalysts.

China. You may wish to explore with President Tito the possibility of his acting as a channel to Peking, much as the Romanians were used at an earlier stage:

¹¹ During a meeting with Belovski on February 28, Vest reported that a Navy F-4 jet had unintentionally penetrated Yugoslav airspace earlier that day. Vest assured Belovski that the airplane had been grounded and its equipment was being checked, and that the United States took the incident very seriously. (Telegram 52219 to Belgrade, March 1; National Archives, RG 59, Central Foreign Policy File, D780092–1189)

—We are pleased to see the developing relationship between Peking and Belgrade. We think this is an important relationship and one that deserves to be broadened.

—We are committed to the process of normalization and would consider it useful if Tito could convey the earnestness of our intent to Peking.

—We consider the improvement of our relations with Peking to be a matter of historic and strategic importance.

—We believe that mutual efforts are necessary to create the environment in which the normalization process can be completed. Such mutual efforts include not only an expansion of the commercial and economic relations with Peking in order to foster political attitudes in this country that would favor normalization, but a broadening and deepening of our consultations with Peking about world affairs as well.

—To this end, perhaps Tito could indicate to the Chinese that we do not wish to use our relationship with Peking to get at the Russians. We do not seek to manipulate the Sino-Soviet dispute to our advantage. Rather, we believe that an improved relationship with Peking is simply in the American interest.

—But to convince our domestic skeptics that an improved relationship with Peking is in our interest, perhaps Tito would be willing to indicate to the Chinese that it would be helpful to us were the Chinese to discuss with us rather than preach to us on such issues as:

—Korea and the possibility of cooperative measures to promote a peaceful and just evolution of the situation on the Peninsula.

—Africa and ways in which we might pursue separate yet reinforcing ways of preventing outside powers from establishing positions of dominance on the Continent.

—Global strategic matters and ways in which US efforts to promote arms control and disarmament can take into account the Chinese position and encourage the Chinese to participate in our efforts.

—In short, we see China as a significant actor on the world scene, we consider that we have many parallel strategic interests with China, and we wish to act upon these parallel interests in order over a period of time to encourage the Chinese to play a constructive role in the addressing of man's many problems.

Non-Aligned Movement. President Tito will want to talk with you about the Non-Aligned Movement. It would be useful to seek his moderating influence on a particular question—the next meeting of the Movement in Havana in 1979, when Cuba wants a signal success:

—Historically, the position of the US Government to the Non-Aligned Movement has been one of distance at best, and hostility at worst.

—We may not like Non-Aligned criticism of the United States, but we recognize that, in the long term, an independent movement of non-aligned states which view the world differently from both the United States and the Soviet Union, is in our interest. Therefore, we hope to communicate on a regular basis with the Movement.

—Since we now have an interest in an independent, non-aligned movement, we are concerned that the next Chairman of the Movement is Cuba, a country which is so closely aligned to the Soviet Union. Indeed, Cuban troops are presently being used to further Soviet goals in Africa and may even be taking orders from Soviet military officials there.

—In discussions of “imperialism” at the next Non-Aligned conference in 1979, we wonder whether Cuban and Soviet imperialism will be discussed with as much vigor—if at all—as “U.S. imperialism.”

Welcoming Ceremony. It will be televised live to Yugoslavia, in six languages.

First Meeting. Tito has indicated he would like to meet alone with you at the start of the first meeting (Oval Office). No subjects have been advanced.

Security: Update. Friday night, the Yugoslav Consulate in San Francisco was fire-bombed. Warren Christopher talked with the Yugoslav Ambassador to note that the FBI is vigorously investigating it, and that we are acting to protect other Yugoslav installations—though so far only through the local police.

252. Memorandum From Secretary of State Vance to President Carter¹

Washington, undated

SUBJECT

State Visit to the United States by President Josip Broz Tito of Yugoslavia,
March 7–9, 1978

I. *OBJECTIVES*

President Tito is paying his third visit to the United States—probably his last. Our objectives are to honor him as one of the towering figures of his era; to build stronger and broader ties with Yugoslavia which will carry us through the post-Tito transition period; to discuss a wide range of global issues in hopes of reaching closer understanding; to discuss a few bilateral issues in hopes of resolving them. There are no crises in our relationship at present.

During the talks, we should reaffirm our steadfast support for Yugoslavia's independence from Soviet domination and for its unity and territorial integrity. We should indicate that we respect Yugoslavia's policy of nonalignment and Tito as a founder of that movement. We should also encourage further the process of bilateral consultations at the highest level as well as more active contacts at every level.

Tito will want to discuss mainly global issues: East-West relations, detente, the Belgrade CSCE meeting, disarmament, Eurocommunism, nonalignment and world economic issues. He will also wish to discuss the Middle East, the Horn of Africa, China, Korea, and perhaps other world trouble spots. On bilateral matters, he may raise the nuclear fuel export license for Krsko (KERSH-ko) power station, ExIm Bank financing, bilateral military exchanges including progress in our new arms transfer relationship.

II. *SETTING*

Defying generalization, Yugoslavia is Balkan, Mediterranean and Middle European in essence; with a history going back through the Roman era but a state only in this century; Roman Catholic, Orthodox and Moslem; bearing the marks of both the Turkish and Austro-Hungarian Empires, as well as indigenous kings and despots; a contempo-

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia: President Tito, 3/6–9/78: Briefing Book. Secret; Nodis. Carter underlined scattered words and phrases throughout the memorandum. The memorandum was attached as Tab A to Brzezinski's March 3 memorandum; see Document 251.

rary state poised strategically and politically between East and West, and playing a world role far beyond what size or power would dictate.

Site of the spark that ignited the First World War, Yugoslavia arose out of that war as a state welded—or patched—together from pieces of the Kingdom of Serbia, of the crumbled Turkish Empire and of defeated Austria-Hungary. Little more than twenty years later it fell victim to German and Italian invasion, and was torn by Civil War between the communist-led Partisans under Tito, the Mihailovic forces built from remnants of the pre-war regime and the Ustashi forces in the Nazi puppet “Independent State of Croatia”. In vicious and tragic fighting against the occupiers and each other almost 2 million Yugoslav lives were lost—about half at the hands of other Yugoslavs.

Marshal Tito came out of the war an authentic national hero, able to form in Yugoslavia the only post-war communist regime in Europe not imposed by Soviet arms or subversion. But, good communist that he was, Tito worked closely with Moscow until forced to demonstrate that he was an even better nationalist. The historic break with the Soviets in 1948–49 has profoundly affected Yugoslavia’s course for the 30 years that have followed.

An outcast in the communist world after 1949, and threatened by Soviet power, Yugoslavia found the United States prepared to support its independence with military and economic assistance programs totaling \$2.9 billion from 1949 to 1965. With the security this offered, Tito embarked on policies which have largely formed today’s Yugoslavia and which explain its importance as a country. Internally, he set in train political and economic trends which have made Yugoslavia a maverick in communist theory and practice. While still a one-party state, Yugoslavia no longer comes close to the totalitarian communist stereotype of a highly centralized system characterized by virtually total suppression of individual rights. Externally, Tito joined with India’s Nehru and Egypt’s Nasser to create the nonaligned movement, thereby giving focus to the growing number of newly-independent and underdeveloped states seeking a voice in the post-war world. Sole survivor of the three and, by now, the only remaining national leader of the Second World War generation, Tito stands as an elder statesman and leader of the nonaligned and the third world.

The economy—and the underlying economic philosophy—start from premises which are unorthodox in communist practice. Unlike the rest of communist Europe, industrial property is not state-owned or managed via a government bureaucracy. Rather, industrial and economic activity is carried on through a “workers’ self management” system which at least in theory places ownership of enterprises in the hands of those who work in them (except in agriculture, a percentage of which is in private hands, and in retail marketing and small manufac-

turing, some of which is privately-owned). These enterprises operate under a broad economic policy and planning mandate, but with substantial independent management authority which they share with the workers' self-management organs (having a voice in selection of managers, production, investment and wage policy) within each enterprise. This unique system, coupled with Eastern Europe's only real banking system and active participation in international markets, has given Yugoslavia a dynamic industrial quasi-market (albeit somewhat inefficient) economy which is, in many respects, far removed from the statist economies of its Eastern European neighbors.

As a self-proclaimed leader of the nonaligned movement, Yugoslavia participates actively in a host of international bodies and often seeks the role of spokesman or mediator on issues which concern the nonaligned and the third world. Yugoslav positions on most international questions reflect both the leadership's philosophical proclivities and their sense of what will reinforce Yugoslavia's position in the nonaligned movement. While these motivations more often than not lead Yugoslavia to positions different from ours, there have been some recent signs of a tendency to play a moderating role between opposing positions, such as the Middle East and the Horn of Africa. This is illustrated in Yugoslavia's recent actions on Middle East developments. Without dropping their long-standing support for the Arabs, the Yugoslavs have moved significantly to express openly the view that the existence of Israel must be accepted and assured. Tito has recently lent his personal prestige to this position in messages to Arab leaders.

In the contemporary dynamics of today's world, with East-West issues at the surface at the CSCE in Belgrade, with Eurocommunism near the surface in Western Europe, and with an array of issues facing us all in the Middle East, Africa and elsewhere, Yugoslavia will inevitably retain an importance and, thus, have an interest to the United States well beyond its nominal place in the world.

Whether Yugoslavia's importance will survive Tito's departure from the scene—a prospect which must be considered despite his remarkable longevity—will depend on both internal and external forces. Yugoslavia's leaders have had to contend with nationalist strains among the ethnic and religious groupings, as well as with wide disparities among the republics in economic development. Tito's passing will remove the greatest single symbol of national unity and could threaten the nation's stability. It is difficult to predict what the Soviets might be tempted to do in such a situation in the interests of bringing Yugoslavia back into communist conformity. Clearly the Yugoslavs are totally committed to preserving their independence. Equally clearly, their leaders are aware of the risk of Soviet interference, and believe that Western interest, engagement and commitment to Yugoslav inde-

pendence could be their best insurance against Soviet meddling in a time of transition.

In this context, a stable structure of U.S.-Yugoslav relations in the present may well help to insure a future which the Yugoslavs desire and which would serve our interests.

III. KEY ISSUES

1. *Bilateral Relations*

U.S. Objectives: To convince President Tito that the US supports Yugoslav independence from Soviet domination; that we seek a cordial relationship with Yugoslavia; that we are interested in Yugoslavia's economic well being; and that we are prepared to continue expansion, consistent with PD-13, or our military sales relationship.

Yugoslav Objectives: To indicate that Yugoslavia is trustworthy and sincere in its dealings with the US; that it maintains a balanced foreign policy through its commitment to nonalignment; and that Yugoslavia firmly desires to avoid economic or military dependence on the Soviet bloc.

Essential Factors:

Bilateral relations have improved significantly in the past year with the visits to Belgrade by the Vice President and the Secretary of Defense, and to Washington by Kardelj. We seek to continue this process by developing ties which will survive the post-Tito transition. The Yugoslavs are quite willing to credit your Administration for this new relationship; they see in Washington a policy and a view which are more open, relaxed, confident and tolerant of the views of others.

US-Yugoslav economic relations have generally been good in recent years. Two-way trade has expanded to almost \$700 million, and the US is Yugoslav's fourth largest trade partner (after the USSR, the FRG and Italy). Yugoslav exports to the US enjoy either MFN or preferential (GSP) tariff treatment. American investment in Yugoslavia—the first Communist nation to welcome foreign capital—has grown to about \$150 million and there are now some 20 joint ventures, including a \$750 million petro-chemical complex being built jointly by Dow Chemical Co. and its Yugoslav partner. Yugoslavia wants to expand trade with the US, in part because of its very large trade deficit with the EEC, in part because the Soviet Union's share of its total trade has grown uncomfortably high. Recently, a dispute over Yugoslav guarantees for ExImBank loans threatens to maim ExIm's important loan and guarantee program which has stimulated US firms to invest in Yugoslavia's economy. This dispute is still being negotiated by ExIm Chairman Moore, bearing in mind Yugoslav laws and ExIm's needs.

Since Secretary Brown's visit to Belgrade in October, our arms sales have expanded markedly although the total figure remains relatively small. FMS sales for FY 78 could reach \$10 million or a little more compared to \$267 thousand in FY 77. While various items are still being reviewed, six Yugoslav requests for advanced or sensitive weapons have been denied. The Yugoslavs have expressed disappointment that we refuse to sell them high technology or to provide data on weapons still being developed.

Points to be Made:

—We welcome the improvement in relations which has occurred over the past year and we seek further ways to strengthen ties.

—The exchange of letters and briefings in recent months has been helpful and we value Tito's views.

—We look forward to more active exchanges across the spectrum of our relationship, including visits to the U.S. by Yugoslav legislative representatives and political leaders.

—We continue, as in the past, to support Yugoslavia's independence, unity and territorial integrity, and we respect its commitment to non-alignment.

—We strongly support the expansion of U.S. trade and investment ties with Yugoslavia.

—On the Exim guarantee problem (if Tito raises), assure him that Chairman Moore is anxious to solve the problem, as indicated by the flexibility he has displayed, and suggest that discussions be resumed as soon as possible so that this issue does not affect our excellent trade relations.

—We welcome the establishment of a bilateral working group (below the Cabinet level) to discuss the whole range of economic questions on a regular basis.

—We are pleased with the expanded cooperation in military sales and feel that it reflects the improvement in overall relations between our two countries.

—Since the visits of Secretary Brown and General Cemalovic, arms transfers have increased significantly, and we expect this encouraging trend to continue. As a result of these meetings and the following discussions between technical experts of both countries, several advanced weapons systems have been offered to and accepted by Yugoslavia.

(If they raise the question of denial of certain high technology systems):

—There are obvious constraints on both countries in this relationship, but the important thing to emphasize is the progress we have made and to work for improvement.

—We have offered several first line systems to Yugoslavia, and the denials were not discriminatory, given restraints we have placed on arms transfers.

2. Terrorism

U.S. Objectives: To seek to minimize the impact of anti-Yugoslav emigre activity on our bilateral relationship; to affirm publicly and privately that the U.S. supports neither the methods nor the goals of anti-Yugoslav terrorists; to gain Yugoslav support for effective international measures to eliminate terrorism in all forms.

Yugoslav Objectives: To urge more effective U.S. action to prevent anti-Yugoslav acts by emigre terrorists and to prosecute those responsible.

Essential Factors: The activities of anti-Yugoslav emigres in the U.S. have bedevilled our relations for years, and the prospect of massive demonstrations against Tito could seriously undermine whatever gains derive from the visit. The number and seriousness of anti-Yugoslav acts over the past two years are alarming, but in two cases the perpetrators were convicted and given stiff sentences. On the international level, Yugoslavia acknowledges the seriousness of the problem but has been reluctant to break stride with the nonaligned majority and the radical Arabs by agreeing to tough measures.

Points to be Made:

—We support neither the separatist goals nor the terrorist means of anti-Yugoslav extremists.

—(if necessary) We deeply regret the presence of demonstrators during this visit, but urge that their importance not be exaggerated. We have a highly diverse population, and the “anti” voices often ring loudest. But the vast majority of Americans support good relations with Yugoslavia and feel great respect for President Tito.

—We are actively concerned about the number and seriousness of anti-Yugoslav incidents in this country and will make every effort to catch the perpetrators.

—The seriousness of this issue on the international level requires effective action by the entire world community without regard to the alleged motives of the terrorists.

—Our position is not politically motivated; we oppose terrorism in all forms and for whatever alleged purposes.

—We seek Yugoslav support for effective UN action to suppress international terrorism.

3. Nuclear Non-proliferation and the Krsko Fuel License

U.S. Objectives: To convince Tito that our efforts to obtain additional assurances covering the export of fuel for the Krsko (KERSH-ko) reactor

do not discriminate against Yugoslavia; to seek Tito's support for our non-proliferation objectives.

Yugoslav Objectives: To ensure that Yugoslavia's access to nuclear technology is not restricted by the nuclear "have" nations and to urge prompt approval for the Krsko fuel export license.

Essential Factors: The IAEA Agreements under which the U.S. agreed in 1974 to supply Yugoslavia with a reactor and fuel for the Krsko Nuclear Power Station do not meet all the criteria contained in the legislation on nuclear exports, specifically, US approval rights over retransfer and reprocessing of US-supplied equipment, US supplied fuel, and non-US fuel used in the Krsko reactor. We have therefore been seeking these additional U.S. approval rights. The Yugoslavs, who are adherents to the NPT and cooperating members of the IAEA, have indicated their willingness to accept universally applicable safeguards and controls which result from new international agreements, but they have resisted what they regard as unilateral U.S. attempts to impose discriminatory conditions on existing arrangements. They have also said that they are unwilling to "tie their hands" with regard to a future option to reprocess. (We are aware of no current Yugoslav plans to recycle or reprocess.) In May 1977 we approved the export of the Westinghouse reactor,² in order not to delay the Krsko project, on the basis of Yugoslav commitments not to retransfer U.S.-supplied equipment and to negotiate the disposition of spent fuel. Following two rounds of negotiations, we appear to be close to agreement on additional assurances covering U.S.-supplied fuel and on a Yugoslav commitment to continue to negotiate on any non-U.S. fuel used in Krsko. (We believe that such an arrangement would result in NRC approval of the pending fuel license.) Since Tito has been personally involved in this issue, final Yugoslav agreement will depend on his approval.

Points to be Made:

—Place Krsko in the broader context of U.S. international policies on disarmament and non-proliferation, and note that U.S. and Yugoslav objectives on non-proliferation are virtually identical.

—Note that our non-proliferation policies are not discriminatory and that we are not asking more from Yugoslavia than from other countries.

² The Nuclear Regulatory Commission approved the export license application for a Westinghouse reactor on May 20, 1977. (Telegram 116633 to Belgrade, May 20, 1977; National Archives, RG 59, Central Foreign Policy File, D770180-0624)

—Praise the spirit of cooperation shown by the Yugoslav side during the recent negotiations.

—Indicate that our negotiations appear to be close to mutually satisfactory resolution which should provide more than adequate time for the first shipment of fuel to be exported this autumn.

4. *East-West Relations and Europe: CSCE, U.S.-Soviet Relations, SALT, Eurocommunism, (MBFR)*

U.S. Objectives: To assure Tito that we continue to pursue detente and meaningful arms restraints with the Soviet Union; that we support the CSCE process and the improvement of East-West relations; to explain our policy on Eurocommunism.

Yugoslav Objectives: To argue for more understanding and accommodation between the U.S. and USSR, particularly on disarmament issues, with the goal of reducing bloc confrontation in Europe; to urge greater U.S. tolerance for West European communist parties.

Essential Factors: Politically and strategically balanced between East and West, Yugoslavia is a potential victim of any great-power confrontation, and therefore seeks to keep both superpowers at arms length. But it sees itself as a potential bridge of understanding and its importance grows in times of lower tension. In the longer view, the Yugoslavs may envisage for themselves a pace-setting role in a restructured Europe without “blocs,” in which communists have a more prominent role in the West and dissent and diversity are more broadly tolerated in the East.

Points to be Made:

—We recognize and appreciate the great efforts which Yugoslavia, and Tito personally, made in hosting the Belgrade CSCE meeting. We understand Yugoslavia’s disappointment at the outcome, and regret that the consistent efforts by both of our delegations could not produce a substantive concluding document. We believe, however, that the Belgrade meeting has been a success and that its results will benefit detente.

—While we do not seek confrontation with the Soviets or others, we feel that all aspects of the Helsinki Final Act, including human rights questions, are legitimate subjects for international discussion. We are pleased that our two delegations were able to work so closely together in Belgrade.

—U.S.-Soviet relations continue to represent a mixture of competition and cooperation. We seek a SALT II Agreement which is fair to both sides, and are pleased with the progress on other arms control questions (e.g., Comprehensive Test Ban). Our goal is the actual reduction of nuclear weapons and their eventual abolition.

—On MBFR (if Tito raises), we and our allies want to see progress toward reducing the opposing forces in Central Europe; any agreement should enhance political and military stability in Europe, and should be equitable; we will continue to keep Yugoslavia informed about the progress of the Vienna Talks.

—On Eurocommunism, as we have said many times, we will not interfere in the domestic electoral processes in this matter. We do have certain concerns, however, about the possibility that communist participation in Western governments could weaken Western unity and harm the European balance.

5. Multilateral Political Issues: Nonalignment, UN Special Session on Disarmament, Puerto Rico

U.S. Objectives: To voice understanding and respect for Yugoslavia's policy of nonalignment; to encourage the Yugoslavs to take U.S. views into account as they develop their own positions on multilateral issues; to avoid unnecessary irritations on matters of importance to us (e.g., Puerto Rico); to endorse the UN Special Session on Disarmament.

Yugoslav Objectives: To convince us that nonalignment makes sense for Yugoslavia and many other countries; that the success of the movement does not harm U.S. interests; to urge that we consult more actively with the nonaligned in our own policy deliberations.

Essential Factors: Nonalignment is a fundamental component of Yugoslav foreign policy and is regarded as indispensable to preserving Yugoslavia's independence and world status. The Yugoslavs feel that the U.S. has previously been either indifferent or hostile to the movement, but they see in your Administration's approach to Third World issues a welcome shift toward greater understanding for nonaligned views. Meanwhile the movement itself is showing signs of strain under the pressure of radicals within the movement and open conflicts between member nations. Yugoslavia seeks to maintain internal cohesion within the movement and to remain in the mainstream. Belgrade is hosting the Nonaligned Foreign Ministers meeting this summer in preparation for the 1979 Nonaligned Summit in Havana, and is apparently working with others to maintain the relatively constructive and non-confrontational stance adopted at the Colombo summit in 1976. The UN Special Session on Disarmament next June was largely a Yugoslav initiative which we supported. As President of the last regular General Assembly, the Yugoslav Deputy Foreign Minister will preside at the Special Session. On Puerto Rico, we sought an affirmative Yugoslav vote on the most recent motion in the UN Decolonization Committee to defer the question of Puerto Rico for another year, but the Yugoslavs abstained, as they did in the previous two years.

Points to be Made:

—We respect Yugoslavia's policy of nonalignment, and seek the views of the nonaligned on matters of mutual interest.

—We look forward to bilateral consultations on multilateral matters, including the Special Session of Disarmament, and we will make a strong and positive contribution to the success of the session.

—In the spirit of our improving relationships, we should both avoid actions which cause difficulty for the other. In this connection, the status of Puerto Rico is a United States domestic question and we hope that Yugoslavia will use its influence within the nonaligned movement and in other multilateral fora to see that it is not discussed as an international question.³

6. International Economic Issues, North-South Dialogue

U.S. Objectives: To assure President Tito that we welcome a positive North/South dialogue, including the negotiation of key economic issues in appropriate functional fora and the discussion of global relationships in the new UNGA Committee of the Whole.

Yugoslav Objectives: To stress the political need for greater sharing of economic benefits by industrialized countries with LDCs and to urge us to be more forthcoming on specific LDC demands; perhaps to press for more frequent bilateral consultation on North/South issues.

Essential Factors: Yugoslavia and President Tito in particular have been historic leaders of the "Third World." They can justly claim a large measure of the responsibility for initiating the variety of multilateral economic discussions which we today call the North/South dialogue. Yugoslavia's leadership among LDCs on economic issues has decreased as its own economy has developed and as the number of LDCs in the G-77 has increased. While the Yugoslavs publicly support the demands for a New International Economic Order, they have been willing to compromise and can thus play a useful role as a moderator of extreme views.

Multilateral discussions are going forward in many fora (the MTNs in GATT, Common Fund in UNCTAD, etc.), but the main focus now is on the new UN General Assembly Committee of the Whole, which will "oversee" the North/South dialogue. An organizational meeting of the Committee took place February 13–17, and the first substantive meeting is scheduled to take place in May.

³ Cuba and other socialist countries were attempting to use the Puerto Rico issue against the United States in the UN Special Committee on Decolonization. The U.S. Government maintained that as long as Puerto Rico could vote for independence, the issue was an internal matter and the UN had no jurisdiction.

Points to be Made:

—The U.S. supports an international economic system of progress and cooperation based on equity, growth and, above all, justice.

—The U.S. is willing to discuss any issue of the North/South dialogue so long as *negotiations* are confined to the functional fora where they can be considered by technical experts in an atmosphere relatively free of political debate.

—In our view, the UNGA Committee of the Whole got off to a good start by agreeing at its organizational meeting in February to discuss specific issues in a global economic context and to avoid intervention in the ongoing negotiations in functional fora.

—It is very important for the new Committee of the Whole to demonstrate that nations can examine the economic issues which affect us all in a spirit of cooperation, rather than confrontation.

7. Middle East/Horn of Africa

President Tito will be interested in your latest assessment of developments and the prospects for resolving the disputes in these two trouble spots. He will want to hear your presentation before responding, and would like to discuss both questions in some detail, following the lines of his recent letters to you.

8. Southern Africa

U.S. Objectives: To gain Yugoslav support for U.S. efforts to work toward a peaceful and just solution in Southern Africa.

Yugoslav Objectives: To urge more direct pressure on Pretoria and Salisbury to bring about majority rule; to encourage more active U.S. contact with the "liberation" forces.

Essential Factors: As one of the last "colonial" issues, Southern Africa is obligatory as a topic "for the record." Yugoslavia has long had close ties with the African liberation movements and strongly supports majority rule. It has been impressed and pleased with U.S. recent efforts toward this goal, but Tito will urge that we do more.

Points to be Made:

—We oppose racism and apartheid in all forms and are pursuing policies which we hope will lead to peaceful and just solutions to problems of Namibia, Zimbabwe (Rhodesia) and South Africa.

—The recent proximity talks on Namibia in New York, while not conclusive, registered some progress; further talks are expected.

—We regard reports from Salisbury of an internal "settlement" to be premature.

9. *China/Korea*

U.S. Objectives: To appear responsive to Tito's desire for frank exchanges on China and Korea; to seek his views on both countries; to convince Tito that we are seriously interested in seeing the Korean problem moved toward resolution but not at jeopardy to our South Korean allies.

Yugoslav Objectives: To convey Tito's impressions from his visits to China and North Korea last summer and to seek current US views; to urge that the U.S. deal directly with North Korea to try to unstick the Korean question; to act as go-between in exchanges between the U.S. and North Korea.

Essential Factors: Tito was enthusiastically welcomed in both countries last summer and Tito later wrote to you about his visit. He is now interested in hearing our views on Chinese domestic developments, on Sino-Soviet relations and on US-China relations. Concerning Korea, he wrote to relay Kim Il-song's proposals for direct US-North Korean contacts or for tripartite (US, North and South Korea) talks, on condition that South Korean President Park be removed from office. Tito has argued that Kim is more realistic than he seems and that we should respond in kind. Yugoslavia's affinity for the North Koreans derives largely from Pyongyang's participation in the nonaligned movement. For our part, we see no indication that North Korea's position has changed and we see the proposal for direct contacts as an effort to undermine our relations with the ROK. Interestingly, however, two of Pyongyang's staunchest supporters—East Germany and the USSR—have recently hinted that the North should show some flexibility, in answer to our efforts to reduce friction.

Points to be Made:

—The Chinese, with the conclusion of the Fifth National People's Congress, have moved further toward restoring the vitality of their government and party following Mao's death.⁴

—Despite some evident reduction in hostility, we expect no significant change in Sino-Soviet relations. The Chinese have frequently reaffirmed that their general line remains unchanged; and both sides have continued routine polemics.

—On our own relations with China, we are continuing to work toward our goal of full normalization, but there have been no significant

⁴ The Fifth National People's Congress was in session from 1978 until 1983. On March 1, 1978, the Congress adopted the 1978 Constitution of the People's Republic of China, which restored some judiciary, political, and citizen rights removed by the 1975 Constitution.

developments since your visit to China last fall. The central question remains the problem of Taiwan, which is an issue with significant domestic aspects in each country.

—On Korea, we believe that our publicly stated policy contains certain elements of flexibility, and we continue to watch for some sign of movement from the other side. We remain firmly committed to the security of South Korea, and we will not take actions which would result only in tactical gain for the North at the expense of the South.

—We have seen signs that some of the states which traditionally support the North may have suggested that Pyongyang consider a more flexible approach to the resolution of questions which contribute to the tense atmosphere on the peninsula.

—Has the North's approach to the situation changed in any way? For example, would they be willing to support moves toward contacts between their supporters and the South in exchange for reciprocal moves on our part, as we have proposed?

—What measures could supporters of both Koreas take to stimulate a resumption of the dialogue between North and South Korea?

253. Editorial Note

At 10:30 a.m. on March 7, 1978, President Jimmy Carter welcomed Yugoslav President Josip Broz Tito to the White House with an arrival ceremony on the South Grounds. In his welcoming remarks, Carter called Tito "a remarkable man," someone "who has understood for a long time our own Nation's commitment to détente and the true significance of this misunderstood word." Carter also underlined that "the independence and the territorial integrity of Yugoslavia is one of the basic foundations of world peace now and in the future." In his remarks, Tito stressed the "continuing, successful, and comprehensive development of relations" between the two countries in "the already established principles of independence, sovereignty, mutual respect, and understanding." (*Public Papers: Carter, 1978, Book I, pages 473–475*)

Following the welcoming ceremony, Carter and Tito, as well as the Yugoslav and U.S. delegations, met in the Cabinet Room for the first scheduled meeting between the two Presidents. No record of the conversation has been found. The Department summarized the visit in telegram 67384 to Belgrade, March 16. (National Archives, RG 59, Central Foreign Policy File, D780116–1326) The Yugoslav side prepared a transcript of the conversation which was found in the Archives of

Yugoslavia, Belgrade, Serbia. A copy of the original document and an English translation are available at the Woodrow Wilson Center's Cold War International History Project (CWIHP), from which the excerpts provided below were drawn.

The first of two conversations between the two leaders started in the Cabinet Room at the White House at 11:15 a.m. and lasted until 12:40 p.m. and included several U.S. and Yugoslav officials. (Carter Library, Presidential Materials, President's Daily Diary)

The conversation between the two Presidents focused on international affairs, specifically, the situation in the Horn of Africa, the Middle East, and North Korea. Tito told President Carter: "Just prior to my arrival with the delegation to the U.S., I received messages from some heads of states in which they express their positions, and are asking me to convey them to you." Tito continued: "I have accepted the invitation to visit the U.S. with great pleasure because I wanted an exchange of opinions about the current international situation as well as convey my impressions about some countries that I visited."

President Carter began by summarizing the administration's position on the crisis in the Horn of Africa and calling for Somali troops to withdraw from the Ogaden as well as stressing that Ethiopian, Cuban, or Soviet troops should not cross the border into Somalia. Carter told Tito: "Our country is refraining from sending arms, be it to one or another party. When the conflict ends, when the border is back to its original place, Soviet and Cuban troops should be withdrawn from that territory."

On the basis of his extensive relationship with Ethiopian Emperor Haile Selassie and with Somali President Siad Barre, Tito described his understanding of how the situation reached a flash point. The revolutionary Government in Ethiopia "visited Yugoslavia three times," Tito explained, and discussed the situation in Ethiopia with the Yugoslav leadership. "We advised them to go for an autonomous federation," Tito recounted, but "they replied that it was not yet time and that this would have to be resolved by military means." Tito continued: "Similarly, Siad Barre was also in Yugoslavia and I spoke with him about the question of Ogaden. He also said that it would be good for it to be federation, i.e. autonomy, but that Ogaden should be part of Somalia." Tito also stressed that it was Belgrade's understanding that other African countries were opposed to Somalia's invasion of Ethiopia, and feared that a Somali victory "would set a precedent and that the war would spread throughout Africa, because there isn't a single country there that does not have some border issue."

"We believe," Tito concluded, "that it is necessary to resolve the question of Eritrea and Ogaden, but within Ethiopia—to create an autonomous region within a federation. But this would require the

support of the United Nations and of the Great Powers—first and foremost the U.S.” Tito told Carter “I received your [January 31] letter about our actions in the Horn of Africa. [see footnote 8, Document 251] I think that what you have asked is entirely correct, albeit not to be mediators but to continue further with our activity to contribute to a peaceful resolution of the issue there as soon as possible. We have already decided earlier that our Minister of Foreign Affairs, after our return from the U.S., will go to Ethiopia and Somalia.” Tito promised to inform the administration of the results of the Yugoslav diplomatic mission to the two countries.

Carter stressed that the United States was “worried about the permanent or occasional presence of the Soviet and Cuban troops in that region” and that he hoped Soviet and Cuban forces would withdraw as soon as peace was established. Carter continued: “I hope that the Soviet and Cuban troops will agree that the UN and the Organization of African Unity should be included in the resolution of that conflict, because we don’t want that part of the world to be a battlefield between ourselves and the Soviet Union.” The two Presidents also discussed Deputy Assistant to the President for National Security Affairs David Aaron’s diplomatic Mission to Ethiopia. Tito promised to continue the dialogue on the issue of the Horn with Moscow, saying that “I believe that the Soviet Union should hear our opinion about this question.”

The two Presidents also discussed at length the situation in the Middle East. While noting that some progress had been made—such as Egyptian President’s Anwar al-Sadat’s November 20, 1977, visit to Israel—Carter suggested that important problems still needed to be resolved: “First: withdrawal from the occupied territories; second: securing the borders; third: the right [of Israel] to existence as a nation; fourth: the orientation toward a peaceful solution to all problems; fifth: the Palestinian question.” Carter told Tito that “we don’t think that a separate solution between Israel and Egypt [alone] could be a lasting solution; we want an all-encompassing solution to this problem.”

For his part, Tito suggested that he had not agreed with Sadat’s visit to Israel since Sadat “did not consult with other Arab states that are at war with Israel.” “Of course,” Tito continued, “he did not ask me either, but that is how he operates, that is his style. We have distanced ourselves from this approach; we have been silent. It is true that this act was very courageous, but also very risky, and what happened, happened because no one supported him.” Tito also stressed that, despite his disagreement with Sadat’s actions, he had given his support to the Egyptian leader, because of the need to find a solution to the crisis in the Middle East. Tito also informed Carter of the contents of a letter he received from President Sadat on the situation in the Middle East and that he was planning a response to the Egyptian leader upon his return from Washington.

Regarding the situation in the Democratic People's Republic of Korea, Tito informed the President that North Korean leader Kim Il-song had asked him to convey a message on his behalf. "There is nothing new in this message beyond what I had already conveyed to you," Tito told Carter, referencing his September 22, 1977, letter. (See footnote 5, Document 243.) "The most important point is that they want to have a dialogue, but not in the presence of the South Korean President Park Chung-hee." Kim Il-song had given his assurances, Tito informed Carter, that the North had no desire to "impose their system into South Korea." "If there would be a meeting," Tito continued, "not at the top level but at the level of delegations of both countries, they could discuss that question [of UN representation]. That way, it would be possible to discuss the situation in much more detail, and what needed to be done would become clearer. Of course, the U.S. should provide its delegation as the third party." "That is good advice," responded Carter, suggesting that Secretary of State Cyrus Vance and Foreign Minister Milos Minic could further analyze the proposal. "I will inform Kim Il-song about it," Tito offered, "but I need to know if you agree with my proposal." Carter answered: "It would definitely be better for us and for South Korea that our delegations meet at the lower level; later we shall see."

According to the English translation available in the CWIHP, the meeting concluded at 12:35 p.m.

254. Memorandum of Conversation¹

Washington, March 8, 1978, 11 a.m.

SUBJECT

The Secretary's Meeting with Yugoslav Foreign Secretary Minic

PARTICIPANTS

U.S.

The Secretary

The Counselor

Lawrence Eagleburger, U.S. Ambassador to Yugoslavia

George S. Vest, Assistant Secretary for European Affairs

Richard Holbrooke, Assistant Secretary for Asian and Pacific Affairs

Raymond Albright, Vice President of the Export-Import Bank

William H. Luers, Deputy Assistant Secretary for European Affairs

Louis V. Nosenzo, Deputy Assistant Secretary for Oceans, International

Environmental and Scientific Affairs

Nicholas G. Andrews, Director of the Office of Eastern European Affairs

Darryl N. Johnson, Country Officer for Yugoslavia

Michael Petrovich, Interpreter

YUGOSLAVIA

Milos Minic, Vice President of the Federal Executive Council and Federal Secretary for Foreign Affairs

Dragan Bernardic, Assistant Federal Secretary for Foreign Affairs

Dimce Belovski, Yugoslav Ambassador to the United States

Svetozar Starcevic, Director of the Office of North American Affairs

Vladimir Sindjelic, Minister-Counselor of the Yugoslav Embassy, Washington

Vladimir Matic, Political Counselor of the Yugoslav Embassy, Washington

Zvonimir Petnicki, Interpreter

Korea. After opening remarks, Secretary Vance asked Secretary Minic for clarification of President Tito's comment to the President the previous day suggesting contacts with North Korea.² He wanted to clarify that these contacts would involve the North and South Koreans as well as the United States. Minic replied that this understanding was correct. He continued that President Tito, before his departure for Washington, had received a detailed message from President Kim Il-song, but it contained no new ideas and largely repeated those which President Tito had relayed to Carter last fall.³ The major obstacle to conversations was still South Korean President Park. During Tito's visit

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Ambassador at Large and Representative of the President for Nonproliferation Matters (S/AS), Gerard C. Smith, 1977-1980, Lot 81D287, Box 2, Yugoslavia 1978. Secret. Drafted by Johnson; approved in S/S on March 23. The meeting took place in the Secretary's Conference Room.

² See Document 253.

³ Letter from Tito to Carter, September 22, 1977. See footnote 5, Document 243.

to Pyongyang, Kim had emphasized his willingness to hold talks with both the United States and South Korea, but not with President Park. President Carter's reply had said that the U.S. was not in a position to change Park. Therefore it is necessary to give thought to some new approach. In his recent message, Kim had again insisted on the removal of Park. The suggestion for lower-level talks was President Tito's own initiative and President Carter was the first person to whom he had suggested it. If this is acceptable to the U.S., Tito would begin a dialogue to see what the North Koreans would accept. At present the situation is blocked, and the question is how to unblock it. This is Tito's suggestion. Kim's stand is known and his first reaction will no doubt be negative. But there may be some flexibility which the Yugoslavs will seek to explore.

Secretary Vance emphasized that we would not take part in any talks without the South Koreans being present. Minic reiterated that the Yugoslavs understood this and noted that the North Koreans wanted direct talks with the U.S. to replace the armistice agreement. This subject was also discussed in detail in Peking, and the Chinese indicated that they would not interfere in the Korean situation. A solution depends entirely on the Koreans, they said. Tito discussed the matter at length with Chairman Hua Kuo-feng and Minic himself with Foreign Minister Huang Hua. He asked whether the U.S. agreed that the situation was blocked.

Secretary Vance replied that we would consider the Yugoslav proposal and that we had no difficulties with it, as stated. He expressed his opinion that the South Koreans likewise would go along. The result therefore, depends upon Kim Il-song. Minic said that the Yugoslavs would be very satisfied if Kim recognizes the realities of the situation and the need to break the deadlock. Assistant Secretary Holbrooke said that perhaps the Yugoslavs could pursue the idea with the North Koreans while we consult with the South Koreans. He agreed that the idea was worth pursuing.

Science and Technology. Turning to bilateral matters, Secretary Vance thanked Minic for his letter on the question of cooperation in science and technology. He said he had followed up on the funding requirements to continue the program and told Minic that the President had now agreed that we would seek a \$7 million appropriation (to cover a five-year period) on a matching basis.⁴ This appropriation would be

⁴ In a January 30 letter delivered by the Yugoslav Embassy to the Department of State, Minic suggested that the U.S. Government pay annuitants in Yugoslavia in dollars to free up dinars for the program. (Telegram 48421 to Belgrade, February 24; National Archives, RG 59, Central Foreign Policy File, D780088–0797) See also footnote 10, Document 251.

a part of the regular State Department budget, and the program would be administered by the State Department. Minic said this was a satisfactory solution and he emphasized the importance of the program for mutual understanding, particularly for Yugoslavia as a developing country. Secretary Vance said we agree on its importance, and will be pleased if we can continue it by this means.

Economic Matters, Exim Bank. On the question of loans and “super-guarantees”, Minic said that he was glad to see the representative of the U.S. EximBank in the meeting and suggested that perhaps this was the moment when the two sides could reach agreement.⁵ Before coming to Washington, Minic said he had held detailed talks with the Prime Minister, the Finance Minister and the Vice Premier about this problem. The situation now is that the U.S. has made a proposal which is not acceptable in its present form to the Yugoslav side. He outlined the Yugoslav position as follows:

Cooperation with ExIm has been very significant. Until a year ago 50% of U.S. loans were through ExIm. Now the percentage has dropped to thirty but the government of Yugoslavia is very interested in continuing its cooperation with ExIm. However, the new Constitution and the law of associated labor had introduced reforms. Under these provisions the Government of Yugoslavia and the National Bank do not have the right to issue “super-guarantees”. In order to reinstitute this procedure, a change of the law and perhaps an amendment to the Constitution would be necessary. Individual banks, a group of banks or a consortium of banks could give guarantees. Or a new bank for Export and Import which Yugoslavia is establishing to deal with questions of foreign trade and financing could give guarantees. The government can say that any bank or group of banks can get the required amounts of foreign exchange to meet its obligations on the basis of its dinar holdings. In the Yugoslav view, this should be sufficient to meet the requirement for guarantees. All European banks have agreed to this system and no longer require a “super-guarantee”. He urged that we do everything possible to resolve this problem. After this visit, the Secretary of Finance will send a written proposal to ExIm giving a detailed response.

Minic added that the Yugoslav side had a very positive reaction to the formation of working groups on economic cooperation to be headed by Assistant Ministers and Ambassadors. He said that economic

⁵ The Yugoslav Government advised the ExIm Bank that it would no longer be able to provide “super-guarantees” by the Yugoslav National Bank on ExIm loans to Yugoslav businesses. Tarnoff informed Brzezinski of the emerging dispute between the ExIm Bank and the Yugoslav Government in a February 11 memorandum. (Carter Library, National Security Affairs, Brzezinski Material, VIP Visit File, Box 15, Yugoslavia, President Tito, 3/6-9/78: Cables and Memos)

ties with the United States had not developed sufficiently. Trade with the Soviet Union last year was approximately \$2.5 billion. With the FRG, trade was approximately \$2 billion, but was not balanced, with Yugoslavia having a huge deficit of \$1.2 billion. In the past the deficit had been largely made up by revenues from tourism and remittances from Yugoslavs working in Germany. But this past year there was a short-fall of \$200 million. With Italy trade was over \$1.5 billion, and was well developed but also unbalanced. With the U.S. the long-term aim is to expand trade and the U.S. should be among those in the first rank of Yugoslav trading partners. The present deficit situation with the EEC cannot continue in its present form. The difficulties with the EEC already transcend tolerable limits. Its trade with third countries is highly protectionist, especially on agricultural products. It is a very difficult situation in which Yugoslavia can cover only thirty percent of its trade through exports. The U.S. market is fair but difficult for Yugoslav exporters. Exchanges in recent years have been more or less balanced. There have been talks with the EEC, but the first round did not give grounds for optimism. Yugoslavia's aim is to expand economic ties with the U.S., and ExIm should seek to help in this process.

Secretary Vance said that we welcome Yugoslavia's objective of expanding economic relations with the U.S. and we agree with it. He thanked Minic for his proposal on ExIm and said that he would discuss the matter further with Mr. Albright and President Moore and would be back in touch. The important thing, he said, is to find a solution to this question. Minic reemphasized his wish that the U.S. government promote the long-term expansion of trade and finance and added that U.S. businessmen know well the Yugoslav laws which encourage foreign investment. Expansion remains the important thing, including industrial cooperation.

Krsko Fuel License. Minic called on Assistant Secretary Bernardic to discuss the Krsko question. He noted that Bernardic and Assistant Secretary Vest had met the previous evening and that Bernardic had presented the Yugoslav suggestion for an interim agreement pending adoption of an international convention on nuclear export controls.⁶ Bernardic said his talks with Vest had been very useful but he emphasized that these were not negotiations, which must be left to Ambassador Kljun and U.S. officials who deal with this question. Their conversation was intended to move the effort forward. He said that the situation is now very fluid with some important matters not clearly defined,

⁶ No separate record of the meeting was found. In telegram 67708 to Belgrade, March 16, Andrews informed the Embassy that the discussion took place, but that "Bernardic did not go into any more detail than he did at the Vance-Minic meeting." (National Archives, RG 59, Central Foreign Policy File, D780117-0865)

including the agreements with the IAEA, and the implementation of the new U.S. law on nuclear exports. Also, he said, the INFCE will continue its work over the next two years or more and a UN Conference on Nuclear Energy will be convened. It is important that any arrangement made now be consistent with agreements already concluded or to be concluded. The Yugoslavs thought it premature to go for a long-term agreement at this time and therefore suggested a temporary agreement for four or five years to provide the fuel and to await the conclusion of an international convention. Under this arrangement Yugoslavia would clearly reaffirm its commitments under the NPT as well as bilateral and international commitments. When these are summed up, they would cover all matters of concern to the U.S. side. Such a solution would meet the requirements of the Yugoslav situation. Yugoslavia was among the first signers of the NPT and was in the front line of those countries fighting for it. Between the industrialized and nonaligned countries there is need to understand the needs of each and to meet the special requirements in this case. We should be able to work out an interim solution; we should examine the concrete situation and should seek to help the negotiations.

Mr. Vest replied that this Yugoslav approach differs significantly from that discussed earlier, and that he had not had a chance to consult with the experts on the subject. He said it would also have to be acceptable to the Nuclear Regulatory Commission and in harmony with our new legislation. We will pursue this matter. Secretary Vance said that the plan for continuing discussions was a good one, but that the subject is very difficult because of the strict limits of our law. We will do all we can within those limits and without discrimination against others with whom we deal on this question. Minic said he also agreed that the two sides should meet soon to continue their discussions. (The Yugoslavs will give us their proposal in writing.)

Emigre Matters and Terrorism. Minic said that the Yugoslavs are pleased to note that the present Administration is acting more energetically on this question. During President Ford's visit to Belgrade in 1975, Minic had given a pro memoria paper to Secretary Kissinger on all of these matters. Now there was a new paper which brought the information up to date. The problem basically is that there are too many acts by the same small groups of people which remain unsolved and unpunished.

Secretary Vance said that this is a matter of great importance to us and that since the Carter Administration came into office we have seen the resolution of the TWA hijacking and of the break-in at the Yugoslav UN Mission. (He noted that in these matters we were following actions initiated during the prior Administration.) He continued that we also feel very strongly about the broader question of

international terrorism and that we supported efforts in the UN and elsewhere to find effective measures to combat it. We hope that we can work together with Yugoslavia to put teeth into these measures. Minic said he agreed on the problem, and in the UN there had been some efforts. But there were differing views. The main issue concerned the “national liberation” movements. It is difficult among the non-aligned to get agreement if the effect is to inhibit the struggle by those involved in “national liberation” movements. If the political causes which give rise to these kinds of disturbances were resolved the broader issue could also be resolved. In that case, we would be left with the other problem, which is a common threat to mankind. He suggested that the U.S. talk with other nonaligned countries, and offered to be of assistance in arranging these contacts. Secretary Vance said we agreed that such consultations would be useful and we will seek them with other nonaligned countries as well as with Yugoslavia.

Minic said that he thought all bilateral matters had been covered and that the two secretaries should tell the two Presidents that they need not deal with them, but could go on to other international questions. Secretary Vance agreed.

Horn of Africa. Noting that there were some additional time remaining, Secretary Minic said that he would like to follow up on some of the topics discussed the previous day by the two Presidents. On the Horn of Africa, he said that he would be received by both Mengistu (of Ethiopia) and Siad Barre (of Somalia) on his forthcoming visit. He said he hoped both would not be angry because of President Tito’s comments in his interview with James Reston. Regardless of this, Yugoslavia has very good relations with both, and both want Yugoslavia’s full support in their dispute. The Yugoslavs have told them that they cannot agree that war can solve their problems, and that these and similar questions must be resolved by peaceful means. The Yugoslavs had thought much about this question, and others including President Carter had also expressed their concern. Yugoslavia has a diplomatic dialogue with both countries, but feels that no solution is possible until the military situation changes. It now appears that the military situation is changing so a solution may be closer. It should be on the basis on the principles outlined by the two Presidents in their previous meeting. It is best that neither side be victor nor vanquished but resolve the matter fairly through negotiations. Yugoslavia has informed five or six countries about its plan and has asked for parallel approaches. All would be informed of the results. Concerning the U.S., it would be very good to implement the understanding between Mr. Aaron and President Mengistu and send a new Ambassador to Ethiopia as soon as possible. This should go together with further efforts to bring about the withdrawal of Soviet and Cuban forces. Minic asked that we con-

sider candidly why Ethiopia was pushed to seek aid from the other side. The withdrawal of US aid had been a big blow. Ethiopia was a very poor country, with a per capita income of about \$50 per year. Thus it needed aid wherever it could get it. The US should also encourage Ethiopian nonalignment. Mengistu was strongly committed to nonalignment, but there are many younger people near the top who may not be. The important thing now is to maintain a dialogue.

Secretary Vance thanked Minic for Yugoslavia's assistance on Mr. Aaron's recent trip to Ethiopia. He agreed that the solution to the conflict would have to come through negotiations and noted that Soviet and Cuban troops would have to be withdrawn. He expressed concern about the apparent ineffectiveness of the OAU mediation effort, which had largely fallen through. He was not sure that the OAU could handle the problem, and asked what the role of outside powers should be if the instrument the Africans prefer to use cannot be effective.

Minic replied that the OAU is in a period of crisis, and that its problems parallel those of the current conflict. He agreed that the OAU should assume responsibility for solving the problem. Outside interference is "most obnoxious". Friendly advice and influence are not out of line, but the OAU should play the main role. Yugoslavia is in contact with Foreign Minister Garba of Nigeria, who understands the problem very well. (Secretary Vance said that we are also in close contact with Garba.) Garba has asked for patience, but the Yugoslavs believe that the OAU cannot do much and others should try to help. Minic will carry messages from Tito to Siad Barre and Mengistu and to President Numayri of the Sudan, who is also very concerned. Minic promised to inform us of the results of his visit.⁷

Secretary Vance said that it will be worthwhile to talk with the Sudan, which has offered to mediate. Garba has indicated that he will call on the ad hoc committee to meet with the entire OAU board. We should press for a solution along the lines discussed by President Carter and Tito, and he would look forward to Minic's report.

Minic said he hoped India could play a role, and Foreign Minister Vajpayee will become more active, if Prime Minister Desai agrees. Vance said he had also discussed this matter with Vajpayee during the President's visit to India.

⁷ On April 14, Belovski met with Newsom to deliver a letter from Minic to Vance on his trip to Ethiopia, Somalia, the Sudan, and the Soviet Union. The meeting and letter were reported in telegram 98712 to Belgrade, April 18. (National Archives, RG 59, Central Foreign Policy File, D780165-1072) Vance responded to Minic's letter on May 12, thanking Minic for the information on his mission to the Horn of Africa and describing his talks in Moscow with Foreign Minister Gromyko. The Department forwarded the text of the letter in telegram 122712 to Belgrade, May 13. (National Archives, RG 59, Central Foreign Policy File, D780204-0269)

Middle East. Regarding yesterday's talks Minic wanted to make it clear that although President Tito indicated that he would not have supported President Sadat's recent initiative if Sadat had sought his view, there was no dispute about Egypt's right to choose the means it felt would be most effective. Yugoslavia did not comment at the time but felt that the initiative would not work. They foresaw that one result would be that a group of Arab countries would form a "rejection front" and would look for support from the Soviet Union. This has indeed happened. Tito told those who met in Tripoli to adopt a moderate approach, but they did not and the extremist statement which resulted from that meeting was "ridiculous". After waiting for the situation to settle down, those countries have been in touch with Tito and have exchanged messages. Tito advised that the solution could not come through extreme opposition to Egypt or in an extreme reaction by Egypt. But Sadat "very emotionally" broke relations with all those countries. Yugoslav efforts now are directed at overcoming the problems between the other Arabs and Egypt. Yugoslavia advised that the "rejectionists" meet again to adopt a more realistic position. He asked what can be done if the direct Egypt-Israeli talks do not produce a result. The situation is very dangerous. Yugoslavia does not share the opinion that this would bring about the downfall of Sadat, since he has great support in Egypt. But it is possible that he will then draw on this support to turn to a harder line. He will say that he has done all he possibly can and taken great risks but that Israel has not been responsive. He may also say that the U.S. did not give enough support to his efforts. Then the whole issue will be back to the starting line. Minic asked if in our view there was any other approach and inquired about the possibility of a preparatory conference for a Geneva Conference which would include all likely participants. He said that this idea has not yet been discussed with [us?] but Yugoslavia believes that UN Secretary General Waldheim's recent initiative was a good one, though premature. Is there any third road to a solution, he asked, and what is the current status of the joint statement between Secretary Vance and Soviet Foreign Minister Gromyko last October?⁸ Was it still valid, were the Soviets still interested in playing a role?

Secretary Vance said that the joint statement with Gromyko stands and the Soviets agree that it remains valid. Minic noted that the Yugoslavs had expressed support for the statement on the day it was issued.

⁸ The United States and the Soviet Union issued a joint statement on the Middle East on October 1, 1977. The statement proposed guidelines and procedures for Arab-Israeli negotiations of a comprehensive peace settlement in the Middle East and called for an international conference in Geneva. (Department of State *Bulletin*, November 7, 1977, pp. 639–640)

Vance said that the statement is being used as a basis for negotiating a Declaration of Principles among the relevant states. There is nothing inconsistent between the statement and our mediating role. Unfortunately, the parties are still far apart on the questions of the Palestinians and the Gaza Strip. It is still too early to say that direct negotiations have failed and we feel that we should continue to support this approach. In this connection we invited Prime Minister Begin, and President Sadat agrees with this. (The Secretary said that we would inform Yugoslavia about the results of the Begin visit.)⁹

We must pursue the present course until its succeeds or fails, and we should know soon about the outcome. If it fails we believe that the Waldheim proposal for a wider meeting within the context of the United Nations but separate from the Geneva Conference, is a worthwhile possibility. It should, however, be seen as a preparation for the Geneva Conference. The Secretary said that he had discussed this question last week with Secretary General Waldheim. Minic said he agreed with this assessment and Vance said that he did not see a third alternative as being necessary yet.

Secretary Minic then said that he had been very satisfied with this discussion and felt that this personal contact was very useful and helpful. He suggested that in addition to the messages between the two Presidents, he and Vance write to each other if there are matters which they feel can be dealt with at that level. Secretary Vance said that is an excellent idea which he wholeheartedly supports. Minic then invited Secretary Vance to come to Yugoslavia as he had previously promised and Secretary Vance said that is a promise he intended to carry out with great pleasure.

⁹ In telegram 114888 to multiple posts, May 5, the Department provided talking points for briefing of host governments on Begin and Dayan's visit to the United States. (National Archives, RG 59, Central Foreign Policy File, D780192-0898) In telegram 3633 from Belgrade, May 12, the Embassy reported Eagleburger's conversation on May 10 with Yugoslav Foreign Ministry Assistant Secretary Komatina, in which the Ambassador briefed the Yugoslav official on the visit. (National Archives, RG 59, Central Foreign Policy File, D780203-0446)

255. Editorial Note

On March 9, 1978, President Jimmy Carter and Yugoslav President Josip Broz Tito met again from 9:34 to 11:04 a.m. in the White House Cabinet Room. (Carter Library, Presidential Materials, President's Daily Diary) This time Secretary of Defense Harold Brown also joined the U.S. delegation, while Vice President Walter Mondale was absent. No transcript of the conversation has been found in U.S. archives. The Yugoslav Government prepared its own memorandum of conversation, available in the Archives of Yugoslavia, Belgrade, Serbia. A copy of the document and its translation are available in the Woodrow Wilson Center's Cold War International History Project (CWIHP). The excerpts below are taken from the CWIHP translation.

Noting that the March 8 discussion between Secretary of State Cyrus Vance and Yugoslav Foreign Minister Milos Minic was successful, Carter suggested continuing their discussion of international issues, unless President Tito felt it necessary to clarify some of the remaining bilateral issues. Tito replied: "I would like to talk about the issues of détente as one of the key issues in the relations between the U.S. and the Soviet Union." "I have been convinced," Tito stated, "that you are making efforts from your side toward détente." Noting that more trust was necessary to improve the relationship between the two superpowers, Tito assured Carter that he would "report to Brezhnev the general impression I got from you about the issues of international problems and détente, including my opinion that it would be necessary for the two of you to meet and have a dialogue among yourselves." Informing Tito of the outstanding invitation to the White House he had extended to Brezhnev, Carter added: "I would be grateful, Mr. President, if you could influence him so that he accepts the invitation and visits the U.S."

The two leaders discussed the developing situation in Somalia, as well as their respective positions vis-à-vis the situation in Rhodesia and Namibia. The United States and United Kingdom had carried out joint negotiations on the Rhodesia problem, Carter informed Tito. Carter continued: "There are good contacts with the presidents of the so-called Frontline States and with the members of the United Nations. We cannot recognize the so-called internal settlement of the problem if it is not in the line with the Anglo-American negotiations. We hope we will be able to help the national leaders to meet in the near future." Carter expressed his hope that, when the new Rhodesian Government was formed and recognized, it "will refuse the involvement of the foreign forces, which should not interfere with the internal issues of Rhodesia."

Turning to the upcoming Non-Aligned Movement (NAM) Foreign Ministers' conference in Belgrade, Tito informed Carter that the Yugo-

slav Government remained very active in its preparation as well as the preparation for the NAM summit in Havana, which he hoped would contribute to a constructive conference. "Now we have a situation in which non-aligned countries are at war with one another," Tito declared, making reference to the Horn of Africa and the situation in South East Asia. Tito continued: "There is an important issue for the Non-Aligned countries to deal with: preventing the split of the non-aligned countries into 'right' and 'left,' into 'progressive' and 'non-progressive' countries." Tito concluded: "We all must work to prevent that from happening. There are such tendencies from several sides," alluding to Cuba, "and we will not allow this to happen." As Carter expressed his concern that Havana might not be the most appropriate venue for the next NAM conference, Tito replied: "We are concerned about Cuba too, but what can we do?" He continued: "If we allowed a split into 'progressive' and 'non-progressive' countries, we would face quarrels internally and externally." "That is why the Conference of Foreign Ministers in Belgrade is important," Minic interjected, "because many are concerned about how the Conference in Havana will proceed, because they are concerned that Havana may direct the Non-Aligned Movement in a different direction." The Belgrade conference, Minic concluded, should "achieve a platform that cannot be changed."

The conversation then shifted to the relationship between the Soviet Union and the United States. Minic stated that "it seems that the Soviet Union has come to believe that U.S.A. is not in any hurry to conclude SALT, but is seeking to postpone [agreement]." "We hear" he continued, that the Soviet leadership believed that this is "a calculating move to prolong the arms race, and this is a great burden on the Soviet Union. Since the U.S. economy is far stronger than the Soviet economy, it is easier for the U.S. to endure the [arms] race and, according to President Tito's talks with Brezhnev, there is a serious [Soviet] interest that race be stopped so that Brezhnev can focus on the internal problems, which are quite severe." The Middle East situation, which the Soviet bureaucracy saw as a ploy by the United States to limit Soviet influence in the region, was described by Minic as another reason for Soviet distrust of the United States. Lastly, Minic suggested that U.S. policy on human rights added to Soviet apprehensions: "In talks with them, we see that they perceive it as a calculating move to destabilize the East European countries." Minic concluded: "Much will need to be done to dispel Soviet belief that this action is aimed at destabilizing Eastern European countries." Human rights, Carter responded, could easily be solved during a meeting with Brezhnev.

What "worries us tremendously," Carter noted, "is the issue of enormous increase in armament of the Soviet Union, which is constantly increasing military expenditures, three to four percent above

inflation, while our military budget is smaller than 18 years ago." Carter continued: "This worries not only us, but also China and Western Europe. We believe that the Soviet commitment to increase its conventional and nuclear weapons [stockpiles] is much larger than what is required for self-defense." Carter concluded that, while "there are world problems, world issues, which connect the United States with the Soviet Union," these issues are "stronger than the disagreements, the differences that divide us." He told the Yugoslav delegation: "We are very grateful that you are ready to relay our opinion to the Soviet Union, and that you have passed to us their opinions."

The meeting ended with an appeal from Tito for a halt in the U.S. development of the neutron bomb. "I think the bomb is wrong," Tito declared. "The Soviet Union and the U.S. have nuclear weapons, and these are very powerful weapons," he continued. "Regarding the N bomb, the Soviet Union can make it within a short period of time, but it costs a great deal, it is a burden on its economy. I think that, if there was to be a war and the neutron bomb were to be used, nuclear weapons will be used immediately after. I am certain of that, because neither side will allow itself to be defeated. This all leads in the direction of mutual self-annihilation," Tito concluded. Carter countered that the United States had not yet made the decision as to whether to produce the bomb, and that it was a weapon limited to a defensive character. "The Soviet S-20 bombs are much more dangerous," Carter added, "and the S-20 also worries Western Europe, not just us." Carter concluded: "The Soviet Union has a large number of various weapons which are much more dangerous and have a greater impact and range than the Neutron bomb." The meeting ended at 11:04, when Carter escorted Tito to the South Lawn for his departure.

In the joint statement released by the two governments at the conclusion of the visit, the discussions were described as "extensive and useful," held in "a spirit of mutual regard, candor, and friendship" and that the meeting reinforced "the already strong foundations of the US-Yugoslav relations." The joint statement also referenced that the two Presidents had emphasized "the decisive importance of the development of energy for the economic growth of all countries, and of the developing countries in particular, and they believe therefore that nuclear energy for peaceful purposes should be made accessible to all countries without discrimination." (*Public Papers: Carter, 1978, Book I*, pages 485–488)

256. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, July 30, 1978, 1213Z

5561. Subj: Tito and Harriman Meeting.²

1. Governor Harriman, accompanied by Ambassador Eagleburger, was received July 28 by President Tito at his private retreat on the island of Vanga. Following an hour and fifteen minute conversation between the Governor and the President, attended by Ambassador Eagleburger and Tito's Chef d'Cabinet Bauderina, President Tito hosted a luncheon for the Governor and Mrs. Harriman, attended by Ambassador and Mrs. Eagleburger, Mr. Bauderina and a few other Yugoslav guests.

2. During the meeting preceding lunch the discussion included nonalignment, Soviet-US relations, China, and US-Yugoslav relations. Highlights of the conversation on each of these subjects follows:

3. Nonalignment. Governor Harriman complimented President Tito on his speech to the NAM conference,³ saying it showed what "real nonalignment is," and asked for the President's evaluation of the current state of the NAM, and Cuba's role therein. President Tito said that the nonaligned are now faced with efforts to dilute the concept of nonalignment as established in 1961. The Cubans will be nominally at the head of the movement for the three years following the Havana Summit and Yugoslavia is working hard now to assure that Castro will not "dominate" the NAM during that period. He asked rhetorically

¹ Source: National Archives, RG 59, Central Foreign Policy File, D780312-0778. Secret; Immediate; Exdis. Drafted and approved by Eagleburger. (National Archives, RG 59, Office of the Secretariat Staff, Lawrence S. Eagleburger, Under Secretary of State for Political Affairs, Ambassador to Yugoslavia, Under Secretary of State for Management (1967-1984), Lot 84D204, Box 9, Ambassador Outgoing Cable Chron, April-August, 1978)

² Harriman also met with Vrhovec to discuss the Non-Aligned Movement (telegram 5557 from Belgrade, July 29; National Archives, Central Foreign Policy File, D780312-0204) and the status of US-Yugoslav bilateral relations. (Telegram 5696 from Belgrade, August 3; National Archives, RG 59, Central Foreign Policy File, D780319-0299)

³ The Foreign Ministers of the Non-Aligned countries met in Belgrade July 26-30. In a July 21 memorandum to Carter, Brzezinski recommended that the President sign a message to Vrhovec, who served as Chairman of the Conference. The message had been privately requested by the Yugoslavs earlier, to "strengthen the hand of the moderates in dealing with the Cubans and their friends during the meeting." Brzezinski suggested that, while the message might not have much of an impact on the outcome of the meeting, it would "reinforce our position that we believe the Non-aligned [Movement] can be a constructive force in world affairs." (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 4-12/78) Carter approved the message. (Ibid.) The message was transmitted to Eagleburger on July 24 in telegram 185993 to Belgrade. (National Archives, RG 59, Central Foreign Policy File, D780302-1013)

“where was Cuba in 1961 when we began things?” and added that the effort by “some” to turn the NAM into a “third factor between the blocs, but supporting one bloc, could only make the world situation worse.” Yugoslavia did not intend to let that happen. Tito went on to say that Castro will not succeed in his attempts to split the movement into what Cuba describes as “progressive” and “reactionary” factions, and that Yugoslavia had strong allies in its battle against Castro’s attempts to take over the movement. These allies, he said, include Algeria, Tanzania, India, Sri Lanka, Bangladesh, Zambia, and “many others.” “We are not afraid,” he said, “and we are ready to do battle.”

4. In response to a Harriman question on Soviet and Cuban activities in Africa, Tito said that “some intervention” in African affairs may be a necessary evil, given the current state of relations on the continent. But no African country will let its policies be changed by the presence of foreign elements within the country. President Tito noted that he was particularly pleased that in the speeches given at the opening session of the NAM Conference this week in response to his address, the spokesmen from each of the four continents went out of their way to stress the need for NAM unity and to pay tribute to Yugoslavia for its leading role within the movement.

5. US-Soviet relations. Governor Harriman noted that US-Soviet relations had deteriorated in the period since the Governor had seen President Tito in Washington last March. The Governor said he wanted to reassure President Tito, however, that President Carter remains firmly committed to both SALT and a CTB. He added that Secretary Vance has developed a very good relationship of mutual confidence with Foreign Minister Gromyko and that he believes that this personal relationship will be a great asset in the months ahead. He went on to explain to President Tito the severe impact that the Shcharanskiy trial⁴ has had on Congress and public opinion in the United States and that as a consequence the President’s room for maneuver would continue severely restricted in the absence of some conciliatory move on the part of the Soviets. The Governor asked whether President Tito saw any way for the US and the Soviets to move to free themselves from their present difficulties.

5. President Tito replied that he had heard that there was a possibility of an exchange of the two Soviet spies arrested in New York for Shcharanskiy, and that if this exchange went forward it might at least serve to remove the case as a cause celebre. Governor Harriman said

⁴ Anatoly Borisovich Shcharansky, human rights activist and spokesman for the Moscow Helsinki Group was considered one of the founders of the Refusenik movement in the Soviet Union. In 1977, he was arrested on charges of spying for the United States and sentenced to 13 years in a labor camp. Released in 1986, he emigrated to Israel.

that he also understood that such an exchange might be a possibility but did not know whether it would in fact take place.

6. President Tito said "I continue to hope that the United States is ready to put the issue of human rights in its proper perspective and emphasize attempts to resolve the main issues that exist between the US and the USSR. That is the impression I got from President Carter when I visited Washington, and I hope it is still his intention." Governor Harriman commented that the Shcharanskiy case—a direct Soviet provocation and personal insult to the President—has deeply provoked the American public. Did President Tito have any suggestions on how we might proceed now, given the impact of the Shcharanskiy case? Tito said that the United States must understand that Soviet prestige is intimately involved in the Shcharanskiy and Ginzburg cases.⁵ The Soviets are intent upon showing the US and the dissidents that the latter cannot be "used" in discussions of other issues. The Soviets are doing this for both internal and international reasons. They have decided to be "more determined" in their opposition to the United States; they intend to show that the Soviets will not, when pushed on the issue of dissidents, retreat. They mean to demonstrate to the United States that it must stay out of the internal affairs of the Soviet Union.

7. Governor Harriman pointed out that despite the differences over human rights the Soviets continue to be ready to negotiate on SALT and have for the first time put forth a constructive MBFR proposal. Moscow is, in other words, indicating its desire to move ahead in the area of arms control, which is of interest to both countries. This is true, said Tito, but Moscow considers US involvement with the dissidents as interference in its internal affairs and will not accept it. Shcharanskiy, Ginzburg, and the other dissidents are, so far as Moscow is concerned, citizens of the Soviet Union, and only they can decide the manner in which they will be judged under their laws. "Personally I feel that the Soviets are not unrealistic in their view that no one can play in their internal affairs. Frankly, the administration's most serious mistake was to have put such extreme emphasis on human rights at the Belgrade Conference" (CSCE). Every large country, said Tito, will always insist that it has the right to decide its own affairs. So far as US public opinion is concerned, Moscow believes that has always been anti-Soviet and therefore changes in degree are unimportant. The Soviets are not particularly impressed with administration arguments about its public opinion problems.

⁵ Vitaly Lazarevich Ginzburg, Soviet journalist, author, and human rights activist. He was imprisoned several times in the 1960s and released and expelled from the Soviet Union in 1979.

8. Governor Harriman said that President Carter has consistently and recently made it clear that neither he nor the United States Government wants to intervene in the internal affairs of the Soviet Union. But, with regard to the Shcharanskiy case, there is no way that the administration can change its present position. The Soviets need to make some gesture.

9. President Tito returned again to his reference to the Belgrade CSCE, saying that the administration's initial approach to human rights was "unfortunate." Washington failed to recognize that the Belgrade CSCE was to address issues of European security; those security issues should have been the focus, rather than the overwhelming emphasis on human rights. Tito said there is no question that human rights are important, but there should be some "balance."

10. What is needed now, Tito said, is to find some way to "freeze the controversy" so that the US and the USSR can devote themselves to basic issues. Perhaps the administration, while continuing to maintain the importance of human rights, could emphasize the need to resolve basic differences between the two countries that affect the possibilities for peace.

11. China. Governor Harriman recalled that President Tito had once told him that the Chinese had called him a "revisionist bandit," but relations now have greatly changed. He asked for the President's view of China. Tito said he had some impressions from his recent visit to Peking, and would know more following Hua Kuo-feng's visit to Yugoslavia in August. He indicated that as far as he was concerned there is no question that the new Chinese leadership is actively searching for ways to open itself to the world; they know they cannot develop without contact with the outside; they are a poor country and greatly in need of technological and industrial development and vast improvement in their agricultural situation. They are interested in Western technology to make up for their backwardness; additionally, they are intent upon creating a modern army since they recognize that numbers are no longer the "essential factor." "The Chinese want—and they are absolutely right—maximum security. And they want to know the world better."

12. Tito said that during his visit to Peking he had reproached the Chinese leadership with regard to their policy in Africa. He said that the PRC was so intensely anti-Soviet that it was prepared to support whatever African regime found itself threatened by the USSR or allies of the USSR. This is, said Tito, "unprincipled." But at the same time he recognized that it was inevitable, since Peking views the USSR as its "first and main enemy."

13. President Tito said that he would hold extensive talks with Hua Kuo-feng when the latter is in Belgrade. The Chinese have indi-

cated they are interested in studying Yugoslavia's agricultural system, its industrial development and its system of self management. The Chinese may try to introduce at least some aspects of the self management system in an attempt to stimulate production.

14. Governor Harriman noted that he was sure that any thoughts President Tito might have on China following the August Hua Kuo-feng visit would be of great interest to President Carter. He hoped the President would pass anything of interest on to Washington. Tito replied that he would do so "gladly."

15. US-Yugoslav relations. Governor Harriman said that it was his impression that our bilateral relations were at a new high point. President Tito said that was correct; they are very good and improving every day. President of the National Assembly Markovic had reported to him on his recent visit to the United States, and had indicated his great satisfaction with it.⁶ There are no major problems between our two countries and many small matters have also been settled. There are a few small issues (unspecified) still between us, but they are of no significance. Tito said that he had a very good impression of President Carter when he met with him. He recognizes that President Carter had initial problems with the Congress but considers him "a sincere, honest, devoted leader who wants to accomplish much."

16. The President then said: "The United States must understand that if we sometimes are critical it is only because we mean the US well. We have learned to live together as friends despite the fact that one or the other may be critical on occasion. With some other countries, however, where on its face it appears that Yugoslavia has very good relations, it is a fact that in reality the relations are not good. And you know who I mean." (This is obviously a reference to the Soviet Union.)

17. Tito recalled that in his first meeting with Governor Harriman when the latter was Ambassador in Moscow during the war, the Governor had told him of Stalin's highly critical anti-Tito remarks. Tito said it is an interesting fact that whenever Stalin dealt with him, he was kind, he made a great fuss, etc. But he (Tito) knew the true reality.

⁶ On July 19, Mondale met at the White House with Dragoslav Markovic, President of the Yugoslav Assembly, who led a delegation of Yugoslav Assembly members to meet with U.S. Government and legislative officials in Washington. Markovic and Mondale discussed the state of U.S.-Yugoslav relations. Carter briefly stopped by to greet the delegation. The Department informed the Embassy of the discussion in telegram 192091 to Belgrade, July 29. (National Archives, RG 59, Central Foreign Policy File, D780312-0046) Prior to the Mondale-Markovic meeting, Vance, joined by Harriman and Vest, met with the Djuranovic and Vrhovec in New York on May 25 to discuss the Non-Aligned Movement and exchange views on the state of the international system. (Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977-1980, Lot 84D241, Box 9, Vance Nodis MemCons, 1978)

Governor Harriman replied that Stalin was a very insincere man. "You, Mr. President, were the first to expose him and that destroyed his ambitions for domination of the World Communist Movement." Tito replied "Absolutely. Had we not said 'no' to him when we did, other difficulties would have arisen for us and the rest of the world, and God knows where we would now be."

18. Governor Harriman then asked President Tito about his relations with Chairman Brezhnev. Tito replied that they were very good, "but I think many things are being done to us despite him."

19. In reply to an observation by Governor Harriman that it was his feeling that Brezhnev appeared to be in the middle of opposing forces within the Politburo and not strong enough to contain them, Tito replied that that was his belief as well. Tito said that he believes Brezhnev to be well intentioned but clearly weakened by ill health. Suslov is the force that is difficult for Brezhnev to control.

20. Comment: It was Governor Harriman's impression that, in comparison with the last meeting between the two in Washington in March, President Tito had deteriorated substantially in alertness and vitality. (This is a view that Ambassador Eagleburger shares from his own observation of President Tito during the March visit to Washington.) This was most evident in the early stages of the discussion, but the President became more animated as the conversation proceeded. In fact, at one point when Bauderina attempted to break off the discussion so that the participants could go to lunch, Tito remarked, "Not yet, I still have more I want to talk about."

21. As the lunch began Tito was, again, quiet and detached. But as the conversation turned to reminiscences he showed an increasingly lively interest and a keen sense of humor.

Eagleburger

257. Memorandum From Robert Hunter of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, August 22, 1978

SUBJECT

FMS Credits for Arms Sales to Yugoslavia

In authorizing moderate expansion of our arms transfer relationship with Yugoslavia last September, the President specifically excluded FMS credits.²

There are now indications that the Yugoslavs will ask for limited FMS financing (State estimates no more than \$10 million in FY 1980).

The State Department memorandum at Tab II³ asks for a decision *in principle* to permit such financing—while understanding the limited funds available and the need for Congressional consultations. (Normal budget procedures would still have to be followed.) State argues that the prospects for selling two \$10 million-plus systems (unspecified) would be enhanced if the authority were available; and that our ability to respond positively on the financing question would enhance the fall visit here of the Yugoslav Defense Minister. It would improve our ties to the military, and underline our commitment to post-Tito Yugoslavia.

State argues that the limitation on credits was placed in the Presidential Decision because we did not expect to be asked. I recall that we also wanted to keep the program low-key, in view of the still-tentative nature of our improving relations.

Now, however, I agree it would be valuable to take this extra step. This does not seem to be sufficiently important to require the President's personal approval.⁴

Defense and ACDA agree with the State memo.

Recommendation:

That you concur with the extension of FMS financing to Yugoslavia *in principle*, and sign the memorandum at Tab I.⁵

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 4-12/78. Confidential. Sent for action. Jessica Tuchman Mathews concurred.

² See Document 242 and footnote 4 thereto.

³ Not attached.

⁴ Inderfurth wrote "DR information only?" in the margin. Aaron replied "Yes" underneath.

⁵ Aaron wrote "I agree" and signed for Brzezinski an August 22 memorandum to Vance, informing the Department of State of the recommendation to permit the extension of FMS financing for Yugoslav arms transfers. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 4-12/78)

258. Memorandum of Conversation¹

Washington, September 26, 1978, 9:45–11:05 a.m.

SUBJECT

Secretary Brown's Plenary Meeting with Yugoslav Defense Secretary Ljubicic

PARTICIPANTS

Yugoslavia

Federal Secretary for National Defense, General of the Army Ljubicic

Ambassador to the US Belovski

ColGen Kadenic, Chief of Center of High Military Schools

LtColGen Kadejevic, Chief of the Department for Education and Training

MajGen Popovic, Chief of the Department for Procurement of Armament and
Military Equipment

Col Popovic, Interpreter

Col Vuckovic, Military, Air and Naval Attache

US

The Secretary

Under Secretary for Policy Resor

Assistant Secretary (ISA) McGiffert

Deputy Assistant Secretary (Eur & NATO) Siena

LTG Graves, Director, DSAA

MG Bowman, Director, European & NATO Affairs

RADM Hanson, Military Assistant to the Secretary

Mr. Babione, OUSDR&E

Mr. Bader, Deputy Director, European & NATO Affairs

Col Roche, Defense Attache, Belgrade

Mr. Guild, DSAA Assistant for Yugoslavia

Cdr McVadon, ISA Assistant for Yugoslavia

After warmly renewing acquaintances, *Secretary Brown* asked General Ljubicic to assess the last year of the relationship and suggested that this was also a time for progress. *General Ljubicic* said he welcomed this visit, his first to the US; and characterized Brown's 1977 visit to Belgrade as contributing not only to military cooperation but also to all fields of US-Yugoslav relations.² (During his toast at dinner that evening he invited Brown back to Belgrade.) He said the visit by General Jones in May was very helpful and visits like it permit US officers to see the "Yugoslav reality" and to meet senior Yugoslav officers. Ljubicic recalled that he and Brown said in Belgrade that the military relation-

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 11/77–12/78. Secret. Drafted by McVadon on October 2; approved by Siena on October 10. The meeting took place at the Pentagon.

² See Document 246.

ship could not expand to its fullest overnight, but he said there has been progress.

Brown acknowledged the value of personal visits, but noted that Yugoslavia's specific requests for military equipment were a very important aspect of the improving relationship. He said that in response to Yugoslav requests the USG has given approval except when there were overriding policy considerations, such as the involvement of sensitive technology. Brown stressed that the US favored this cooperation for political and military reasons, not for economic benefits. He explained that he believed an independent, unified and strong Yugoslavia contributed to world peace.

Ljubicic stated firmly that Yugoslavia would remain independent and nonaligned and was a factor contributing to the stability of the balance of power in that area of the world. He cited signs of unrest between the big powers and said that deterioration of US-Soviet relations affected Yugoslavia. Yugoslavs, he said, did not want the balance upset. He expressed confidence in US statements supporting a strong and nonaligned Yugoslavia, but noted that we must be concerned with the details that make it so. (This is the closest Ljubicic came to a complaint about US reluctance to release certain weapons to Yugoslavia. He left the complaining to a member of his entourage; and even that separate meeting of MG Popovic and LTG Graves lacked the expected polemics. Popovic renewed the requests for all equipment which had been denied, reviewed the status of many current actions, and expanded their shopping list moderately. He added, *inter alia*, requests for consultations and information on Stinger, Viper, hydrofoil vessels, and postgraduate and specialists training in armaments, munitions and quality control fields.) Ljubicic described a "distrust" of the US in Yugoslavia because Yugoslavs have known pressure from both sides; the distrust should be eliminated because good relations were sought sincerely, not for "technical" reasons.

Brown acknowledged that US-Soviet relations were central to many situations in the world. He commented that "everyone says he is peace-loving," but that US actions have shown that we have sought independence and stability for all nations. US relations with Yugoslavia were important regardless of the nature of US-Soviet relations, Brown explained. He said that a secure Yugoslavia was important not only as a matter of friendship but also for self-interest. Brown pointed out that steady improvement in the relationship was the goal and that the "wild swings" of the past should not recur. Brown reflected that a secure Yugoslavia would have the effect of improving relations between Yugoslavia and its neighbors.

Ljubicic then described unfavorable aspects of Yugoslavia's relations with its neighbors. He said relations with Greece were declin-

ing, although Yugoslavia had no territorial dispute with Greece, only a desire that the Macedonian minority in Greece have the same rights as other Greek citizens. (This unexpected revelation could have been a sop to Ambassador Belovski—a Macedonian—who was beside Ljubicic or as a preface to comments later in the visit indicating concern about possible establishment of a NATO headquarters in Greece.)

Ljubicic said the Italian government failed to curb the increasingly active opponents of the recent Italian-Yugoslav agreement on borders. He complained of Italian troops disposed toward Yugoslavia, of their intercepts of Yugoslav military communications, and of Italians “entering into” Yugoslav military communications. *Ljubicic* characterized it as a small quarrel between neighbors, but said there was no reason for Italy and Austria to do this. He said greater cooperation with Austria, Greece and Italy were sought and that the Yugoslavs were ready to offer proof that there is no reason for suspicion. He then described the dispute with West Germany over the issue of extradition of the captured terrorists. Turning to the US, he noted Yugoslav appreciation for US attitudes on Yugoslavia and the contacts and communications between President Carter and Tito. He said this diminished distrust, but some forces existed in the US which could undertake actions against Yugoslavia under some conditions.

Brown reaffirmed *Ljubicic*’s appraisal of the Carter-Tito contacts and said Carter had sought Tito’s advice in delicate situations. He agreed on the value of cooperation in countering terrorism. He said that a recent conversation with the Italian Minister of Defense³ convinced him that the Italians wished to cooperate in countering terrorists. He expressed the belief that the Greeks had no fear of a military threat from a strong Yugoslavia. *Brown* reflected that some residue of distrust existed from earlier decades, but that it was decreasing and should not be important for the future.

Ljubicic said that Stane Dolanc would visit Greece to clarify questions and establish normal relations. He told *Brown* that he appreciated *Brown*’s views on Italy and Greece and that he would invite the Italian and Greek defense ministers to Yugoslavia. Regarding electronic reconnaissance, he said, smiling, that the US should provide the devices to Yugoslavia so they could listen.

³ Italian Minister of Defense Attilio Ruffini traveled to Washington September 11–12 to sign an MOU on defense procurement at the Pentagon. Ruffini met with *Brown* on September 11, and discussed the need for greater industrial collaboration, improvement of community relations where bases are located, and assistance for security services. (Telegram 240901 to Rome, September 21; National Archives, RG 59, Central Foreign Policy File, D780388–0266)

Brown said that curiosity was universal, and that if countries stayed away from other countries territories, listening need not be seen as unfriendly.

Ljubicic, with a serious expression, said that Yugoslavia would not use such equipment to conduct reconnaissance against these countries. He then said that, if the Soviet Union were excluded from the Middle East, Soviet efforts would be more intense in areas around Yugoslavia. He suggested that already the Soviets somehow were behind Bulgarian actions that irritate Yugoslavia.

Brown said that Yugoslavia's military needs were recognized and asked about the status of the evaluation of the TF-30 engine for possible use in the Yugoslav Eagle aircraft. *Ljubicic* recited the history of the Yugoslav request for a high technology engine (but gave no hint on the progress or possible outcome of the evaluation). He said that Yugoslav experts should come to the US as part of the evaluation, because, if the engine were selected, the US and Yugoslavia would need to enter into large-scale cooperation. In response to a question from *Brown* on the type of cooperation he had in mind, *Ljubicic* said, if the TF-30 suits their needs, they would like to build it. They would purchase several engines, and then buy the license and documentation to permit production in Yugoslavia with US assistance. *Brown*, in questioning further whether the Yugoslavs were suggesting that they produce the entire engine themselves, explained that some components were difficult to make and that there were difficulties with US policy. He said there were many components which the US would consider for Yugoslav manufacture and that assembly and testing of the engine could be considered. He explained that even these possibilities would require careful review in the USG and an exception to policy which only the President could grant. *Brown* asked that *Ljubicic* put together the specifics of their request for consideration by the USG.

Ljubicic asked if the group from Yugoslavia could have all the data on the engine, whether anything is secret. *Brown* said all information would be made available. (Senior Defense Security Assistance Agency representatives explained later to General Popovic and Major Stankovic, the assistant attache who deals with FMS, that requests for information beyond the limits of the present export licenses must be submitted to the Department of State for USG consideration, but that the answers would be given as quickly as possible.)

Brown said the USG would have to see how many components could be manufactured in Yugoslavia. He said that turbine blades were very difficult to make. *Ljubicic* said that the Yugoslavs were making turbine blades with the British, who are satisfied with Yugoslav practices. *Ljubicic* said that entering into arrangements for production of the Orao II aircraft—not just the engine—would open up a big field

and produce a significant increase in bilateral cooperation. Brown did not answer this point, but noted that the group of Yugoslav aircraft engine experts was to arrive soon and that he wanted to press forward for the present with that aspect of the TF-30 question.

Brown said he wished to know the GOY decision on the US proposal for a joint US-Yugoslav Defense Working Group. He recalled that they (Brown and Ljubicic) had met twice with a year's interval. He suggested that more frequent meeting of the staffs could lead to progress, but would not substitute for meeting between the Secretaries. The Defense Working Group would promote cooperation in areas requiring attention to detail. *Ljubicic* replied, "We fully accept your suggestion to establish this commission." Experience with other countries had been successful with groups headed at the "assistant state secretary" level, or at the level the US side wished, he explained. He said the group could meet when necessary, but at least once a year, with the first meeting in Belgrade, or in Washington if the US wished. *Brown* said that the first meeting should be in Belgrade before the end of the year. *Ljubicic* said, "I quite agree."

Brown raised the subject of disposal of old US-origin military equipment. He explained that the USG has decided that Yugoslavia need not purchase the reversionary rights on MAP equipment. This decision, he continued, meant also that the USG need not ask other countries receiving US MAP if they were interested before allowing Yugoslavia to dispose of the equipment. He emphasized that a written request to the USG was required before the GOY disposed of the equipment.

Ljubicic said that the Yugoslavs were grateful to the USG and people for the MAP equipment and that he was satisfied with the "solution" just explained. He said Yugoslavia made one mistake: "the tanks to Ethiopia." He speculated that if they had asked maybe more could have been given to Ethiopia. *Belovski* laughingly interjected, "Jointly!" *Ljubicic* said the equipment was obsolete and plans were to scrap it. *Brown* noted that his remarks on equipment disposal were not a criticism, only an explanation of procedures. *Ljubicic* assured him that the Yugoslavs did not want to cause problems with the US Congress or anyone else.

Brown asked if *Ljubicic* had other things to raise. *Ljubicic* said he would not burden Brown with the long list of equipment requested (Brown agreed the list was very long); however, he (*Ljubicic*) had a few questions. He asked about rocket fuels and explosives. *Brown* said he thought the Thiokol and Octogene problems had been resolved. *Ljubicic* said that Admiral Mamula, the chief of their navy, would come to the US at the "beginning of next year" to clarify navy needs. *Brown* said he would be very welcome. *Assistant Secretary McGiffert* reminded *Ljubicic* of an October deadline for the Sparrow missiles associated with

the antiship missile defense system. *Ljubicic* said they were interested in rockets fired from submarines (probably reference to ASROC).⁴ *Brown* mentioned again that production will stop on the version of the Sparrow missile which has been offered. *Ljubicic* said they would like to have an Air Force team visit Yugoslavia to discuss air-to-ground missiles. He said his longest list of items is in the field of electronics but that could be discussed by General Popovic and his counterpart.

Brown proposed that they adjourn, but *Ljubicic* said he wanted to explain their position on credits. He said they would not ask for "state credits"; if credit were necessary, commercial credit would be obtained for individual items purchased from individual firms. If credit were not available, he said, they would pay cash. *Brown* recalled that in the discussions in Belgrade credits had been prohibited but that now the policy had been changed so modest credits for Yugoslavia could be sought from Congress for the next fiscal year. He said that if commercial credits were preferred, however, the US would not press a government loan on them. *Ljubicic* said this question had been decided in Belgrade, but that, if bigger arrangements were entered into, they would reconsider. *Brown* said they would talk more about the loan question at lunch, and the meeting ended. (The question was not raised at lunch, but Major General Bowman raised the issue several days later. Ambassador Belovski took the lead in responding and said it was not worth the effort this year; they would wait until they really needed some money.)⁵

⁴ Anti-submarine rocket (ASROC) is an all-weather, all sea conditions, anti-submarine rocket.

⁵ The discussions were continued in Belgrade on December 11–12 by Deputy Assistant Secretary of Defense for European and NATO Affairs James Siena and Assistant Federal Secretary of National Defense for the Military-Economic Sector Colonel General Dusan Vujatvic. The two agreed on a memorandum of understanding on the formation of the Joint Committee for Military-Economic and Scientific-Technical Cooperation in the Field of Military Technique and discussed several weapons systems the Yugoslav military expressed interest in. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 11/77–12/78) See Document 261.

259. Memorandum From Robert Putnam of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, November 2, 1978

SUBJECT

Intelligence Exchanges with Yugoslavia—Possible VBB Lunch Topic

Yugoslav Defense Minister Ljubicic raised the issue of military intelligence exchanges with Harold Brown during their private talks in September.² Brown agreed, and said we would follow up through intelligence channels. The intelligence side of DOD is now reviewing the problems this would pose and some in OSD are known to be a bit skeptical. (We have already asked that the matter be referred to you before any final decisions are taken.) This memorandum suggests a course of action for moving ahead with an appropriately cautious policy on these exchanges.

The benefits of the exchanges would be primarily political:

—We can demonstrate support for Yugoslav efforts to remain independent of Soviet advances

—We might expand our contacts with the Yugoslav military, which could be useful in the post-Tito period.

—We *might* gain otherwise unavailable useful intelligence, if the exchanges are genuinely mutual.

The risks, to which some in OSD call particular attention, involve military and intelligence considerations:

—The likelihood of KGB penetration of the GOY means that any information we pass is likely to surface in Moscow.

—Therefore, we cannot give the Yugoslavs any really useful information.

—Therefore, we are unlikely to get any useful information in return.³

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 32, Luncheon Meetings (BBV): 7–12/78. Secret; Sensitive. A copy was sent to Bartholomew.

² On October 7, the Department notified the Embassy in Belgrade of the issues that came up in private discussions between Secretary Brown and Yugoslav National Defense Minister Ljubicic including the Yugoslav idea of intelligence sharing between the two countries. The Department informed the Embassy that Brown had agreed to “exchanges of information on the Soviets and said we would follow up through intelligence channels.” (Telegram 256055 to Belgrade, October 7; National Archives, RG 59, Central Foreign Policy File, D780411–0986)

³ Aaron highlighted the three points above and wrote on the margin: “ZB—No worse than an exchange with the FRG.”

We need also to reflect on probable Yugoslav motives and possible Soviet reactions.

The relevant NSC staffers (Hoskinson, Hunter, Thomson) are inclined to believe that these exchanges might be constructed in a way that would minimize exposure of sources and methods, while offering the prospect of significant political benefits. Ambassador Eagleburger says his only concern is “with how we proceed, not whether we should do so”, but he urges great caution and careful political supervision. (His views are in a cable at Tab A.)⁴

Because this issue involved balancing political, military, and intelligence interests, it needs eventually to be addressed in an interagency forum that can review all aspects, not just the intelligence issues. Because bureaucratically, the action at the moment is with the Deputy Undersecretary for Policy (Intelligence), normal NSC–ISA channels are not adequate for addressing the problem.

Therefore, I recommend that you raise this issue directly with Harold Brown, preferably at a VBB luncheon.

You could tell Brown that:

- in principle, you endorse his offer to Ljubicic.
- you understand there may be some intelligence reservations about the nature of the proposed exchanges.
- we need to factor in the political implications before making a judgment about how to proceed.
- once DOD has had a chance to prepare the groundwork, it might be useful to have interagency consideration of how to implement the offer.

You could ask Brown to have Resor convene—or offer to have the NSC convene—a small interagency working group with representatives from State, CIA, NSC, and the relevant offices in DOD. Working from the DOD paper, this group would draw up guidelines for the exchanges that would minimize exposure of sources and methods, while maximizing the political and intelligence returns to the U.S. (Hoskinson is a bit skeptical about the need for an interagency group and feels you may simply wish to review the eventual DOD decision yourself.) You might also want to touch base with Admiral Turner.⁵

⁴ In telegram 7623 from Belgrade, October 17, Eagleburger expressed concerns “about what the Yugoslavs really intend” and nervousness about moving too far too fast as the military relationship was still in its infancy. “If the Yugoslavs really want formally to exchange (emphasis on exchange) intelligence information on the Soviets,” he argued, “then they are even more uncertain of their Eastern Big Brother than I had thought.” Although he agreed that the Departments of State and Defense should pursue Ljubicic’s offer, Eagleburger urged that the approach “be supervised at the political level in State and DOD (and, it goes without saying, this Embassy).” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 4–12/78)

⁵ Aaron wrote on the bottom of the page “ZB—You should ask Resor to contact me on this & I can work it out with our staff & State with or without a mtg.”

Recommendation

That you speak to Harold Brown, Cy Vance (beginning at a VBB lunch), plus Stan Turner, about setting up an interagency working group to review plans for intelligence exchanges with Yugoslavia.⁶

⁶ Brzezinski did not check either box. At the November 3 VBB lunch, Vance, Brown, and Brzezinski agreed that Defense should coordinate with Newsom on responding to the Yugoslavs. (Department of State, Office of the Secretariat Staff, Cyrus R. Vance—1977–1980, Lot 84D241, Box 1, Vance/Brown/Brzezinski Luncheons—4–12/78) In a November 7 memorandum to Aaron, Putnam provided a scenario on how the interdepartmental coordination among Aaron, Resor, and Newsom would work for setting up a policy recommendation on the subject. Putnam also recommended that the DCI be informed either by Aaron or Brzezinski as “the DCI is apparently acting on the assumption that he is a player on this issue.” Aaron approved the scenario, and suggested that Putnam get Carlucci involved. (Carter Library, National Security Affairs, Staff Material, Office, Outside the System File, Box 51, Chron: 11/7–30/78)

260. Memorandum From the Deputy to the Director of Central Intelligence for Collection Tasking (*[name not declassified]*) to Director of Central Intelligence Turner¹

Washington, November 17, 1978

SUBJECT

Yugoslav Intelligence Exchange

1. *Action Requested:* For your review and consideration of the recommendation provided in Paragraph 7 below.

2. *Background:*

a. In a 26 September meeting with Secretary Brown, Yugoslav Defense Minister Ljubicic raised the possibility of a US-Yugoslav intelligence exchange on the Soviet Union. The Secretary agreed in principle, having been alerted in advance that the matter might be surfaced. Secretary Brown subsequently accepted your offer to undertake an assessment of the pros and cons of such an exchange. This memorandum, therefore, provides some background, addresses the relevant

¹ Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Subject Files (1978), Job 80M01542R, Executive Registry Box 14, Folder 14, Y-2: Yugoslavia. Secret. Sent via the Deputy Director of Central Intelligence.

issues, discusses the options available to you, and makes a recommendation for further action. Attached are some biographic sketches of the key Yugoslav players.

b. There is some precedent for an intelligence exchange with the Yugoslavs:

—Following Yugoslavia's expulsion from the Cominform in 1948, a program of exchange of military intelligence was developed between the United States and the Yugoslav Defense Ministry. This arrangement was cancelled by the Yugoslavs in August 1955 as a result of Belgrade's normalized relations with Moscow.

—[1 paragraph (13 lines) not declassified]

—On 29 August 1968, following upon the Soviet invasion of Czechoslovakia, Secretary Rusk told the Yugoslav Ambassador that the US was closely watching the situation and offered to check out any information that the Yugoslavs developed regarding a Soviet build-up of forces. A few days later, a senior Yugoslav official in Belgrade did request confirmation of reported Soviet moves. When the US Embassy responded with a summary of information on Soviet deployments in Hungary and Bulgaria, an offer was made to provide more detail. The Yugoslavs demurred, saying that they would prefer to continue to exchange information as they had in this instance. The State Department does not equate this arrangement [1 line not declassified]. From 1968 until the 1973–74 period, however, the Yugoslav military attaches were responsive to queries from their US counterparts, which may be attributed to individual rapport at certain posts. US-Yugoslav differences over arms sales and the Toth affair (American convicted by the Yugoslavs for alleged espionage) may have contributed to the cessation of this limited cooperation, but there was no specific word on the subject from the Yugoslavs.

—On 4 October 1978, coincident to the Yugoslav approach regarding an intelligence exchange, the Department of State provided the Yugoslav Foreign Ministry with an assessment of the Soviet leadership.² This stemmed from a proposal by Ambassador Eagleburger to Rajko Knezevic, Director of the Office for Eastern Europe in the Foreign Ministry, that the US and Yugoslavia exchange information on the Soviet leadership and was made in response to Knezevic's expression of

² In telegram 6654 from Belgrade, September 12, Eagleburger reported his conversation with Knezevic at a reception in Belgrade. After hearing from Knezevic of the "GOY's 'serious' concern about what is going on in Moscow," Eagleburger reported his offer to the Yugoslav official for an "exchange of views about what is going on in Moscow among the leadership." (National Archives, RG 59, Central Foreign Policy File, D780371-0143)

Yugoslav concern with this question.³ Subsequently, a Foreign Ministry official (Budimir Loncar) advised the Ambassador that the information provided had received close attention and that he would discuss the paper “privately” with him some day soon.⁴

3. *Considerations:*

a. One factor in considering a resumed intelligence exchange is a determination of what the US could provide and what the US is likely to receive in return:

[2 paragraphs (40 lines) not declassified]

b. There are other factors to be considered beyond the potential intelligence value. One is the possible improvement in US-Yugoslav relations in that an exchange would signal a positive US attitude. In the over-all context of US-Yugoslav relations, however, such an exchange may not loom large in Yugoslavia's estimation compared to matters such as arms sales or the Joint Defense Working Group now being established. On the other hand, it was Ljubicic who raised the issue. Another possible advantage to the US is the useful contacts that would be developed within the Yugoslav military establishment from which we might benefit in more troubled times. Also, US-provided information might sharpen the Yugoslav perception of the Soviet threat. Finally, a Soviet perception of closer ties might act as a deterrent to precipitous Soviet actions against Yugoslavia.

c. Against this possible benefit to the US are the potentially negative factors to be considered: Key among these is the security implications since it would be through a “leak” that other negative factors would be operative. Utmost care would be required to make certain that intelligence passed to the Yugoslavs would not in fact divulge sources and methods. While the Yugoslavs are not likely to provide the USSR with any information, a Soviet penetration of the Yugoslav government cannot be ruled out. [2 lines not declassified]

—Another security aspect is that in passing intelligence requirements to the Yugoslavs, the US would tend to reveal its intelligence gaps.

³ In telegram 250569 to Belgrade, October 2, the Department provided Eagleburger with the Department's analysis on the situation in Moscow. (National Archives, RG 59, Central Foreign Policy File, D780403–0615)

⁴ Eagleburger briefed Loncar on October 4 on the substance of the information provided by the Department on October 2. On October 18, following a discussion on other issues, Eagleburger noted that “Loncar took me aside out of earshot of his North American desk assistant to say that the info we provided [on October 4] is extremely interesting and has received close attention. As a next step in the process, Loncar said he would see me ‘privately’ some day soon to discuss the paper.” While unsure if the Yugoslavs “will give us more than the map coordinates for Moscow,” Eagleburger undertook to tell Loncar that “we hope the exercise can be repeated from time to time.” (Telegram 7686 from Belgrade, October 18; National Archives, RG 59, Central Foreign Policy File, D780436–0800)

—Should any intelligence exchange arrangement be surfaced to the USSR, moreover, it could result in a Soviet estimate of greater US-Yugoslav collusion and result in a negative Soviet attitude with unpredictable effects but possibly including Soviet efforts toward destabilization in Yugoslavia in the post-Tito period beyond those which the USSR may now contemplate. Such a concern would weigh heavily in Yugoslav consideration of undertaking the exchange agreement and may, in fact, limit the degree of that exchange.

—It also must be noted that the Yugoslav intelligence service is believed to engage in acts of assassination against Croatian elements around the world. At a time when the US is fostering the ideal of human rights, a new arrangement, if it became known, would appear to be in contradiction to that ideal.

—Also not to be overlooked is the unknown motivation behind this Yugoslav initiative and the possibility that the Yugoslavs subsequently could cite this arrangement to their own advantage.

d. On balance, it probably would be to the advantage of the US to participate in an intelligence exchange with Yugoslavia. Such an exchange would provide an opportunity to obtain intelligence difficult to gain from any other source. Moreover, an intelligence exchange might benefit US foreign policy interests. This is a determination, however, which others should address. From an intelligence point of view, we see no overriding obstacles providing that the exchange arrangement is closely monitored.

4. *Modality of Exchange:* We would agree with Ambassador Eagleburger's assessment that the arrangement for any intelligence exchange is of particular importance.

a. *[4 lines not declassified]*

b. Belgrade would be the preferred locale for the exchange and the DAO the logical instrument to effect it. Such an arrangement would have the advantage of postponing immediate decisions on what to provide by referring the question to Washington. Specific actions would be required before release of information:

—The originating agency should approve the release of any of its reports used as a basis for information to be passed.

—NFAC and DIA should make an assessment of the net gain to be derived in providing the general type of information that would be passed.

—The US Ambassador in Belgrade should have final approving authority on the passing of specific information.

—Approval should be obtained from national-level authorities of both countries to insure that information exchanged has highest level official sanction.

—Intelligence exchanges should be conducted on a reciprocal basis.

c. Long term commitments should not be made and the exchange arrangements should be continued only as long as they prove to be in the best interests of the US.

d. [5 lines not declassified]

5. Options: In light of the above considerations, several options are available:

a. Advise the State and Defense Departments that from an intelligence point of view there is no objection to an intelligence exchange providing that arrangements for such an exchange assure the protection of sources and methods, as above.

b. Advise those Departments that the intelligence value to be gained from such an exchange could be offset by the potential disadvantages, including security implications, which would weigh against entering into such an agreement.

c. Advise the concerned Departments that preliminary findings suggest that there could be a substantial intelligence advantage to be derived from an exchange, that we have no objections if sources and methods are protected, and that larger foreign policy considerations should be the subject of NSC consideration.

6. *Staff Position*: This memorandum has been coordinated with NFAC, the Operations Directorate and the State and Defense Departments, as well as with the NSC Staff.

7. *Recommendation*: Accept Option “c” to ensure full consideration of the problem and policy-level support of any intelligence exchange that develops.⁵

⁵ Turner approved this recommendation on November 20 and wrote on the bottom of the last page: “Another advantage, and one that dominates my thinking, is that we will establish mil-to-mil contacts that may prove invaluable in post-Tito period. Stan.”

261. Memorandum for the Record¹

Belgrade, December 11–12, 1978

SUBJECT

First Meeting of the US-Yugoslav Joint Committee for Military-Economic and Scientific-Technical Cooperation in the Field of Military Technique

PARTICIPANTS*United States*

Deputy Assistant Secretary of Defense James V. Siena, US Chairman
 Deputy Assistant Secretary of State Richard Vine
 MG John R.D. Cleland, Vice Director, J-5, OJCS
 MG Richard C. Bowman, Director, European and NATO Affairs, OASD/ISA
 RADM Taylor Brown, Deputy Director, International Programs, OUSDR&E
 Mr. Richard Violette, Director of Operations, DSAA
 Mr. Harry Dunlop, Political Counselor, Embassy Belgrade
 Colonel William Roche, Defense Attache, Embassy Belgrade
 Mr. Irwin Pernick, PM/SAS, State
 Commander Eric McVadon, Assistant for Yugoslavia, OASD/ISA

Yugoslavia

Assistant Secretary of Defense for the Military Economy Colonel General Dusan Vujatovic
 Mr. Mitrovic, FSFA (11 December only)
 MG Sveta Popovic, Head, Department of Procurement of Armament and Military Equipment
 Mr. Mirko Zaric (position not given)
 Colonel Bozidar Ilic, Army
 Colonel Vladimir Gabaj, Navy technical matters
 Colonel Vrbica, Army
 Colonel Vid Voh, Air Force
 Colonel Djordje Jaukovic, Air Force procurement
 Colonel Raicevic, Navy technical matters
 Captain Petar Krunic, Navy
 (Other unidentified military officers sat in from time to time)

(S) This memorandum supplements the attached minutes provided by the Yugoslav Federal Secretariat of National Defense and received in March 1979.² It includes only those items that may be of reference value for future Committee proceedings or for determining better the precise nature of Yugoslav military equipment requests.

First plenary session:

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 11/77–12/78. Secret. Drafted by McVadon on April 7, 1979; approved by McVadon.

² Attached but not printed. See footnote 5, Document 258.

—Colonel General Vujatovic, the Yugoslav chairman, recalled that the initiative for forming the Committee came from Ambassador Eagleburger speaking for the USG.³ He observed that in the exchanges of draft documents neither government had seen a need to change the essence (of what was to become the final draft MOU). Vujatovic commented on the roles of the Federal Secretariats for National Defense and Foreign Affairs (FSND & FSFA) in preparing the Yugoslav MOU-related documents, but he stated (rather pointedly it seemed, considering the presence of the FSFA representative) that once the document was agreed upon, the work would be done by the FSND, and that the composition for the future of the Yugoslav side would depend on the nature of the work of the Committee and the matters to be discussed.

—In further introductory remarks, General Vujatovic said that there was a great need for the Yugoslavs to update weapons and equipment. They have strived, he said, to develop resources to build for themselves as much as they can, starting with small arms and some light weapons. For the most sophisticated equipment they must rely on foreign suppliers, with an effort to obtain, “frankly, as much dispersion as possible,” even with the technical problems that diversity of origin produces. He recalled oscillation in the military supply relationship with the US and said that he had heard criticism of excessive Yugoslav reliance on the Soviets. However, those complaining had not offered alternatives. He said that his government understood that the US was ready to support and supply Yugoslavia, “as Yugoslavia is today.” One facet of that US support was readiness to discuss “trade in arms and equipment.” He hoped that complaints of too much from the Soviet Union could be overcome. He recalled that there were US fears that technology or weapons would be transferred to someone else, but that had happened only once, to Ethiopia—a transfer that was not harmful to the US, in the Yugoslav view. He alluded, without elaborating, to American “suspicions” that “would be overcome in the talks.”

General Vujatovic said that to a large extent US and Yugoslav interests were common. “The US wishes,” he said, “for Yugoslavia to

³ Eagleburger proposed the creation of a Joint Military Working Group at the same time as the Joint Economic Working Group. (See Document 248 and footnotes 2–5 thereto.) In a June 14, 1978, memorandum, Hunter informed Brzezinski that “State, Defense, and Embassy Belgrade propose broaching with the Yugoslavs the idea of setting up a joint military working group—as we had suggested before the Tito visit.” Hunter, with Les Denend’s concurrence, recommended that State be allowed to approach the Yugoslavs with the idea, noting that “the group would not be primarily concerned with arms sales—though that might come up.” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 4–12/78) The Department of State was notified of White House approval of the recommendation on June 16. (Ibid.)

remain as it is." There should be no apprehension or misgivings, and Yugoslav defenses should be strengthened. He stressed that arms are not a subject for grant or aid, but for "normal economic relations."

—Deputy Assistant Secretary Siena, the US chairman, responded that the presence of the US delegation reflected a growing beneficial relationship between the two countries, based on mutual interests and respect. He said that the US respected Yugoslavia's position and recalled SecDef's remarks to Secretary Ljubicic concerning Yugoslav independence, territorial integrity and national unity. Our efforts in the security field, he said, were directed toward that policy.

—In outlining the US view of the Committee, Mr. Siena described it as a forum for regular contacts and a way to avoid the regrettable previous oscillations, but not as a replacement for established procedures. The Committee would review those established procedures to see how they were working.

After describing briefly the importance of the US Congress in the matter of arms transfers, Mr. Siena explained that US policies regarding sensitive technology transfer, coproduction and third-country transfers were an effort by President Carter to introduce worldwide some measure of restraint. He said that we were engaged in an effort to reconcile those policies with the US desire to assist Yugoslavia, and that the reconciliation would not always please the Yugoslavs. Mr. Siena asked General Vujatovic to accept that when unfavorable decisions were taken they were not a consequence of suspicion, but rather from trying to balance the relationship with the other policies to which he had referred.

—Mr. Siena and General Vujatovic agreed at this early point in the meetings that there were no problems in the substance of the draft MOU, that a working group would be named for further drafting, and that the agreed MOU would be initialed by the two of them in Belgrade, with subsequent formal approval by both governments later. Some items in the MOU were discussed:

—Regarding the frequency of the Joint Committee meetings, Mr. Siena said that although the US had suggested meeting twice a year to keep close to the problems, annual sessions and a provision for extraordinary sessions took care of that concern.

—Mr. Siena explained that to get USG agreement, the MOU should state explicitly that Committee actions would be governed by national policies, as well as national legislation. General Vujatovic said that his legal people contended that there were no policies not backed by legislation. The problems of finding mutually satisfactory wording was left to the working group. (Comment: The final draft of the MOU used the words "national legislation, regulations and procedures.")

—In response to a question, General Vujatovic explained that the Yugoslav use of the term “military-economic” included production, licensing, coproduction, technical training, etc. The working group was tasked to ensure that the MOU language made this meaning clear and precluded confusion with the broader meaning in English of the word “economic.”

—Addressing another concern we voiced, Major General Popovic confirmed that the Committee would not replace existing procedures and channels for the handling of arms sales requests in either country. (Comment: The final draft of the MOU said the Committee would “review and follow-up development of the . . . cooperation between the two countries and the requests and orders placed by the authorities of one side to another”)

—General Vujatovic sought and received confirmation that the US SECRET classification for the MOU meant that the material would not be made available in the US to the public or the press. Mr. Siena explained that it would be necessary to notify the Congress on a classified basis of the MOU and that proposed major weapons sales over \$7M must be reported to the Congress. That notice to Congress would be public. General Vujatovic asked if it were possible simply to divide the sale into, for example, ten contracts of \$6M each; and Mr. Siena told him that was not possible. General Vujatovic said that Yugoslav law prohibited the publication of such information and that purchases had been made from the UK, France and Sweden without publication of the information. (Comment: The final draft MOU says that when Congressional notification of a proposed sale is necessary that the two governments “will agree how to proceed and will agree on the security classification of the proposed sale.”)

—Mr. Siena noted that provisions in the US draft concerning the transfer of technical data had been very carefully developed and were words with which the USG was very comfortable. General Vujatovic replied that the Yugoslav draft retained the essence and the working group could agree on a text. (Comment: This is the section on which we have recently approached the GOY, at ACDA’s insistence asking that language be added to explicitly prohibit unauthorized third-country transfers of items produced from US-origin data and technical information.

—General Vujatovic and Mr. Siena named the members of the drafting working group. Yugoslavia: MG Popovic, Col. Ilic and Col. Gabaj. US: MG Bowman, Mr. Violette and Mr. Pernick.

[Omitted here is discussion about specific weapons systems.]

262. Memorandum From Secretary of State Vance to President Carter¹

Washington, January 2, 1979

SUBJECT

Request for an Arms Transfer Policy Exception for a Jet Engine for Yugoslavia

I. ISSUE

The Government of Yugoslavia (GOY) has requested United States Government approval to explore with Pratt & Whitney Aircraft (P&W) the co-production and assembly of the TF30-P-414 jet engine in Yugoslavia. Such an arrangement would require that you authorize an exception to the arms transfer policy of May 19, 1977 on the grounds that approval of the program will promote our national security interests.

II. DISCUSSION

The US has been seeking to build more durable relations with Yugoslavia in anticipation of the post-Tito era. Our success depends upon our ability to establish strong links with the leading individuals and institutions, key among which is the Yugoslav military.

The Yugoslavs produce about 75 percent of their military needs. For the remainder, which includes nearly all sophisticated equipment, they depend primarily on the Soviets. The Yugoslavs have been diversifying their sources of supply and have sought to purchase from us a number of new items. Most important among these would be a new engine for the Eagle II (Orao II) all-purpose, supersonic fighter aircraft which Yugoslavia plans to build during the mid-1980s. After several exchanges with us about which engines might be available for this plane, the Yugoslavs settled on the P&W TF30. The GOY is also considering several West European and Soviet Engines.

We authorized P&W to discuss direct sales of the engine with the GOY, consistent with your approval last year of a moderate expansion in our arms transfer relationship with Yugoslavia with emphasis on political impact. The Yugoslavs are very interested in the TF30 but their decision will depend largely upon our willingness to permit joint production of the engine; they probably are not interested in a straight sale. The GOY requests detailed commercial and technical information regarding both direct purchase and co-production by January 15, 1979.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-8/79. Secret. The memorandum is not initialed by Vance.

The GOY plans to produce up to 200 Eagle II's. P&W estimates that it would gross, either through direct sale or co-production, an average of approximately \$1.5 million per engine. If the co-production scheme is approved, the first of the engines would be completed in 1985 and the last around 1988.

Factors for Approval

—Given Yugoslavia's strategic location, its influence in the Third World, the eventual post-Tito transition, and Yugoslavia's determination to reduce its dependence on the USSR, we should continue to support its desire to increase cooperation with the West.

—The Yugoslav military is one of the most important all-Yugoslav institutions in the country and will be a decisive factor in the post-Tito era. One of our important goals has long been to increase our access to the military at all levels. Technical assistance to the GOY for TF30 co-production would provide us with a key instrument to pursue this goal and would tie the Yugoslavs to a Western supply source for years.

—If successful, the TF30/Eagle II program would reduce military reliance on the USSR—a Yugoslav Air Force objective—and eliminate Yugoslavia's total dependence on the Soviets for high performance aircraft.

—The TF30 is a sophisticated engine but none of its technology is classified.

—The engine co-production arrangement would be consistent with our policy not to transfer offensive systems to Yugoslavia.

Factors for Denial

—Current US arms transfer policy, PD/NSC-13, prohibits the licensed manufacture of significant combat equipment such as the proposed jet engine in non-exempt countries.

—Yugoslavia's role as a leader and spokesman for the Non-Aligned Movement has often led the GOY to take positions opposed to ours in international forums.

—However improved its human rights record may be in recent years, Yugoslavia has an autocratic, one-party political system with a strong internal security element and several hundred political prisoners.

—Approval of this co-production arrangement could lead to similar co-production requests from other non-exempt countries more closely oriented to the West.

Recommendation:

I recommend that you grant an exception to our arms transfer policy guidelines to authorize the co-production arrangement on the grounds that it would be in the national security interest of the United States.

To restrict possible retransfer of the engine and to protect its technology, I further recommend that approval be made subject to the following written conditions:

1. That third-party transfers of the engine, any of its components, or technology thereof on the part of Yugoslavia would be prohibited.
2. That development of any advanced versions of the engine involving technology beyond the level authorized must be approved by the United States Government prior to initiation.

The Department of Defense and ACDA concur in my recommendation.²

² Although there is no indication on this copy of the memorandum when Carter saw and approved it, the Department of State reported the Presidential decision in telegram 12672 to Belgrade, January 17. (National Archives, RG 59, Central Foreign Policy File, D790024-0137) The approval of the exception for Yugoslavia leaked to the press immediately and *Aviation Weekly* called the White House to seek confirmation of the story. (Telegram 15555 to Belgrade and Madrid, January 20; National Archives, RG 59, Central Foreign Policy File, D790028-0244) The magazine featured the news in its January 29, 1979, issue. (Telegram 30079 to Belgrade, February 3; National Archives, RG 59, Central Foreign Policy File, D790054-0244)

263. Memorandum From Robert Hunter and Jim Rentschler of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, May 8, 1979

SUBJECT

Aid to Yugoslavia (U)

As you know, Senator Kennedy has introduced legislation² calling for \$20 million in aid to Yugoslavia after its devastating earthquake³

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 86, Yugoslavia: 1-12/79. Confidential. Sent for action. Sent through Madeleine Albright. Copies were sent to Owen and Mathews.

² Senator Edward Kennedy (D-Massachusetts) drafted an amendment to the FY 80-81 Development Assistance Authorization Bill, but did not introduce it on the Senate floor. See footnote 2, Document 264. The text of the amendment, reported by the Department in telegram 109909 to Belgrade, May 1, called for a \$20 million appropriation to be used by the President for relief and reconstruction assistance to Yugoslavia. (National Archives, RG 59, Central Foreign Policy File, D790198-0941)

³ On April 15, 1979, at 7:30 a.m. local time, an earthquake measuring 7.0 on the Richter Scale struck 15 km from the Montenegro coast causing extensive damage.

(damage in Montenegro, for example, was equal to a year's gross product). In the absence of Administration support—or even comment—the SFRC did not approve it, though Kennedy's office believes the SFRC would respond to the Administration, and Kennedy will go to the floor in any event, where he believes he will get support. It would not be surprising if our non-response were made an issue on the Senate floor—a position we should seek to avoid on a humanitarian matter. (C)

At State, Vest and Newsom believe we should support this expenditure; Vance does not, simply on budgetary grounds: i.e. the President's desire not to raise the budget. There is also a question about a supplemental which Henry Owen flags: at what point does the Congress start whittling away at other things in the aid field? (C)

Our belief—which Vest shares—is 1) that the Congress will judge whether or not to set this aid off against other aid appropriations independently of the position the Administration takes on this item; and 2) the Yugoslavs will never understand why we refused to support it. Even a “no comment” will not be understood. Belovski has been calling around town in support. (C)

In view of the genuine humanitarian purposes—plus the importance of the Yugoslav relationship—we believe that State's decision should be reconsidered. As a result, we recommend that you talk with Cy Vance, and urge him to give a positive response. (C)

*RECOMMENDATION:*⁴

That you call Cy Vance along the above lines. (U)

Yes _____ No _____

⁴ Brzezinski neither approved nor disapproved the recommendation.

264. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, May 10, 1979, 1041Z

3453. Subj: Yugoslav Earthquake: Reconstruction Assistance. Ref: State 111949.²

1. C-entire text

2. It was not too many years ago that I too was struggling with tight budgets and cursing Ambassadors for their inflated clientitis. Thus, I have been uncharacteristically reluctant to weigh in on the debate over what, if any, reconstruction assistance the USG should provide in the wake of the Montenegrin earthquake. But further silence only means I am not doing my job.

3. Certain facts are clear:

A. The consequences to the Yugoslav economy of the earthquake, while not disastrous, will be severe. And this comes at a time when the Yugoslav economy is already under heavy pressure, with a serious trade imbalance for the year inevitable, inflationary pressures intense, investment funds shrinking, and hard currency availabilities greatly reduced.

B. The earthquake's effect on Montenegro (Yugoslavia's poorest republic), on the other hand, is close to disastrous. Tens of thousands are, and will remain for months, in temporary shelter; much of the Republic's infrastructure (highways, hospitals, schools, water systems, etc.) has been destroyed or damaged; tourist facilities along the Montenegrin Adriatic coast are a shambles; industrial facilities throughout much of the republic have been put out of commission for months to come.

C. The quick and effective emergency aid provided by the USG was widely and gratefully noted by people throughout Montenegro and Yugoslavia. We were compared favorably with others (particularly the USSR) who reacted slowly or not at all during the emergency phase.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790211-1130. Confidential; Immediate; Limdis.

² In telegram 111949 to Belgrade, May 2, the Department informed the Embassy of Senator Pell's introduction of the Kennedy amendment to the FY80 Aid Authorization Bill and the discussions on the amendment that ensued including the position of the administration that it took no position pending a review of Yugoslav needs. The Department informed the Embassy that the SFRC concluded discussion on the amendment with an agreement to wait for the administration's position, and that "Committee now considers the ball to be in the administration's court and that although Kennedy is prepared to propose amendment on Senate floor, he will not do so without administration support." (National Archives, RG 59, Central Foreign Policy File, D790201-0097)

D. The Kennedy Amendment received widespread publicity throughout the country and triggered a second wave of grateful public and private comment. As a result, substantial US reconstruction assistance is considered by most Yugoslavs, despite our best efforts to the contrary, to be virtually a *fait accompli*.

4. These then are the circumstances in which we find ourselves. Failure to provide any reconstruction assistance in the face of these facts would inevitably entail some consequences. But I do not want to exaggerate. If we do no more:

A. It will not mean an immediate deterioration in our bilateral relationship. The GOY's interest, at least for now, in close ties with the US is based on factors of such importance that it will not be seriously affected by what we do about earthquake assistance.

B. It will not much affect the economic difficulties the Yugoslavs will face this year, or the rapidity of Montenegrin recovery. Whatever we might have done would have been so small in comparison with total needs that the economic impact would have been minimal.

5. The case for providing some help, then, must rest on other grounds. And most of those grounds are so well known in Washington that they need not be dwelt on here. They range from the political arguments about the importance of Yugoslav-US relations in the sensitive period prior to Tito's passing, through the humanitarian considerations that are so much a part of our makeup, and the fact (well known here) that Yugoslavia's neighbors Romania and Italy have been recent recipients of major US earthquake assistance, to the fact that Yugoslavs of every variety will simply not understand, after the Kennedy Amendment publicity, what led the USG to oppose (and that is how it will be seen) giving aid to Montenegro.³

6. But, important as I believe all those arguments to be, there is an additional factor that I worry about, and Washington ought to worry about. It is the question of confidence, which is, I recognize, a nebulous quality. But it will probably prove to be the single most important element in the minds of the Yugoslav leadership both now and after Tito as they chart their future course. I find it difficult to believe that Yugoslav confidence in our ability or willingness to put our money where our mouth is when the chips are really down will be much

³ In telegram 123994 to Belgrade, May 15, the Department notified the Embassy that the administration's official position with respect to Senator Kennedy's amendment was that while the issue had been closely examined in the Department of State and the administration remained sympathetic to the needs of Yugoslavia and had examined various alternatives, "none of them seem currently feasible because of budgetary restrictions. We will therefore not send up any proposal of our own, but we will not oppose the initiative of Senator Kennedy." (National Archives, RG 59, Central Foreign Policy File, D790220-0092)

enhanced if we refuse now to help in a small way when we have helped so many others so many other times.

7. I recognize budgetary considerations are an overwhelming problem and admit that I can do no more than argue that important as they are, this is more important. While I cannot pull money out of a hat, I can wonder what ever became of the 35 million dollars in aid funds previously programmed for Pakistan and suggest that—if a supplemental is not possible—reprogramming from less essential programs (there must be some) should at least be considered.

8. Of one thing I am certain. We are presently in the worst possible posture. We have refused to take a position “pending review of Yugoslavia’s needs,” yet, so far as I am aware, no review is underway. Nor do I believe we should be conducting a review—at least with the Yugoslavs—so long as there is any question about our willingness to seek funds when the review is completed. Once we go to the Yugoslavs for information on their needs they will inevitably assume that we intend to do something.⁴

9. So, much as I fear the Department may take me up on it, I recommend that if we are not going to do anything we tell the Yugoslavs precisely that, and soon and in Washington.

Eagleburger

⁴ On May 16, Eagleburger met with Pesic to discuss possible U.S. long-term reconstruction assistance. Reporting the conversation in telegram 3697 from Belgrade, May 18, the Embassy noted Pesic’s emphasis on expectations of the Yugoslav public, fueled by press reports of Senator Kennedy’s amendment, that aid would be made available. The Embassy reported: “Pesic pointed out great importance of an affirmative U.S. administration position on aid issue, not only in providing badly needed assistance, but also in ‘creating the atmosphere’ in which other countries would be making similar decisions.” (National Archives, RG 59, Central Foreign Policy File, D790229–1230)

265. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, June 1, 1979, 1148Z

4053. For the Acting Secretary Christopher from Ambassador Eagleburger. Subj: Yugoslav Earthquake: Reconstruction Assistance. Ref: A) Belgrade 3453;² B) Belgrade 3521;³ C) Belgrade 3697.⁴

1. (C-entire text)

2. In ref A I argued as persuasively as I could—but apparently not persuasively enough—for a favorable USG decision on reconstruction assistance for Yugoslavia in the wake of the Montenegrin earthquake. In ref B we listed specific schools, hospitals and other public facilities identified by the GOY as in need of assistance.

3. In ref C I reported that Yugoslav Deputy Secretary for Foreign Affairs Pesic had come as close to begging for help as a Yugoslav will ever come. He also asked whether a Montenegrin parliamentary delegation visit to Washington would be “helpful” in assisting the USG to make a decision. I have received no response to the Pesic appeal or question, and still owe him an answer.

4. I have spent two years here trying to build a sense of confidence and trust in the US so that when the inevitable crisis occurs we will not be considered irrelevant or impotent, but rather be able to play a stabilizing role and protect our very considerable political and economic interests. Frankly, a decision to provide no assistance—or continued silence in the face of the Yugoslav appeal—will go a long way to undercut the psychological progress we have made. Some may think

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 86, Yugoslavia: 1–12/79. Confidential; Immediate; Limdis. Printed from a copy that was received in the White House Situation Room. The telegram was forwarded by Rentschler to Brzezinski and Aaron on June 2. In his covering memorandum, Rentschler wrote that “this ‘Eaglegram’ provides eloquent (nay, *de profundis*) point to the substance of our own pitch on behalf of U.S. reconstruction assistance. I think we will be making a bad mistake if we do not take Eagleburger’s counsel to heart.” (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1–8/79) On June 6, the Department of State informed the White House that the ExIm Bank would be approving a \$90 million credit to Yugoslavia for reconstruction. (Carter Library, Donated Material, Papers of Walter F. Mondale, Box 72, Foreign Countries–Yugoslavia, (1979))

² See Document 264.

³ In telegram 3521 from Belgrade, May 11, the Embassy sent the Department a Yugoslav-provided list of schools and hospitals damaged by the earthquake and in need of reconstruction assistance. (National Archives, RG 59, Central Foreign Policy File, D790217–0879)

⁴ See footnote 4, Document 264.

that 20 million dollars is too high a price to pay to avoid that, but I do not.

5. The Pesic conversation introduced an additional consideration: The GOY fear that if we fail to do anything it will have a major impact on what others are willing to do. Nor are the Yugoslavs far wrong, the Canadian Embassy, for example has told us that Ottawa is waiting to see what "other Western countries" do before it decides whether to give any economic reconstruction assistance. So, our decision will have an impact beyond the narrow parameters of what we ourselves are prepared to do.

6. The forthcoming visit of Mrs. Mondale is yet another new factor. She is scheduled to visit Montenegro June 14 to meet with senior Republican officials and tour the coastal region hardest hit by the earthquake.⁵ I do not see how she can visit the area and remain totally silent on what we plan to contribute to economic relief efforts. If it is not possible for Mrs. Mondale to announce that the administration is prepared to support a specific appropriation, then the next best course would be a statement that the administration accepts the principle of long-term reconstruction assistance to Yugoslavia but is currently evaluating the appropriate level (this, of course, commits us to something, and to working with the Yugoslavs in deciding how much that something is). Should even that be impossible, then I strongly urge that the Yugoslavs be told we can do nothing before Mrs. Mondale arrives, to wait until after her departure would be insulting to the Yugoslavs and unfair to Mrs. Mondale.

7. So, in my view, we can avoid a decision for only a little while longer. And as the decision is thought about I hope two factors will be kept in mind.

A) If the USG decides it cannot assist it should be remembered that the Yugoslavs will—since they know about the Kennedy Amendment—view it a negative administration decision in the face of congressional willingness to help.

B) When Tito dies, and for some time thereafter, we will surely be searching for ways to show our support for those Yugoslavs who want to stand against: 1) Soviet pressures; 2) those who would return the country to a more repressive and centralized internal system acceptable to

⁵ Joan Mondale visited Yugoslavia June 11–15 for the opening of the *America Now* art exhibit in Belgrade and a tour of the areas affected by the earthquake in Montenegro. In telegram 152031 to Belgrade, June 13, the Department provided talking points for Mrs. Mondale on U.S. policy toward reconstruction aid. Mrs. Mondale was to stress that the administration was working actively with Congress to find a way to participate in the reconstruction efforts in Montenegro, on the basis of the "broad base of friendship between the Yugoslav and American peoples." (National Archives, RG 59, Central Foreign Policy File, D790266–1018)

the East; 3) nationalist forces ready to tear the country apart. And when that time comes we will, I predict, regret any earlier lost opportunities—such as the one now before us—to demonstrate that we can be counted upon.⁶

Eagleburger

⁶ On June 4, Aaron wrote on Rentschler's covering memorandum forwarding the telegram to him and Brzezinski (see footnote 1 above), that "Christopher will try to get the dough from the cots and blankets fund. SSA, AID, and supplementals are out." Brzezinski asked if a memorandum from him to Vance would be necessary. Aaron's response is illegible. On September 13, Carter signed Presidential Determination 79–16, providing \$10 million for economic assistance. The justification for the decision noted that the assistance "would help the Yugoslavs overcome the economic difficulties caused by the earthquake." The justification also noted that "in so doing, it would support Yugoslavia's continued political independence. Of equal importance, such assistance would demonstrate that the United States can be relied upon in time of need." (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1–8/79)

266. Memorandum From Robert Kimmitt, Marshall Bremont, and Steve Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, July 11, 1979

SUBJECT

VBB: Arms Sales to Yugoslavia (S)

We recommended that this issue be discussed at the luncheon because of our belief that our emerging military supply relationship with Yugoslavia is at a critical juncture, and because State and Defense appear to be handling this issue in much too routine a fashion. Our hope is that your raising the issue will be a signal to Vance and Brown

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 1/79–1/80. Secret. David Aaron wrote at the top of the memorandum: "Not such a big deal."

that careful attention should be paid to decisions that they will face shortly.² (S)

The basic policy guidance on this issue is that we wish to enhance our military supply relationship with Yugoslavia, with emphasis on the political impact. Since that policy was articulated in 1977, wide-ranging discussions have been held with the Yugoslavians. The results of those discussions—proposed arms sales—are now upon us. The two most pressing sales are (1) DRAGON shoulder-fired anti-tank missiles and (2) MAVERICK air-to-ground missiles. (S)

DRAGON: We have agreed to provide 1000 of these missiles, and discussions are continuing concerning cost, test sets, and other technical details. Apparently, however, the 1000 missiles earmarked for Yugoslavia have recently been discovered to be defective, and the Army is looking at whether it would be willing to provide 1000 functional missiles from its already depleted stocks. The Army may say no to this idea, but Harold³ can overrule them. We believe that not providing the Yugoslavians with 1000 functional missiles could do irreparable damage to our emerging relationship, and *we recommend that you ask Harold to look into this issue*, with an eye toward nipping in the bud any suggestion that we transfer the defective missiles instead.⁴ (S)

MAVERICK: The interagency consideration of this sale is nearing completion, and State is preparing to go to Congress for appropriate consultations. While we believe that such consultations are necessary because of congressional interest in both Yugoslavia and MAVERICKs, we strongly believe that only Church and Zablocki should be contacted because the potential for a leak would be exacerbated by wider discussions (a proposed sale of TOW anti-tank missiles fell through recently because of premature disclosure of the sale).⁵ *We recommend that you ask Vance to limit the congressional consultations.* (S)

² The issue was discussed at the VBB lunch on July 12. In a memorandum later that day, Robert Gates informed Larrabee, Bement, and Kimmitt that Brzezinski tasked Larrabee to clarify what decisions were needed by the principals. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1-8/79)

³ Secretary of Defense Harold Brown.

⁴ In a July 13 memorandum to Brzezinski, Larrabee recommended that Brown ensure that the 1,000 Dragon missiles committed to Yugoslavia "should be functional, not defective, even if this means taking them out of the Army inventory." (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: 8/78-12/79)

⁵ In his July 13 memorandum to Brzezinski, Larrabee noted that "Vance should be aware that Lucy Benson is prepared to go ahead with the sale of Mavericks." Larrabee also recommended that "Vance should formally inform the President" and that "we should limit consultations with Congress as much as possible in order to prevent leaks which could seriously damage relations with Yugoslavia." Brzezinski asked for draft memoranda to Brown and Vance with White House guidance. (Ibid.)

Also, although our State and Defense counterparts do not all agree with us on this point, we believe that the President should be apprised of the fact that his policy guidance has resulted in a program that is at a significant stage of development. You might want to discuss with Vance and Brown how the President might be informed.⁶ (C)

⁶ Carter was informed of the decision in an Evening Report from Vance. In a July 18 memorandum from Larrabee and Kimmitt to Brzezinski recommending that no guidance for Brown and Vance was necessary, Robert Hunter commented that the President “Noted OK in the margin” of the Evening Report. (Ibid.)

267. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, September 13, 1979, 1004Z

6799. Military handle as Specat Exclusive. State for Under Secretary Newsom. ASD/ISA for Asst Secretary McGiffert. Subject: (S) The US-Yugoslav Military Relationship. Ref: 78 Belgrade 9176.²

1. S-entire text

2. I have, since returning from the US last month, reviewed the progress (or better, the lack thereof) in the US-Yugoslav military relationship. It is not a pretty picture, as the case studies detailed later in this cable will show. In fact, we have done so badly that I have come to doubt that the USG is capable of managing the program we set for ourselves several years ago; instead, I fear that we are on the way to convincing the Yugoslav military either that we were never serious or that we are incompetent. In either case, we risk damage not only to

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790418–0416. Secret; Priority; Exdis, Noform. Also sent Priority to DODASD/ISA. Sent for information to CNO, CDA, CSAF, USCINCEUR, CDRUSASAC, CJCS, and USNMRSHP.

² In telegram 9176 from Belgrade, December 20, 1978, Eagleburger detailed several instances in which the costs of military equipment quoted to Yugoslav officials ended up being significantly higher. Eagleburger wrote that “the evolving US-Yugoslav military relationships are not at a point where ‘mini-shocks’” like the ones described in the telegram “can be absorbed with no set-backs.” “The Yugoslavs have a healthy case of paranoia” he continued, and “I fail to see why we have to try to prove to them that we are both malicious and incompetent.” Continuation of the FMS programs with Yugoslavia, the Ambassador concluded, would hinge on minimizing any more mistakes. (National Archives, RG 59, Central Foreign Policy File, D780528–1027)

our effort to develop a relationship with the Yugoslav military but to our broader bilateral interests as well. Either we take steps now to get our act together or we should withdraw from the effort before further damage is done.

3. What has upset me most is our consistent failure to handle the potential Dragon purchase with even a modicum of competence. Paragraph 9, *et. seq.*, details this sad story. Suffice it to say here that we have quoted wildly different prices to the Yugoslavs at least twice, offered Dragons that we then found were faulty, emphasized that we needed a GOY decision soon so that we would not have to reopen the production line (and thereby charge a substantially higher price), and then told them we would have to restart production (at a substantially higher price). The tragedy is that the Dragon buy was the first major opportunity for us to put our money where our mouth was and so far we have messed it up to a fare-thee-well.

4. The Dragon case is not the only mess we have made of things. In addition we have now lost, after more than two years of screwing around, a sale of dollars 1.7 million worth of 155 mm illuminating rounds. And—at least so it appears from here—we and the Yugoslavs seem to be well on the way to substantial misunderstanding about an air defense radar system that has been under discussion for some months. Just who—we or the Yugoslavs—has been most responsible for the confusion is not clear.

5. I do not contend that we know all the facts on any of these cases. There may well be extenuating circumstances that will explain why we have performed so miserably. But that is really beside the point: What is important to the GOY is that we are unable or unprepared to respond to Yugoslav requests in a timely and effective manner. We are flunking the reliability test, and for the Yugoslavs—in terms of their concerns about the future—a passing grade is a *sine qua non*.

6. Nor will I argue that the Yugoslavs have been without blame for the sad state in which we now find ourselves. They too have been less than efficient, as the air defense radar system case shows but it takes substantial ingenuity for a nation of 220 million people that prides itself on its tradition of efficiency to match the ineptitude of a Balkan nation of 22 million. We, alas, have succeeded.

7. The next meeting of the joint military working group is now tentatively scheduled for mid-October in Washington. So it is time to face up to some hard choices. Unless I can be assured that steps have been taken to get a firm grip on the management of our military program with Yugoslavia it is time to call off the noble but so far unsuccessful experiment. Either we tell the Yugoslavs at the October meeting that we are distressed at the way things have been going, that we know much of the fault lies on our side, that we will not permit

things to continue as they are, and that steps have been taken at an appropriately high level in Washington to ensure that we do in fact do better, or we tell them frankly that we are simply not equipped to handle the kind of sales program they want, that they would do better to look to our NATO Allies for the equipment they seek, and that we will do what we can to encourage our Allies to respond positively.³

8. The following are summaries of the histories of several of our less than successful sales efforts, they are based on the facts as we know them here, and thus may be less than complete. I hope that Washington will not waste time drawing up defensive briefs on each, as has sometimes been the case when we earlier leveled complaints. The time is past when such efforts are of any use.

[Omitted here is the summary of the negotiation of the sale of the Dragon Missile System to Yugoslavia up to September 1979.]

Scanlan

³ In her September 19 reply, Benson informed Eagleburger that she was convening an interagency meeting to review the status of the Yugoslav program and would draw up an action program and time table for the ongoing programs. Benson also requested suggestions for the agenda by September 21 as well as Eagleburger's further views on the issue. (Telegram 244365 to Belgrade, September 19; National Archives, RG 59, Central Foreign Policy File, D790437–0659) In telegram 7015 from Belgrade, September 19, Eagleburger wrote that "our major problem is management" and that "the services, in particular the Army, need to put someone at the helm who has not only the responsibility, but also the authority to oversee and manage security assistance for Yugoslavia." (National Archives, RG 59, Central Foreign Policy File, D790434–0173)

268. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski) and the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, September 18, 1979

SUBJECT

Military Sales to Yugoslavia (U)

Attached is a blistering cable from Larry Eagleburger, our Ambassador in Belgrade, regarding our inept handling of our Yugoslav military relationship and its serious political implications.² I feel it deserves your attention. Even allowing for Eagleburger's non-diplomatic style, the message is unmistakably clear and well-documented: we have seriously mismanaged military sales to Yugoslavia to the point where we risk damage not only to the ties to the Yugoslav military, which we have so carefully sought to nurture over the past two years, but to our broader bilateral interests as well. Indeed, Eagleburger feels that the point has been reached where we have to get our act together or withdraw from the relationship entirely. (C)

While slightly, but only slightly, overdramatized, Eagleburger's analysis is basically valid. Much of the problem lies in cost overruns, some of which could (and should) have been avoided, others of which could not have been. Be that as it may, the fundamental point is that we have given the appearance of incompetence and ineptitude, which has seriously undermined Yugoslav confidence in our ability to respond to their needs in a timely and effective manner. As Eagleburger rightly points out, this is bound to have important consequences not only for our carefully nurtured attempts to develop a relationship with the Yugoslav military, but for our broader political relationship as well. (C)

The next meeting of the joint military working group is in mid-October. This is an important—perhaps the last—chance to show the Yugoslavs that we are serious about our commitments, and we simply have got to get our act together. I have talked to George Vest about this. He feels we should give Jim Siena at ISA a chance to get DOD into shape (Siena is away and returns tomorrow). However, time is running out, and DOD is so hopelessly mired down in bureaucratic

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 1/79-1/80. Confidential. Sent for action. Copies were sent to Kimmitt and Bremont.

² See Document 267.

red tape and inter-service rivalry that I despair that the issue can successfully be resolved in time for the joint military meeting in October without a push from you or Brown. (C)

I suggest that the topic be raised at the VBB luncheon, either this week or, at the latest, next week. Given the time constraints, this week would be better but if, after reading Eagleburger's cable, you feel (as Vest does) that we should give Siena more time to get DOD's act together, Kimmitt and I will postpone preparations of material until next week. *But the issue does need urgent top-level attention and your active intervention.* Otherwise we risk jeopardizing much of the careful work we have done to develop the military relationship—and conceivably a lot more. (C)

RECOMMENDATION:

That you raise the issue at the VBB luncheon.³ (U)

APPROVE _____⁴ DISAPPROVE _____

THIS WEEK _____ NEXT WEEK _____

³ Gates wrote in the margin: "Sounds like a suitable agenda item."

⁴ Brzezinski approved the recommendation and wrote at the bottom of the memorandum: "Tell me *concretely* what needs to be done. I need a good-tough memo, with quotes from Eagleburger, to both V[ance]-B[rown]—and a *DR. ZB.*" In a September 19 memorandum, Kimmitt and Larrabee recommended that Brzezinski raise the issue of military sales to Yugoslavia at the next VBB lunch, and stress that "both Departments need to give higher-level attention to issues that arise and decisions that are made." On the sale of Dragon missiles to Yugoslavia, Kimmitt and Larrabee, suggested that Brzezinski ask Brown "personally to look into the current status of this case in an effort to rescue it." (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 1/79–1/80) On September 20, Gates notified Larrabee and Kimmitt that at the VBB "it was decided that Brown would expedite resolution of the problem and would report as soon as possible." (Ibid.)

269. National Intelligence Estimate¹

NIE 15-79

Washington, September 25, 1979

PROSPECTS FOR POST-TITO YUGOSLAVIA**I. INTRODUCTION**

1. The early 1980s will probably be a time of troubles in Yugoslavia. The precipitant will be the incapacitation or death of President Josip Broz Tito, whose role in the creation and preservation of contemporary Yugoslavia has been so large that one cannot be confident it will prove dispensable.

2. On balance, our confidence on this score is lower now than it was at the time of our last estimate in 1973. During the past several years, and especially since the June 1978 Yugoslav Party Congress, a number of developments which had seemed conducive to a relatively smooth and orderly post-Tito succession have lost momentum. Simultaneously, a number of countervailing developments have ensued. In particular, the institutionalization of an effective central policymaking process has virtually stopped, while economic "stagflation" has persisted, and Yugoslav-Soviet relations have further deteriorated.

3. We remain fairly confident that Tito's passing, in and of itself, will not during the first six months or so pose a threat to the integrity or independence of the Yugoslav state. It will, however, reduce the regime's ability to manage domestic and foreign challenges, which are likely to be more severe in the post-Tito period than they have been in the 1970s. Moreover, the high degree of internal political solidarity that will probably characterize the immediate post-Tito succession is unlikely to persist. In consequence, the country will enter a period, probably prolonged, of great uncertainty and potential instability.

4. The range of plausible contingencies that will shape and reshape the sequence of events is very large and includes the distinct possibility that Yugoslavia will not weather the 1980s with its integrity and independence intact. Of crucial importance is the interplay among a number of central variables, of which the most critical will be the nature of Soviet initiatives and reactions, the efficacy of Western assistance, and,

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 86, Yugoslavia: 1-12/79. Secret; [handling restriction not declassified]. Carter wrote on the cover: "The main unanswered question is: through what means the Soviets can present such a threat to Yugoslavia. J." Attached but not printed is volume II, "The Annexes," which discuss specific Yugoslav political, economic, and military aspects. The text is available in *Yugoslavia: From "National Communism" to National Collapse*, p. 579 and following.

above all, the cohesion and adaptability of Tito's successors. While these variables are potentially too volatile to permit any confident judgment about Yugoslavia's future in the 1980s, the odds are at least marginally in favor of Yugoslavia's continuing as an integral independent state. Internal instability and vulnerability to external pressures during a prolonged transition period, however, could make even an integral Yugoslavia a recurring source of international tension.

II. SUCCESSION CONTEXTS

A. Tito's Historical Achievements

5. At the age of 87, President Tito remains the unchallenged leader of a regime that he founded over 30 years ago. Under his leadership, Yugoslavia has not only survived severe domestic and foreign challenges but has undergone remarkable transformations.

6. Economically, Yugoslavia has changed from a command to a market-socialist system, while rapidly industrializing and steadily upgrading the standard of living of its people. Since 1948, industry's share in the gross national product has risen from 16 to 42 percent, while real per capita annual income has climbed from \$650 to slightly over \$2,500, and automobiles, refrigerators, washing machines, and other consumer durables are no longer scarce luxury items.

7. Politically, Yugoslavia has moved from a highly centralized and repressive Soviet-style dictatorship to a relatively open system with a considerable amount of authentic individual participation in local affairs. Although the League of Communists is still the country's only political party, other public organizations are no longer subject to strict party control, and there have been experimental multicandidate elections for local public offices. Similarly, while public political dissent is still severely punished, literary publications are no longer subjected to precensorship, and rank-and-file citizens are free to travel and live abroad.

8. Militarily, the guerrilla partisans of wartime Yugoslavia have been transformed into conventional armed forces, backed by a territorial reserve defense force, designed to conduct prolonged unconventional warfare. The regime has simultaneously fostered development of the Army as a guarantor of national unity and as an integrative institution in the country's domestic political life.

9. On the international plane, Yugoslavia has moved from near isolation to intense multilateral involvement and far-reaching ideological influence, and has achieved political prestige disproportionate to its size. Its status has changed from heretical outcast to that of a recognized variant within the Communist world. In the West, it has gradually won acceptance not only as a courageous breakaway Soviet satellite

but as an active interlocutor in East-West and North-South exchanges. And in the Third World it has established itself not only as a symbolic European ally but as a leading force within the nonaligned movement.

B. Institutional and Procedural Flaws in Tito's Legacy

10. These are all transformations for which Tito can claim substantial personal credit. They are also transformations in which large numbers of Yugoslavs take understandable pride. In consequence, Tito can be reasonably confident that his successors will not follow Soviet and Chinese precedents and launch a process of "de-Titoization." On the contrary, he can probably rely on his successors both to profess and to feel a strong loyalty to most of the basic tenets of Titoism. However, he has recently introduced new decision-making procedures that will make it extremely difficult for this loyalty to find expression in effective leadership.

11. In particular, the emergence of such leadership will be strongly impeded by the strictly collegial policymaking procedures that Tito has prescribed both for the nine-man collective State Presidency and—since 1978—for the much more important 24-man Presidium of the League of Communists.² So long as Tito is alive and well, these procedures do not have decisive significance. Once Tito leaves the scene, however, his successors will be left to try to make timely and coherent decisions in large collegiums with short-term rotating chairmen and rules of conduct that require so much consultation and coordination that they almost entail a paralyzing *liberum veto*. Such an enterprise would be highly problematical under the best of circumstances—let alone the trying circumstances that will confront Tito's successors.

C. Economic Strains

12. Weakened central leadership will make it more difficult for the post-Tito regime to manage what are in any case likely to be increased economic problems. At a minimum, their lack of charismatic authority will deprive Tito's successors of an asset that has helped to prevent economic crisis during the 1970s, when the effects of high inflation (averaging 17 percent per annum), large deficits in the balance of payments, growing regional economic disparities, and fluctuations in growth of consumption, associated with wide swings in overall growth rates, have threatened to get out of hand. Moreover, the regional pressures behind inflation and external deficits will be intensified by a new

² For a detailed discussion of party institutional trends and evolving policymaking arrangements and their likely effect on the succession, see volume II, annex A, "The League of Communists." [Footnote is in the original.]

decentralization program that is giving the regions a greater say in national economic decisions.

13. During the 1980s, Yugoslavia is likely to face persistent foreign trade deficits as well as continued high domestic inflation and unemployment. Western demand for Yugoslav exports will probably remain slack, while competition in Western hard-currency markets will increase. Domestic energy supplies will tighten, and jumps in world oil prices (Yugoslavia currently imports 36 percent of its energy and 75 percent of its oil) will boost external deficits and domestic prices sharply.

14. Such strains will increase Yugoslav reliance on Western financing. Belgrade can probably continue to count on substantial support from official Western lenders. At present, however, over half of the \$10 billion Yugoslav debt is held by private Western banks. Their loans have periodically fallen short of Yugoslav needs and could be considerably affected by heightened political uncertainty in a time without Tito. If private foreign lending should be curtailed for a lengthy period and the difference is not covered from official Western sources, post-Tito Yugoslavia could not avoid a significant economic slowdown. This, in turn, would aggravate the endemic cyclical pattern of growth and seriously increase the level of unemployment, which currently amounts to almost 7 percent of the national work force and about 20 percent of the urban work force in some of the country's less developed regions. If the leadership proves incapable of designing and enforcing an austerity program appropriate to such circumstances, there could be a prolonged economic crisis with potentially disruptive political ramifications.³

D. Regional and Communal Tensions

15. Economic stringencies seem certain to lead to sharper conflicts of interest among Yugoslavia's constituent republics and provinces.⁴ Such conflicts, in turn, could escalate into militant confrontations among the already antagonistic ethnonational communities whose "homelands" are competing for scarce material and financial resources. Such confrontations have been a recurrent feature of postwar Yugoslav history and have periodically forced even Tito onto the defensive. In 1968, for example, there were large riots by the country's Albanians, who contended that their "homeland," the province of Kosovo, was

³ For a more detailed assessment of Yugoslavia's economic prospects and the economic issues that will confront Tito's successors, see volume II, annex B, "The Economy." [Footnote is in the original.]

⁴ For an analysis of the role of ethnic divisions in Yugoslav politics, see volume II, annex C, "Nationalism and Regionalism." [Footnote is in the original.]

an economic and political colony of the Serbs. And, from 1968 to 1972, Serbs and Croats engaged in a prolonged confrontation, during which tens of thousands of citizens joined outspokenly nationalist organizations and participated in nationalist demonstrations, and almost the entire Croatian party leadership evinced "national Communist" proclivities.

16. Despite the relative tranquillity that has reigned on nationality issues since the so-called Croatian crisis, the perceptions and passions that fueled these nationalist outbursts have not disappeared. Because of their self-replenishing and mutually reinforcing religious, cultural, and linguistic roots, these perceptions and passions could easily be reactivated not only by impending economic stringencies but by a host of other stimuli. With Tito's departure, moreover, the regime will lose most of the protection that it has enjoyed as a result of his unimpeachable reputation as an ethnic nonpartisan. None of his likely successors have even a remotely comparable reputation. And some have such close and exclusive ties with "their own" particular republics that almost any policy that they initiate or support is likely to be challenged as ethnocentric.

E. Soviet Pressures

17. The Kremlin will not necessarily attempt to prevent a smooth and orderly Yugoslav succession. Under certain circumstances Moscow would see advantages in a stable, viable Yugoslavia. In any case, the USSR is likely to adopt a restrained policy in the immediate post-Tito period. Although it probably retains a desire to reincorporate Yugoslavia into its East European empire, Moscow could adopt a hands-off or even supportive policy in the immediate post-Tito period. Such a policy could persist for some time should Belgrade become more responsive to Soviet policies and more distant from the West. While not impossible, however, such a long-term change in Yugoslav policy is unlikely.

18. Even if developments in Yugoslavia prove less favorable to Soviet interests, Moscow is unlikely to subject Yugoslavia to a direct military intervention. A Soviet resort to force will remain improbable so long as it continues to entail serious risks of a sustained Yugoslav resistance and possible Western political and military support. However, a very sharp escalation of centrifugal tendencies within Yugoslavia might be seen by the Soviets as significantly reducing those risks, particularly if it were perceived as both fragmenting the Yugoslav will to resist and discouraging Western readiness to respond.

19. If the temptations created by such a perception of Yugoslav and Western weakness were combined with sufficient danger of a radical growth of Western influence in parts of a disintegrating Yugo-

slavia, the otherwise strong Soviet inhibitions against military intervention in Yugoslavia might be overcome. In such a case, the Soviets would be enticed by the chance to reestablish their direct presence on the Adriatic and to demonstrate a dramatic pro-Soviet shift in the regional and international correlation of forces.

20. But even if such a combination of circumstances does not arise, and Tito's successors do not have to contend with a serious threat of Soviet military intervention, they are likely to be subjected to increased Soviet pressure. As in the past, the Kremlin will attempt to secure freer Soviet access to Yugoslav naval facilities and regularized Soviet overflight rights. Along with these military objectives, it will also press for reduced Yugoslav support for Romanian and other efforts to establish national autonomy within the Soviet bloc, less active Yugoslav encouragement of Eurocommunism, diminished Yugoslav criticism of Soviet foreign policy, and less vigorous Yugoslav pursuit of a China connection.

21. In pursuing these goals, the Soviets may initially place heavier reliance on incentives than on pressures or sanctions. Furthermore, in contemplating sanctions, the Kremlin will doubtless take account of the possibility that "overkill" could prove counterproductive and drive Yugoslavia toward the West. In the face of prolonged Tito-like resistance, however, the Kremlin will probably exert stronger pressure on Tito's successors than it dared to exert on Tito, with his long record of defiance and demonstrated ability to rally domestic and foreign support. Thus, it will be less hesitant to protest strongly and, if necessary, to follow its protests with measured "retaliation" in the form of stronger Bulgarian demarches on the Macedonian question, larger and more frequent Warsaw Pact maneuvers on Yugoslavia's frontiers, and more active and supportive contacts with antiregime nationalist and pro-Soviet "Cominformist" groups both within and outside Yugoslavia.

22. Such pressures or sanctions would be even more likely if Tito's successors were to display what the Kremlin viewed as excessively Westernizing tendencies—for example, by obstructing major Soviet diplomatic initiatives, by tolerating the public expression of anti-Soviet views, or by sanctioning political pluralism within Yugoslavia. In fact, if it were reasonably confident that the West was unwilling or unable to compensate, the Kremlin would probably be prepared to retaliate against such tendencies by withholding or curtailing scheduled deliveries of arms, petroleum, and other items of which the Soviet Union is a major Yugoslav supplier.

III. SUCCESSION PROSPECTS

23. To cope with the combined effects of increased economic stringencies, heightened ethnonational tensions, and intensified Soviet pres-

tures, Tito's successors will have to overcome the constraints on effective and timely decisionmaking that inhere in a strictly collegial leadership system. Initially, they will probably not encounter inordinate difficulties. The great bulk of the population will react to Tito's departure by rallying around the regime, and the ruling elite will display a high degree of collective solidarity. Before long, however, these shock effects can be expected to dissipate. Public support for the regime will then become much more contingent on policy outputs and outcomes, and Tito's successors will find it much harder to submerge their internal differences. Although the preceding period will not necessarily be free of significant challenges, this will be the point at which the transition to the post-Tito era really begins and Tito's achievements undergo their first really strenuous posthumous test of endurance.

A. Breakdown Possibilities

24. The chances of passing this test have been diminished by the recent (February 1979) death of Edvard Kardelj, who was the one Tito aide who enjoyed broad popular respect and the general trust and deference of his colleagues. Without such a man to serve as arbiter and peacemaker, Tito's successors will find it extremely difficult to compromise their policy differences and rise above their personal and factional antagonisms and animosities. In consequence, it is easy to envision a post-Tito recurrence of the political degeneration which took place during the late 1960s and early 1970s, when Tito allowed his then lieutenants a fairly free hand in domestic policy.

25. By the time Tito belatedly terminated this experiment in late 1971, virtually the entire domestic policy process had succumbed to paralysis, and personal and factional relations within the ruling elite had deteriorated to the point where Yugoslavia faced incipient violence. To restore political efficacy and order, moreover, Tito had to draw on every ounce of his immense personal authority. And, when it appeared that even this would not suffice, he took the extreme step of threatening to call in the military.

26. In the event of a similar impasse among Tito's heirs, the military might well intervene on its own initiative if it were not invited to do so by elements within the leadership. Tito's designation of the armed forces as the ultimate guarantor of Yugoslav unity could be cited as justification of such an intervention and could mitigate reluctance in the officer corps to interfere in political matters.

27. With their considerable internal discipline and cohesion and close connection with the country's security forces, the armed forces could probably impose a degree of stability in an otherwise shaky situation. In the process, they would probably tend to favor a greater reliance on administrative and centralist methods of control

and a substantial increase in the discretionary authority of party professionals.

28. However, the Yugoslav military is not politically monolithic, and a political demarche or coup would almost certainly deepen its internal divisions. Furthermore, any expansion in the military's political role would undoubtedly alienate Croats, Slovenes, Albanians, and other non-Serbs. Although the regime has made substantial efforts to dilute the historic Serbian dominance of the officer corps, non-Serbs still view the military as a predominantly Serbian institution with a centralist bias that threatens their national interests and identities.⁵

29. Accordingly, while a military intervention might temporarily stabilize a crisis situation, the longer term prospect would remain one of potential instability and unrest, with an appreciable chance of ultimate civil war.

B. More Stable Alternatives

30. This readily apparent prospect of such a disastrous outcome provides the best hope that Tito's successors will do everything possible to avert it. This hope is strengthened by the fact that all of Tito's present top lieutenants played important supportive roles in the eventual resolution of the leadership deadlock of 1968–72. Furthermore, some of the personal and factional antagonisms that have arisen within the present party Presidium are likely to be muted by future changes in membership, including a number of changes that are scheduled for the immediate future and others that could well occur before Tito's departure. In consequence, it is possible that the post-Tito Presidium will adopt less strictly collegial decisionmaking procedures and that a majority of its members can be organized into a more or less stable ruling coalition.

31. In broad terms, two such coalitions, with potentially overlapping memberships, seem feasible in the light of current and emergent Yugoslav political realities. One, more likely in the event of an early succession, might be headed by old Titoists such as Vladimir Bakaric, Milos Minic, and Nikola Ljubicic, and would be characterized by a strong commitment to the perpetuation of the status quo ante. It would do everything possible to preserve the present distribution of authority between the center and the republics, to maintain a "self-managing" socialist-market economy, to foster the growth of independent Communist and nonaligned forces in world affairs, and to guard against too Westward a tilt in Yugoslav domestic and foreign policy. The other grouping, more likely in the event of a delayed succession, would

⁵ For a discussion of the Yugoslav military establishment and ethnic attitudes toward its role, see volume II, annex D, "The Yugoslav Military." [Footnote is in the original.]

include more recently appointed members of the present Presidium (such as Stane Dolanc) as well as top republic party bureaucrats from whose ranks replacements for incumbent old Titoists are likely to be drawn.

32. Although Titoist in crucial respects, a coalition of the latter sort would be far less status quo oriented than its "old Titoist" counterpart and might be ready to introduce a significant amount of incremental change. With respect to the division of authority between the center and the republics, for example, it might be not only willing but eager to sponsor a return to the more decentralized pattern that obtained during the late 1960s, especially in matters of day-to-day administration and management. At the same time, in intrarepublic matters it might be ready to sacrifice significant features of workers' self-management and self-government in the interest of managerial efficiency and political discipline.

33. Along with these changes in domestic policies, a coalition in which old Titoists played a less dominant role might be prepared to curtail Yugoslavia's role in an increasingly fragmented nonaligned movement. In addition, such a coalition might be less congenitally suspicious of Soviet intentions than a coalition dominated by men with more vivid personal memories of the original Tito-Stalin split. Nonetheless, mistrust of the Soviet Union will remain endemic and a significant Eastward tilt in Yugoslav policy is unlikely unless Soviet pressures on Belgrade fail to elicit effective Western support. In fact, such a coalition might eventually be more willing than its old Titoist counterpart to permit a gradual Westward tilt in Yugoslav policy in return for economic benefits and credible security reassurances.

34. Even the transformations of one of these potential coalitions into a more or less stable ruling group would not guarantee the sort of post-Tito leadership that might be needed to deal with a severe crisis. However, it would ensure at least a measure of leadership and would provide some safeguards against the kinds of erratic or diluted policy choices that could inadvertently invite foreign encroachments and wholesale withdrawals of domestic support. And it would make it possible and worthwhile for interested foreign governments to support Tito's successors in their efforts to preserve Yugoslavia's integrity and independence.

IV. IMPLICATIONS FOR THE WEST

35. The amounts and kinds of support that Tito's successors request from the West will vary with time and circumstances. Except under great duress, even a Westward-inclined post-Tito leadership is unlikely to request explicitly or to welcome conspicuous "pro-Yugoslav" changes in Western security policy. During the immediate transition,

the chief international concern of Tito's successors will be to deprive Moscow of any plausible excuse to intervene in Yugoslav affairs. In consequence, they will probably desire and expect nothing more than a prompt declaration of continued US and West European interest in the preservation of Yugoslavia's independence and integrity, coupled with every possible effort to prevent an escalation of hostile emigre activities. Although there is little reason to suppose that emigre activities alone pose a real threat to the regime, Tito's successors view them as such and will certainly exaggerate their potential impact and treat Western behavior toward them as a test of Western intentions.

36. If they are faced with escalating Soviet pressure, Tito's successors could request and/or welcome Western representations to Moscow on their behalf. Within relatively short order, moreover, they are likely to seek active help in preserving and extending their financial relations with the West, including not only bilateral relations but relations with the Common Market. In addition, they could turn to the West for larger supplies of arms, especially in areas of high technology. And, under extreme Soviet pressure, they could appeal to the United States and NATO to exert economic and political pressure on Moscow, to bolster and alert the 6th Fleet and other forces on NATO's southern flank, and, if need be, to provide direct military support.⁶

37. No amount or kind of Western support can stop Tito's successors from engaging in a self-destructive succession struggle or prevent Yugoslavia's constituent nationalities from embarking on a civil war, if they are determined to do so. However, skillfully timed and carefully designed and orchestrated Western support could make a very large difference to the consolidation and survival of a potentially viable post-Tito leadership and thereby to the preservation of a stable regional, continental, and global balance of power.

⁶ For a more extensive discussion of Tito's foreign policy legacy and the ways in which post-Tito policies toward East and West may interact, see volume II, annex E, "Foreign Policy." [Footnote is in the original.]

270. Memorandum of Conversation¹

Washington, October 15, 1979, 11–11:15 a.m.

SUBJECT

Summary of David Aaron's Meeting with Colonel General Vujatovic

PARTICIPANTS

Colonel General Laze Vujatovic, Yugoslav Assistant Federal Secretary of
National Defense for Military Economy
Vladimir Sindjelic, Minister-Counselor Embassy of the Socialist Federal Republic
of Yugoslavia
David Aaron, Deputy Assistant to the President for National Security Affairs
Steve Larrabee, NSC Staff Member
James Siena, Deputy Assistant Secretary (European & NATO Affairs) (ISA)

After welcoming General Vujatovic, *Mr. Aaron* noted that the only thing he had not been dealing with lately was military sales to Yugoslavia. However, he promised to pay close attention to this in the future. (C)

General Vujatovic stated that he was here to sign the Memorandum of Understanding to improve cooperation.² (S)

Mr. Aaron underscored the importance that the Administration attached to the signing of the Memorandum and to the institutionalized arrangements created by it.³ (S)

Noting that there had been many attempts to improve cooperation between Yugoslavia and the United States lately, *General Vujatovic* remarked that the Yugoslavs were interested in strengthening cooperation in the military field in order to maintain their independence. In regard to military sales however, the two sides had not been able to

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 33, Memcons: Aaron, David: 1–12/79. Secret. The meeting took place in the West Wing of the White House.

² In an October 3 memorandum, Larrabee recommended to Brzezinski that either he or Aaron meet Vujatovic for 15–20 minutes while the latter was in Washington to sign the Memorandum of Understanding on Bilateral Military Cooperation which had been negotiated the previous December. Brzezinski approved a meeting with Aaron. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 9–12/79)

³ On October 12, Larrabee forwarded to Aaron the Department of State briefing paper for his meeting with Vujatovic. In his covering memorandum, Larrabee recommended that Aaron stress three basic points with the Yugoslav General: Emphasize the importance of the MOU; reassure the GOY of the administration's intention to pursue development of closer U.S.-Yugoslav military cooperation; and stress that the Departments of State and Defense have taken steps to improve communication with Yugoslav authorities. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 1/79–1/80)

achieve full understanding so far.⁴ The Yugoslavs were interested in obtaining up-to-date equipment because at some point in the future they might have to face a better equipped adversary. (S)

Mr. Aaron stressed the great importance that the US attached to Yugoslav independence and integrity. This was the basis of the US interest in pursuing a military supply relationship with Yugoslavia; it would allow Yugoslavia to strengthen its independence. While there had been some difficulties, the US, for its part, was determined to overcome them. We wanted to put the problems behind us and use the institutional mechanisms created by the Memorandum of Understanding to lay the basis for improved cooperation in the military field. (S)

General Vujatovic agreed. In his view the US and Yugoslavia should attempt to put aside past problems and concentrate on the cooperative aspects of the relationship. (C)

Mr. Aaron said that when he was in Yugoslavia with the Vice President he had not had enough time to see very much. The next time he visited Yugoslavia he hoped to see more, particularly defense installations. (C)

General Vujatovic replied that *Mr. Aaron* would be welcome in Yugoslavia and that he would try to arrange to show him whatever he would like to see. (S)

Mr. Aaron said that he would particularly like to see units with new American equipment. (S)

General Vujatovic noted that at present Yugoslavia did not have such units. (U)

Mr. Aaron remarked that he would have to talk to *Mr. Siena* about that. (U)

General Vujatovic said that the Yugoslavs had included visits to defense installations when *General Rogers* was in Yugoslavia. *General Rogers* had seemed quite pleased with his visit. Continuing, *General*

⁴ In telegram 7163 from Belgrade, September 24, Eagleburger reported that the Yugoslav Government had decided to purchase 1,000 Dragon anti-tank missiles to be delivered by the end of 1979. (National Archives, RG 59, Central Foreign Policy File, D790438–1013) A week later, however, Vujatovic informed the Embassy that the Yugoslav Government had changed its mind and would not be purchasing any Dragon missiles either in 1979, or in subsequent years. (Telegram 7387 from Belgrade, October 2; National Archives, RG 59, Central Foreign Policy File, D790451–1096) During their conversation, Vujatovic informed Eagleburger that the Yugoslav Government found USG proposal for the Dragon missile sale was unacceptable, and therefore had to cancel its order. He added that “it is obvious that the leaders of the U.S. want an independent Yugoslavia, but when it comes to practical application, there is always a tremendous burden of procedural problems.” (Telegram 7520 from Belgrade, October 5; National Archives, RG 59, Central Foreign Policy File, D790460–1288)

Vujatovic noted that during his talks today he had gained the impression that the American system was quite complicated. Though it presented problems to the Yugoslavs they would try to adapt to the system somehow. In return he hoped that the Americans would show patience and openmindedness with the Yugoslavs during the initial phase. (C)

Mr. Aaron emphasized that the US wished to pursue its military relationship with Yugoslavia in a confidential manner. While at times this was difficult the US was determined to do it. (S)

General Vujatovic observed that in the past there had been some unfortunate experiences with leaks; he hoped this could be avoided because they had had a negative impact on relations. Turning to the question of past problems and misunderstandings, he remarked that sometimes it was difficult to know whether these were a consequence of the US system or whether they had a deeper political meaning. (S)

Mr. Aaron emphasized that this Administration did not send signals that way. Noting that the weapons procurement system was a complicated process, he reiterated that we did not use our military relations to convey political signals. If the US had a political message to transmit it would talk directly to the Yugoslav government, but it would not use the military supply relationship for this purpose. (S)

General Vujatovic stated that he was very pleased to hear this. (U)

In closing, *Mr. Aaron* said he hoped to see General Vujatovic again either in Yugoslavia or in the States and noted that now that Yugoslavia and the US had a military relationship, perhaps they would see more of each other. (C)

271. Memorandum From the Under Secretary of State for Security Assistance, Science, and Technology (Benson) to Secretary of State Vance¹

Washington, October 17, 1979

SUBJECT

Trip to Yugoslavia

As you know I spent two and a half days last week in Yugoslavia, primarily to listen to the Yugoslav's views of the Westinghouse Nuclear Power Plant project, a joint project of the Slovenia and Croatia federations.² I also discussed the Foreign Military Sales program at some length with Ambassador Eagleburger. Among others, my colleagues and I met with the Presidents of Croatia and Slovenia, the Energy Ministers of the two Republics, the Yugoslav Managers of the Project as well as with Ambassador Eagleburger and members of his staff.³ My trip to Yugoslavia followed a visit Under Secretary Hodges and I made to Pittsburgh to listen to Westinghouse's side of the story.

Several points in the Westinghouse matter are now quite clear:

—The contract, signed in 1974 with some push from President Nixon, is now in serious difficulties. The project is 80% completed, 18–24 months behind schedule, and Westinghouse is suffering a serious cash flow squeeze due to high inflation during the life of the contract.

—The two parties are heading for a major legal imbroglio which will be of no long-term benefit to either and which will undoubtedly be a burden on good Yugoslav-US relations. It could result in lengthy arbitration during which construction could be halted, resulting in serious political-economic problems for Westinghouse.

—In a continued effort to head off the potential legal confrontation, I believe the US Government should extend its good offices to both

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: 8/78–12/79. Confidential. Copies were sent to Newsom, Aaron, Vest, and Eagleburger.

² Benson traveled to Yugoslavia October 10–12 to attempt to resolve the ongoing dispute between Westinghouse and the Yugoslav authorities regarding the Krsko nuclear power plant. In telegram 7797 from Belgrade, October 17, the Embassy reported that the "visit has calmed the waters—at least for now." (National Archives, RG 59, Central Foreign Policy File, D790481–0525)

³ Benson met with Croatian President Flekovic on October 12. (Memorandum of conversation, October 12; National Archives, RG 59, Office of the Under Secretary for Security Assistance, Science, and Technology, Chron Files, Speeches, and Papers of Lucy W. Benson (1979) and Matthew Nimetz (1980), Lot 81D321, Box 3, Lucy Wilson Benson—Chron, October 1979) She met with Slovenian President Vratusa later that day. (Memorandum of conversation, October 12; *ibid.*)

parties. My trip with Luther Hodges to Pittsburgh and my trip to Yugoslavia were made to see if we could head off this confrontation by helping both sides find ways to resolve their problems without resorting to arbitration.

These efforts in the first instance should include (a) maintaining pressure on both sides to work out mutually satisfactory resolutions, (b) urge Export-Import Bank to offer an acceptable refinancing arrangement and (c) convince Westinghouse to complete the project in early 1981. There are other remedies possible such as direct USG involvement in procurement of essential components, but we should keep these possibilities in abeyance until we see how well our other efforts will work. I have already talked with Gordon C. Hurlbert, President of Westinghouse Power Systems Company since my return. I emphasized to him the importance we attach to the achievement of an amicable solution not to mention the stake Westinghouse has in this matter if it has any hopes of obtaining future contracts in Yugoslavia (and perhaps even in the Third World). While of course the USG has no legal standing in this matter, I am convinced, as was Ambassador Eagleburger, that the Yugoslavs welcomed our trip and our offer of good offices. As for Westinghouse, I believe that the Corporate Management recognizes the assistance the Department has extended in all parts of the world (e.g. Korea, Philippines) in order to channel sizeable contracts to an American manufacturer.

—You need not be burdened with the details of the dispute. Basically, the Yugoslavs wish to have the project completed as soon as possible (original contract called for operations in 1979—"on the line in 79". Now at best it will be 1981). Westinghouse needs cash since the project has cost much more (\$230 million) than originally expected. Beyond that, both sides have a myriad of complaints of differing magnitudes against each other. We think these could be settled amicably if both sides could achieve their principal objectives.

As for the FMS, there can be no question that Ambassador Eagleburger's complaints concerning the Dragon case have validity. As in the Westinghouse matter, an earlier alert might have prevented the current situation. The Dragon case is a good illustration of the need for an Embassy to closely monitor the implementation process of FMS cases. (We all need to watch implementation of major cases more closely.) There is practically no chance for that being done effectively in Washington, given the wide dispersion of responsibilities among agencies. The Ambassador was reluctant, as are most of our Chiefs of Mission, to add to his staff, but the importance of having the critical sales "go right" outweigh in my mind the costs of an additional staff member. I think Ambassador Eagleburger would agree.

Although we obviously have not managed the FMS program satisfactorily, I believe the Ambassador feels that the Yugoslav military-to-

US-military relationships are still improving. I have the same feeling after talking to Col. General Vujatovic on Tuesday⁴ and that is, after all, what is important. But we'd better not have another fiasco.

I will keep you posted on further developments.

⁴ Benson met with Vujatovic on October 16 to discuss the Foreign Military Sale relationship with Yugoslavia. (Memorandum of conversation, October 16; *ibid.*)

272. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, November 1, 1979, 1549Z

8210. Military handle as Specat Exclusive. State for Under Secretary Benson frn Ambassador. Subject: Dragon. Refs: A) Belgrade 7986² B) State 280014.³

1. S-entire text.

2. I saw General Pekic on Oct. 31 to discuss Dragon. I told him that since he had been personally involved in the Dragon case, I wanted to give him my personal apologies for the way the case had been handled and to assure him that there had been no repeat no political

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: 1/79–1/80. Secret; Immediate Exdis. Also sent Immediate to DOD ASD/ISA and USCINCEUR. Printed from a copy that was received in the White House Situation Room.

² In telegram 7986 from Belgrade, October 25, Eagleburger reported that at a Romanian Embassy reception celebrating the Romanian Armed Forces, General Pekic said "the Dragon system is right for the Yugoslav armed forces" but that General Ljubicic canceled the purchase because he believed "the damned Americans are playing politics with us." Pekic said that he would be willing to raise the issue again with Ljubicic "if we could give him a peg on which to hang his approach." Eagleburger wrote that he had decided to talk to Pekic "hat in hand—and say to him that I want him to understand that it is not 'politics' but bureaucratic bumbling on our part which has put us in this fix." (National Archives, RG 59, Central Foreign Policy File, D790488–1103)

³ In telegram 280014 to Belgrade, October 27, Benson informed Eagleburger that the 1,000 Dragon missiles were "still available and can be delivered to aerial port of embarkation within thirty days of receipt of GOY signature on LOA." Benson agreed that Eagleburger should talk to Pekic and concluded that "obviously, given the past history of the problem, we do not want to press the GOY to buy the Dragon. What we want to accomplish is to convey to them that in this case as in other FMS cases we are willing to do our best to meet Yugoslav needs." (National Archives, RG 59, Central Foreign Policy File, D790491–0206)

motive behind our escalating cost quotations. I pointed out that the LOA on the 1,000 Dragon purchase was still valid, and would remain so until the end of the year. Thus, if the Yugoslavs were to change their minds, the 1,000 missiles were still available.

3. General Pekic replied that he had always believed that the reason for the change in price quotations was inflation, and that there was no political motivation behind our actions. But, he said, there were some (he clearly meant Ljubicic) in the Yugoslav military who did not agree, and thought we had been playing games with the Yugoslavs. He added that General Ljubicic would not repeat not be prepared to reconsider the Yugoslav decision on Dragon this year, but that the GOY might "come back to the Dragon or TOW" next year. He admitted that the Yugoslavs were to some degree at fault because—given concerns over the need to notify Congress—they had not reacted fast enough when we first made our offer. It is now time, he said, to forget our problems over the Dragon, to learn some lessons from the experience, and to move on to further cooperation.

4. With regard to the future, the General made three points:

A. He reiterated their desire for modern electronic warfare equipment and complained about our unwillingness to sell the Yugoslavs sophisticated GEA. (I understand that the Yugoslavs agreed at the recent Washington meetings to present us a list of specific electronic warfare needs.)

B. On anti-tank weaponry, he indicated that their interest in the Viper remains high. He acknowledged that even though this system would probably be denied them for the present, they would be very interested in an advanced or follow-on Dragon system. (I told him that I had no knowledge of plans for an improved Dragon.)

C. On radars, he said that he could see no reason why the U.S. should withhold up to date equipment from Yugoslavia, since we know it would never be used against us. Aside from the air defense radars now under negotiation, he indicated an urgent need for an anti-aircraft fire control system such as "Skyguard" for adaptation to weapons in the 30–40 mm class (knowledge nil here on this system). The General further stated that they would be happy to give a manufacturer their required technical specifications for a fire control system to see if anything could be worked out. If none of this is possible, he would like us to provide a list of radar systems adaptable to 30–40 mm anti-aircraft guns and allow them to decide for themselves which most suited their needs.

5. Comment: We can forget about Dragon sales to Yugoslavia, at least for the time being. Pekic's statement that Ljubicic would not reconsider this year was straightforward and unqualified, and would not have been made unless he knew whereof he spoke. Nor do I see

any purpose to be served by now asking to see Ljubicic. That would only reveal our anxiety level, lead to another turn down, and expose us to another series of complaints about our lack of trust as demonstrated by our refusal to consider sales of our most modern equipment.

6. It is interesting, however, that Pekic left the door open for a return to Dragon (or TOW) sometime next year. It may be that, in advance of Pekic's visit to the US next spring, we can raise the question again so that he can pursue it while he is in Washington. This is a possibility we should keep in mind as we prepare for the visit.

7. In classic Yugoslav fashion, we are now beginning to see an effort to use our (or at least my) embarrassment as a lever to get us to agree to the sale of sophisticated equipment we have disapproved before. While that is a game we should not play, and while I do not argue that we should give them the neutron bomb, I do suggest that Washington take a hard look at whether there are any areas where we could move the limits forward a bit. Specifically, if there is anything we can do in the three areas mentioned by Pekic (para 4, above), it could go far to remove or at least diminish whatever distrust Ljubicic still harbors. We seem to have come through the Dragon affair with only moderate—and repairable—damage. The objective now ought to be to demonstrate the accuracy of our claim that what happened was a consequence of misunderstanding, not deliberate policy. We can best do that by finding other areas of cooperation and making them work.

Eagleburger

273. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, November 23, 1979, 1552Z

8762. Subject: (U) Secretary Vance's Visit to Yugoslavia—Briefing Materials: Overview.

1. S-entire text

2. This message provides for Secretary Vance our overview assessment of the current Yugoslav scene.²

3. You will find Yugoslav leaders deeply troubled by the current world scene. They see detente in jeopardy, a quickening arms race, a deepening world economic crisis, a widening North-South gap, and unsettling instability in key areas such as Iran. They are concerned by Soviet intentions, the increasing resort to force and military intervention around the world, and what they see as indecisive leadership in the West. Finally, they sense, despite brave public words about the Havana Non-Aligned Summit, that Yugoslav influence in the non-aligned world may have begun a slow decline. The country is in the throes of severe economic problems, including high inflation, excessive industrial growth and a severe trade imbalance, with a substantial rise in imports while exports stagnate. This has been seriously aggravated by the Montenegrin earthquake last spring and floods this fall, and a poor wheat crop plus ever-increasing oil prices. Inflation is running at about 25 per cent, and correction measures have thus far failed measurably to help. Shortages in consumer goods—by no means as severe as elsewhere in Eastern Europe—are causing grumbling, not least, because in this consumerist society the populace is unaccustomed to austerity.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D790544-0137. Secret; Priority. Vance was scheduled to travel to Belgrade December 14-15. His trip to Yugoslavia and Romania was canceled after the U.S. Embassy in Tehran was seized by protesters on November 4 and U.S. diplomats taken hostage. See Document 219.

² The Embassy drafted a list of possible topics of discussions between Vance and the Yugoslav leadership in telegram 8287 from Belgrade, November 5. (National Archives, RG 59, Central Foreign Policy File, D790528-0060) In telegram 8847 from Belgrade, November 28, the Embassy reported that negotiations for a new consular convention between the two countries were complete except for the status of dual nationals. Yugoslavia, which required compulsory military service of all male citizens over the age of 18, had in the past arrested U.S. citizens with dual citizenship visiting the country. The Yugoslav Government informed the Embassy that a new law on military obligations, which was to be adopted shortly, exempted dual citizens from military service under certain conditions. The Embassy recommended an exchange of separate but binding letters on the issue, which, if agreed to by the Yugoslav Government, would allow Vance to sign the convention while in Belgrade. (National Archives, RG 59, Central Foreign Policy File, D790547-0680)

Finally, there is the ever-present anxiety about the future after Tito, now exacerbated by unease over the approaching demise of Brezhnev.

4. Yet in many respects Yugoslavia continues to be a rather amazing success story. Robust real economic growth continues at about 7 per cent annually. The people enjoy access to a wide range of consumer goods and seem to find little difficulty in paying the skyrocketing prices for them. Travel to the West—and the input of Western ideas here—is virtually unhindered. Intellectual and academic exchanges with the West grow annually; exchanges with the US are especially valued. There are few barriers to artistic creativity. In sum, the “quality of life” for the average Yugoslav is good, and he expects it to get better. If it doesn’t, a post-Tito regime could find itself facing political consequences. But the converse is true: so long as the standard of living continues perceptibly to improve, this will be an important element of stability after Tito.

5. Tito and the succession. NIE 15–79,³ just published in Washington, gingerly concludes that Yugoslavia is only “marginally” more [garble—likely?] to make it through a transition period without major turmoil. We, too, are guarded in our prognosis—but continue to believe that the centripetal forces in post-Tito Yugoslavia will prevail over the centrifugal. The forces acting to hold the country together include an acutely felt “hang together or hang separately” syndrome; economic imperatives; an experienced, pragmatic—if undistinguished—collective leadership accustomed to brokering regional interests; and the vested interest of the “new class” which has expanded since Djilas’ classic exposition in 1953 to include an acquisitive, consumerist, thoroughly Western-oriented middle class.

6. The greatest danger is nationalism. Despite Tito’s heroics, inter-communal hatreds have not been extinguished in the 34 years since WWII. Small but fanatic and determined emigre extremist groups stand eager—perhaps with KGB help—to foment and exploit internal turmoil. They are too weak, and sympathy for terrorism within the country too slight, to create by themselves a major problem within the country after Tito dies. They could, nevertheless, exploit a deteriorating situation and, with Soviet help, pose a potentially serious problem.

7. Two factors, difficult to predict, will greatly influence the situation when Tito dies: the domestic economic situation, and the international political scene. As indicated, Yugoslavia is now facing serious economic problems, but it has survived similar difficulties in the past. The Yugoslav nightmare is that the Tito and Brezhnev transitions coincide, although Tito seems in much better health than Brezhnev. While

³ See Document 269.

the outlook for the latter appears to be dimming rapidly, Tito is still able to function well, but increasingly focuses ever more narrowly on foreign affairs. There is no successor-designate. The collective leadership machinery which Tito will leave behind him is designed to prevent the emergence of any new Caesar. But history indicates that sooner or later, and probably sooner, some faction will emerge to take charge, followed by a rise to pre-eminence of a leader from within that faction. But we cannot at this stage predict who he will be.

8. The United States can influence events here. We support the unity, territorial integrity and independence of Yugoslavia. That support is visible and welcome. If, in the time remaining to us before Tito dies, as well as at the time of the event, the United States is seen as a powerful friend and an effective force for stability in Europe, this will aid the post-Tito leaders enormously. Our objective in the pre-succession period is to weave a web of relationships—political, economic, cultural, and military—which projects the image of a steadfast friend and gives substance to the bilateral relationship.

9. President Tito, at 87, has had severe health problems, but continues amazingly vigorous. Over the past 4–5 years he has progressively shed oversight over day-to-day management of the government and party and has focused on foreign affairs. His is still the last word, however, on major personnel assignments and indeed on any major issue which cannot be resolved at a lower level.

10. The ever-pragmatic Tito continues to tinker with the succession machinery, which now consists of a 24-man party presidency and a nine-man state presidency. Tito heads both for life, and also holds the post of Supreme Commander of the Armed Forces. The composition of both presidencies reflects a delicate national balance between Yugoslavia's six constituent republics and two autonomous provinces.

11. The two presidencies contain almost all of the most important personalities. In general, they are a tough, able, but not very brilliant group. Most important is a small group of "1941 fighters," including the Croatian Party Baron Vladimir Bakaric; Serb Minister of Defense Nikola Ljubicic, Serb Milos Minic, Principal Foreign Policy Adviser; Petar Stambolic, Senior Serbian Party figure; and Admiral Branko Mamula, Croatian Serb who has recently been appointed Armed Forces Chief of Staff. The most visible younger men are Slovene Stane Dolanc and Bosnian Croat Branko Mikulic, contenders for day-to-day Party direction.

12. Since Edvard Kardelj's death last February, no one has been designated dauphin or has seized that position. Tito has seen to that. Speculation about friction between Dolanc and Mikulic, and between other members of the leadership, may have substance, but we have lamentably little hard information on which to make judgments. For

the moment, Dolanc's career has evidently met a check, and this (at least temporarily) has favored Mikulic, but neither can be counted out (or, for that matter, in) over the long run.

13. Yugoslav-Soviet relations: Since late 1976 serious strains have developed in Yugoslav-Soviet relations. They arise out of three broad, interacting processes: A) Widening policy differences over Africa, the International Communist Movement, NAM, and other issues; B) Yugoslavia's rapidly expanding relations with China; and C) Yugoslavia's growing economic and political interest in expanded ties with the West and particularly the US.

14. Over the past year, despite the Brezhnev-Tito summit in May, policy differences have sharpened. Soviet support for the Vietnamese invasion of Cambodia, increased tensions with Bulgaria over Macedonia, and continuing Cuban attempts to maneuver NAM into an informal alliance with Moscow have reinforced Yugoslav perceptions of a Soviet challenge to basic Yugoslav interests. Thus, the LCY has reportedly issued guidance identifying Moscow as "enemy number one", and officials have expressed concern about "Soviet expansionist tendencies" and the possibility of Bulgaria becoming a "Balkan Cuba" or "Balkan Vietnam".

15. Reinforcing these strains lie deep and growing Yugoslav anxieties over the post-Brezhnev future, the impact of the Soviet succession on the Yugoslav succession, and the possibility that a new, untested, and unsure Soviet leadership could behave in dangerous and unpredictable ways. Despite these apprehensions, Yugoslav options appear limited; Yugoslav-Soviet relations are likely to remain a shifting blend of cooperation and confrontation. Their essentially adversary relationship will continue to be tempered by heavy military supply dependence on the Soviet Union (unless we can do something about this), a burdensome trade deficit with the West, and a consequent increase in trade with the East, residual ideological sentiment, and a prudent geographic and political interest in minimizing tensions where possible.

16. US-Yugoslav relations: In this context, Yugoslavia has increasingly looked to the US to provide balance, diplomatic support, and an alternative source of trade and military supply.⁴ This, as well as the perception of a more favorable US attitude toward the NAM, parallel interests on broad international issues (NAM, Cambodia, China, to some degree Africa), and our own interest in creating a web of relationships which will ease an inevitably difficult transition period, have led

⁴ On November 16, the Embassy provided briefing materials on the status of U.S.-Yugoslav military cooperation. (Telegram 8556 from Belgrade, November 16; National Archives, RG 59, Central Foreign Policy File, D790527-0346)

to a rapid expansion of our political, economic, military, cultural and academic relations over the past two years. Much yet remains to be accomplished to establish a relationship of mutual trust with the Yugoslav military; bureaucratic blundering on both sides and a residue of suspicion complicate our efforts to broaden the relationship, but progress has been made and our mutual interests require that more be done.

17. Chinese-Yugoslav relations: In the year since Hua's visit to Yugoslavia and Romania (August, 1978), the drama and expectations have diminished. What remains is a record of solid accomplishment in consolidating and expanding Party and state ties; disappointed (but not abandoned) hopes for increased trade and economic cooperation based on mutual advantage; abiding but less strident Soviet concern and displeasure over Yugoslavia's role in strengthening China's diplomatic presence in the Balkans; and mutual recognition of the importance, limitations, and usefulness of their relationship.

18. For the US, the expansion of Yugoslav-Chinese ties is a positive development in that it encourages China's opening to the world, acts as a marginal restraint on Soviet behavior in the Balkans, and reinforces US-Yugoslav relations and perceptions of shared policy interest. Further steady expansion of their relations can be expected, but the pace and scope will be limited by Yugoslav concern about unduly provoking Moscow, economic realities, and differences in their systems, outlooks, and ultimate political objectives.

19. NAM Havana Summit: The Yugoslavs, having defined the critical issues at Havana to be those of "principle," returned from Havana claiming victory. The Cubans, on the other hand, played a different game, ignoring ideological issues and promising flexibility while hammering away on the substantive issues with telling, radical effect. Only time will tell who won; whether the condemnation of the Middle East negotiating process and the issue of Egypt's suspension from the NAM will be rendered moot by negotiating progress; whether Cuban behavior at Havana so irritated the "silent majority" that Castro will not be able to manipulate the movement over the next three years. What seems clear, however, is that Yugoslavia emerged from the summit with diminished influence. Diminished because it chose to fight only on "principle", ceding the battlefield to Castro on almost all other issues. Diminished, because even on those issues where it did fight, it did not win clear-cut victories, despite the investment of enormous effort and Tito's personal prestige. Diminished because Yugoslavia, a relatively small, relatively developed, white, European, and northern country has inevitably begun to lose relevance within the NAM. At some point, Yugoslav leaders may begin to reevaluate their heavy commitment to the NAM, but certainly not until after Tito's passing.

20. Yugoslav expectations from your visit: The Yugoslavs will wish to hear your view on European security issues, above all the prospects for detente. You will have a particularly good opportunity to discuss with them decisions taken at the NATO Ministerial, especially the reasons why theater nuclear modernization is so critical for the maintenance of the European military balance on which peace depends. The Yugoslavs will be glad to exchange views on the situation in China and in SE Asia, where our positions are closely parallel; they may raise Korea, if so, they will tell you the North Koreans have become really quite reasonable and suggest that we try to do a deal with them; on the Middle East, they will urge you to begin dealing directly with the PLO and will be keenly alert for any indications of evolution of our policy in that direction. If there is time, South African issues could come up—Yugoslav support for national liberation movements is virtually unqualified, but they are deeply concerned about Cuban (and hence Soviet) penetration of the continent and will welcome a genuine solution in Zimbabwe-Rhodesia if that indeed appears in prospect.

21. On bilateral issues, they may present their case on the Krsko nuclear power plant project. They will almost certainly urge greater balance in our trade, press for continuing efforts to suppress anti-Yugoslav terrorism, ask that we be more forthcoming in our military sales relationship, and seek a reiteration of our policy of support for Yugoslavia's unity, territorial integrity and independence. Above all, they will welcome your reassurance that US foreign policy toward Yugoslavia rests on a clear and steady perception of our national interest, that our support for Yugoslavia's integrity predates the present administration and will continue after it precisely because it corresponds to our most vital national interest—a stable, peaceful, non-Soviet-dominated Europe.

Scanlan

274. Editorial Note

On January 12, 1980, Assistant to the President for National Security Affairs Zbigniew Brzezinski informed President Jimmy Carter that the basic contingency plan for Allied support for Yugoslavia following Yugoslav President Josip Broz Tito's death had been completed. (See Document 275.) Tito's advanced age and deteriorating health had set the stage for planning for his death for several years, with a first National Security Council contingency plan produced and adopted

in April 1976. (See *Foreign Relations*, 1969–1976, volume E–15, Part 1, Documents on Eastern Europe, 1973–1976, Document 82.) On December 1, 1978, an interagency committee met to discuss updating the 1976 plan. A December 4 Central Intelligence Agency memorandum reported that the interagency committee decided a rewrite of the 1976 plan was required. (Central Intelligence Agency, Office of Support Services (DI), Job 80T00634A, Production Case Files (1978), Box 5, Folder 19, Meeting on Post-Tito Yugoslavia [12/4/78]) On April 12, 1979, another meeting of the interagency committee produced a first draft of an updated contingency plan, which included a list of possible U.S. actions in the wake of Tito's death and a memorandum for President Carter concerning the effect of Tito's death on Yugoslavia. (Central Intelligence Agency, Office of Support Services (DI), Job 82T00150R, Production Case Files, Box 6, Folder 143, Meeting on Post-Tito Yugoslavia [4/16/79])

On November 2, 1979, the Department requested that the Embassy in Belgrade provide its own recommendation for the public statements President Carter would make at the time President Tito died. (Telegram 286331 to Belgrade, November 2; National Archives, RG 59, Central Foreign Policy File, D790501–0739) In a November 2 response, the Embassy wrote that U.S. Ambassador to Yugoslavia Lawrence Eagleburger “is nonetheless prepared to live with what you have [drafted] with one exception. He feels that the last paragraph, which reaffirms our support for independence, territorial integrity and unity is too weak and should be strengthened. What he suggests (which follows) he suspects will be too strong for your liking but points out that State ought to be pushing for as strong a commitment as possible, leaving it to the others, if they feel they must, to soften it.” (Telegram 8224 from Belgrade, November 2; National Archives, RG 59, Central Foreign Policy File, D790503–0859)

Tito's health continued to deteriorate throughout November and December 1979. By January 1980, the sclerosis of his veins and arteries and the developing gangrene in his left leg forced his doctors to amputate it as a last resort measure to save his life. A January 19, 1980, “Special Analysis” in the CIA's *National Intelligence Daily* concluded that a smooth transfer of power from Tito to the collegial system of leadership established since the 1974 constitution would take place. The Soviet invasion of Afghanistan at the end of December 1979 had heightened the perceived Soviet threat and would “serve to hold the new Yugoslav leader together during the first few months.” The Agency believed that in the short term, “the Soviets will not intervene militarily” and that “other forms of Soviet meddling or pressure during this period would only reinforce Yugoslav unity.” It acknowledged that in the long term “we are less sanguine about the prospects of Yugoslav unity—and Soviet restraint.” (Central Intelligence Agency, Office of Support Services (DI), Job 82T00466R, Intelligence Publication Files (1980), Box 1, Folder 1, *National Intelligence Daily*)

275. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, undated

SUBJECT

Yugoslavia: Contingency Planning (S)

In addition to our own contingency plans to be implemented upon Tito's death, at the quadripartite meetings the Political Directors of the FRG, France, Britain and the US, together with the Military Officers of these countries associated with the quadripartite meetings, have been engaged in an ongoing study of assistance to Yugoslavia in the event of Soviet pressure on or intervention in Yugoslavia. (S)

A basic contingency document has been worked out. Recent work has concentrated on two problems:

—The resupply situation. Our studies show this to be very problematic.

—The coordination of supplies of new systems to Yugoslavia. It is clear from our studies that internal bureaucracies in all countries, including the US, are inhibiting coordination. (S)

The Political Directors have been working hard to overcome the difficulties. At the next quadripartite meeting, to be held January 31, a report will be made on progress in cutting through this red tape. The Military Officers will also report to the Political Directors what aid could be offered to Yugoslavia in the first weeks of any pressure, and by whom.² Their study is focusing on three questions in particular: (1) what aid could be offered *in toto*; (2) which countries could offer which items; (3) how best to divide the pie. (S)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 86, Yugoslavia: 1/80. Secret. Sent for information. Carter initialed the document indicating he saw it.

² In telegram 9542 to Bonn, London, and Paris, January 12, the Department of State informed the military officers at the quadripartite meetings of Major General Bowman's assessment of immediate and long-term Yugoslav military needs in case of a crisis. Bowman wrote to his counterparts: "If in the near future a crisis should ensue in Yugoslavia, it might be necessary to demonstrate to Yugoslav leaders in some concrete way that the West supports Yugoslav independence. One way to do that would be to ship some high priority military equipment in the first week or two." Bowman went on to suggest that "if the crisis were bad enough and the Yugoslavs requested" the United States could provide Stinger, Dragon, and TOW missiles, as well as "tie US AWACS radar downlink into the Yugoslav air defense net." (National Archives, RG 59, Central Foreign Policy File, P870104–0252)

276. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, January 17, 1980

SUBJECT

Mini-SCC on Yugoslavia, Friday, January 18, 11:00 a.m. (C)

The main purpose of this mini-SCC on Yugoslavia should be to ensure that the USG is well-organized and prepared in case Tito should die in the near future. There are three main papers which should be reviewed:

1. *State's revised contingency plan* to be implemented on Tito's death (Tab A).² It contains a checklist of important steps to be taken in the immediate aftermath of Tito's death, a list of the delegation to the funeral, and condolence messages, public statements, etc. I have checked it over and I think it touches all the important bases. *You need only review the checklist.* (The messages have been cleared with the speechwriters.)

2. *A State paper on short-term policy goals* (the first two-three months after Tito's death) and steps we are taking in terms of contingency planning (Tab B).³ You should glance over the parts underlined in red and ask George Vest to briefly summarize the paper and the steps.

In addition to the State paper on short-term policy goals:⁴

—the Department has prepared and updated during the past 10 years a *USG Contingency Study* which addresses scenarios for internal disintegration and Soviet/WP threats and/or invasion. This study is a useful reference but is too long and unwieldy to be a useful policy-making tool;

¹ Source: National Security Council, Carter Administration Intelligence Files, Box I-021, SMC 106, Mini SCC 1/18/80, Yugoslavia. Sent for action. A stamped notation on the first page reads: "DA has seen."

² Attached at Tab A is a January 16 memorandum from Tarnoff to Brzezinski which included: a preliminary checklist in the eventuality of Tito's death, suggested members of the funeral delegation (to be led by the President); draft condolence messages; a draft memorandum to the Secretaries of State and Defense, the Attorney General, and the DCI drawing attention to the danger of anti-Yugoslav terrorism; and a draft letter to Brezhnev cautioning against interference in Yugoslav internal affairs. In a January 25 memorandum to Brzezinski, Brent and Larrabee argued that the letter to Brezhnev be dropped from the Yugoslav contingency plan; Brzezinski agreed. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 69, [Yugoslavia: Tito]: 1-2/80)

³ Vest submitted the paper the following day to the Vance. See Document 277.

⁴ Aaron wrote in the margin next to the following three points: "What is actionable?"

—EUR has formed an interagency group to review these plans, bring them fully up-to-date, and prepare necessary decision documents;

—under the aegis of this group PM is preparing a more detailed analysis of military options for the US and NATO which will be ready by January 25. (S)

3. *The Quad paper on military contingencies* in case of Soviet pressure (Tab C).⁵ You should ask General Bowman (DOD/ISA) to briefly review the status of this paper and DOD contingency plans for supplying Yugoslavia in the first weeks of any crisis. (C)

As you know, the Political Directors' meeting will be on January 24–25. To date the other three Allies have not provided a very useful list of equipment which they could supply Yugoslavia. *Our objective at the Political Directors' meeting should be to get agreement on what each ally would supply in the first week of a crisis and to push the other three to do more.* You should stress that we want to be in a good position to respond to any Yugoslav request for aid. However, while we need to be able to respond quickly to any Yugoslav request for aid, *we should also be mindful of strong Yugoslav sensitivities about NATO discussions of contingency plans*, which they fear will stimulate Warsaw Pact pressures. (See in particular the cable at Tab D.)⁶ (S)

Three final points:

—You should task DOD to look into any *changes in legislation* that might be necessary in order to respond to Yugoslavia's requests quickly and effectively. Otherwise, we may find that the Yugoslavs turn to us with a request for a certain type of advanced equipment, i.e., The Dragon, and we may not be able to supply it in time due to legislative restrictions.⁷

—State should be tasked to look at the *signaling process*. The Yugoslavs are very sensitive about external involvement in their affairs and do not want us to take any action that might provoke the Soviets. At the same time they want to feel confident that they can rely on us if they need to. We need to have a better idea of how we can signal our willingness to help the Yugoslavs without getting too far out in front.

—CIA should be tasked to do a *concise analysis of Soviet goals, tactics and scenarios for intervention*. To some extent they have done this in the latest NIO but we need a separate policy-related study which focuses solely on the Soviet angle.⁸ (S)

⁵ Tab C is not attached. Tarnoff forwarded the final paper, dated March 3, to Brzezinski on March 6. See Document 284.

⁶ Tab D is not attached.

⁷ Aaron circled "Dragon," and wrote in the margin "what do they want that we can't supply?"

⁸ Aaron underlined "the Soviet angle" and drew a question mark under. He also wrote after this point: "Soviet reaction to P[resident] visit."

277. Briefing Memorandum From the Assistant Secretary of State for European Affairs (Vest), the Director of Policy Planning (Lake), and the Assistant Secretary of State for Politico-Military Affairs (Bartholomew) to Secretary of State Vance¹

Washington, January 18, 1980

SUBJECT

Yugoslavia, the Tito Succession, and the Afghan Crisis

The short-term prospects for an orderly transition following Tito's death are good—but we cannot be certain. A collective Presidency will take over power, rotating jobs on an annual basis.

With their current preoccupation with Southwest Asia, the Soviets may, particularly if they pursue an active Euro-detente policy, take a reasonable, hands-off posture toward Yugoslavia.

However, the Soviets will view the post-Tito period as a singular opportunity to influence Yugoslav policies in their favor. They will pay special attention, through inducements and threats, to interest groups within the government, party, and military establishments, and may provide covert support to divisive elements.

The overriding Soviet objective will be to keep the Yugoslav Communist Party in power, preferably with a leadership group more friendly to Soviet interests than Tito has been. They would like to do this without force or any appearance of Soviet intervention so that any countermeasures by the U.S. and its NATO allies would appear interventionist.

Afghanistan has united the Yugoslavs against the Soviet threat as never before. This mood may relax in time, but, barring unforeseen chaos, the Yugoslavs themselves will in the foreseeable future pose a formidable obstacle to Soviet aspirations. Thus the immediate prospect is for the country to hold together.

But we're not certain how long this relatively stable situation will prevail, and we're concerned that none of the potential successors has much stature. Tito set up a mechanism supposedly to help with the succession, but he refused to let a single strong leader emerge. The regime's efforts to control, monitor, and eliminate opposition betray its nervousness about separatists and Cominformists. Moreover, several

¹ Source: National Archives, RG 59, Office of the Secretariat Staff, Official Working Papers, S/P Director Anthony Lake, 1977–Jan 1981, Lot 82D298, Box 6, TL 1/16–31/80. Secret. Drafted by McCormack, Barry, and Palmer on January 17; cleared by Harrison and Kamman.

factors such as emigre activity and national separatism may foster some uncertainty and instability in the post-Tito period.

While the Yugoslavs will want our support, they will not welcome a US or allied over-reaction. This would have the effect of undermining Yugoslav confidence in their own ability to cope with the post-Tito period and could provide the Soviets with pretexts to react in unhelpful ways. They will even suspect that our expressions of concern are designed to destabilize the country, perhaps to get the Communist Party out of power. They will be particularly watchful about our will to control any Yugoslav emigre activities in the West. Therefore, a primary goal of US policy will be to ensure a calm US and allied response, reflecting confidence in Yugoslavia's stability and political maturity.

U.S. Commitments, Plans, Studies, and Decisions

1. Neither we nor any other NATO members have made any direct commitments to provide either men or material to Yugoslavia in the event of a crisis or threats from the Soviets.

We have expressed "support" for Yugoslav independence and territorial integrity during Tito's 1978 visit to the U.S. Initially U.S. support would come in the form of close political and economic ties and stepping up our modest military supply relationship if the Yugoslavs want this. As the situation develops, we will want to consult closely with our allies bilaterally, through the Quadripartite mechanism, and possibly in NATO. However, we should bear in mind Yugoslav sensitivities about NATO discussions focused on them, which they see as stimulating compensatory Warsaw Pact pressures. We should not undertake detailed contingency planning in NATO, but confine ourselves to general and confidential exchanges.

2. The Department has prepared and updated during the past ten years a USG Contingency Study for Yugoslavia, which addresses scenarios for internal disintegration and Soviet/WP threats and/or invasion. This study is a useful reference but not a policymakers tool. EUR has formed an interagency group to review these plans, bring them fully up-to-date, and prepare necessary decision documents. Under the aegis of this group, PM is preparing a more detailed analysis of military options for the U.S. and NATO which will be ready by January 25.

3. DOD is working on contingency plans to meet a situation in which the Yugoslavs might ask us to provide increased military supplies, logistical support. These plans will be ready shortly. (In a crisis, the Yugoslavs can muster three million men in the field and another three million auxiliaries.) They are less likely to look to the U.S. or the NATO allies for a direct commitment of military forces, than for the type of assistance mentioned above.

4. We have sent to the White House statements to be made and actions to be taken immediately following Tito's death, including a possible message from the President to Brezhnev. We are seeking the urgent views of Embassies Moscow and Belgrade on this latter issue and will send you a separate memo on the considerations involved as soon as possible.² One of our recommendations is for a Presidential statement, to be issued upon Tito's death, which reaffirms in clear terms our support for the independence, sovereignty, and unity of Yugoslavia.

5. In the absence of a threat of Soviet intervention, we should quietly encourage the post-Tito succession process to produce a new unifying authority, while working with the Yugoslavs to support their independence. We assume that if any crisis or Soviet threat develops, the Yugoslavs will take the lead in telling us what they need and want, and that we should not press U.S. assistance or guarantees beyond what the Yugoslavs feel is useful.

At a mini-SCC meeting today chaired by Aaron there was strong interagency endorsement for the general policy line set forth in this memorandum. A number of specific tasks were assigned to ensure that we are well prepared. We will keep you closely informed as this work proceeds.

² In telegram 13982 to Moscow and Belgrade, January 18, the Department requested Embassy views on whether a letter from Carter to Brezhnev following Tito's death would be useful. The letter would stress the importance the U.S. Government attached to Yugoslav non-alignment, independence, and territorial integrity, and stress U.S. Government expectations of Soviet actions. The draft language reads in part: "You should understand that any effort to exploit President Tito's death to weaken Yugoslavia's internal cohesion or undermine Yugoslavia's traditionally independent foreign policy would be regarded by the United States as an unfriendly act, toward which we would feel compelled to respond accordingly." (National Archives, RG 59, Central Foreign Policy File, P870123-0524) In telegram 1002 from Moscow, January 19, the Embassy cautioned against sending a letter before any Soviet threat to Yugoslavia. (National Archives, RG 59, Central Foreign Policy File, P880025-0685) From Belgrade, Eagleburger welcomed the idea of a letter sent immediately following Tito's death, but suggested clarification of what constituted troublesome Soviet moves toward Yugoslavia. (Telegram 429 from Belgrade, January 20; National Archives, RG 59, Central Foreign Policy File, P870123-0521)

278. Memorandum From the National Intelligence Officer for the Soviet Union and Eastern Europe (Horelick) to the Deputy Director of Central Intelligence (Carlucci)¹

Washington, January 21, 1980

SUBJECT

Yugoslav Contingency Planning [*classification not declassified*]

1. On Friday morning, 18 January, I attended a Mini-SCC on Yugoslavia chaired by David Aaron. Attendees included Assistant Secretary Vest, EUR/State, Jim Sienna and Maj. Gen. Bill Bowman, DoD, Lt. Gen. John Pustay, JCS, as well as representatives from Treasury, and various NSC staffers. [*classification not declassified*]

2. The purpose of the meeting was to lay down guidelines to organize the government's preparations for the contingency of President Tito's death. An Interagency Working Group (IWG) at the Assistant Secretary level headed by George Vest was established to coordinate USG policy during the immediate period following Tito's death. Defense, CIA, Justice, Commerce, and Treasury will participate as needed either in the full group or in special subgroups. I attended the first meeting of that working group late Friday afternoon. [*classification not declassified*]

3. A USG Contingency Study for Yugoslavia has been available since shortly after the 1968 Soviet invasion of Czechoslovakia and has been periodically updated. This is a continuing operation. As part of that planning exercise routine documents (official statements, messages to the new Yugoslav leaders) have already been prepared. Special anti-terrorism measures are being studied.² [*classification not declassified*]

4. Because of the extreme sensitivity of any military or logistical support contingency planning, this aspect of the preparations is being very closely held to a small subgroup of the Interagency Working Group on which we are represented. PM has been charged with preparing an updated military contingency planning document suitable for

¹ Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 81B00112R, Subject Files, Box 16, Folder 52, (SCC) Yugoslavia, 1980. Secret; [*handling restriction not declassified*]. Sent through NFAC Deputy Director Clarke. Printed from an uninitialed copy. Copies were sent to the Chairman of the NIC, D/OSR, and D/OPA.

² See Document 274.

serving as a policymaking tool.³ An analysis of US and NATO options should be ready for review by January 25. Meanwhile DoD is preparing logistical contingency plans to meet the situation in which the Yugoslavs might ask us for increased military supplies.⁴ [*classification not declassified*]

5. We have all been asked to keep a very low profile with respect to any contingency military planning, the fact of which should not be discussed publicly. Public discussion of such would be deeply resented by the Yugoslavs and at this stage would be unnecessarily provocative to the Soviets. Accordingly, while generally alerting relevant offices and analysts in NFAC and keeping tabs on intelligence support work that has already been commissioned in INR and DIA, I do not recommend at this point the establishment of any formal mechanism for intelligence support of military contingency planning. Once intelligence requirements become clearer later this week, we can see whether ad hoc responses will suffice or whether some more permanent mechanism needs to be created. [*classification not declassified*]

6. The closest political monitoring of Yugoslavia is, of course, going forward. For the time being, the only specific tasks laid on CIA by the IWG were (a) to provide a brief update on the state of the Yugoslav economy, with special reference to its credit standing. Work done by OER in support of NIE 15-79⁵ provides a solid basis for such a paper and I have asked OER to provide a summary and update of the economic section of that estimate for delivery to the IWG by COB today; (b) DoD and CIA have been asked by David Aaron to provide him with a report on the status of US-Yugoslav intelligence exchanges. To the extent that such exchanges have occurred, they have been handled primarily by DoD and Ambassador Eagleburger and I shall coordinate a reply with State and DoD; (c) I assume also that the DDO will be represented in some way in anti-terrorist planning which is now

³ On January 22, Bartholomew sent a memorandum to Vance in preparation for a January 23 VBB luncheon meeting. At Tab 1 of the memorandum, covering Yugoslavia, Bartholomew suggested that, while the immediate crisis brought on by Tito's failing health might have subsided, the additional time be used to "strengthen the West's ties with Yugoslavia in tangible ways" and "further prepare for post-Tito scenarios, including covert or overt Soviet intervention." The memorandum listed three areas of particular attention: economic; military cooperation; and Soviet intervention scenarios. (Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 2, Vance/Brown/Brzezinski Luncheons 1-3/80) Larrabee sent a similar memorandum to Brzezinski on January 22. (Carter Library, Brzezinski Donated Material, Subject File, Box 34, Meetings—Vance/Brown/Brzezinski: 1/80-2/80) The Yugoslavia discussion in the VBB was postponed to February 8.

⁴ See footnote 2, Document 275.

⁵ See Document 269.

underway and being coordinated through Bill Odom of the NSC Staff.
[*classification not declassified*]

7. Attached at Tab A is a preliminary checklist of activities which the SCC has charged the IWG with conducting in connection with the prospect of succession in Yugoslavia.⁶ [*classification not declassified*]

Arnold L. Horelick

⁶ Attached but not printed is a January 18 preliminary checklist of activities following Tito's death.

279. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, February 12, 1980

SUBJECT

Tito's Health

It now appears that Tito is dying.² You will have to decide who will attend the funeral. In ordinary circumstances it would be a good gesture for you to do so rather than send the Vice President. In the current circumstances, however, the issue is more difficult.

If you go, Brezhnev may well be there. Whether you meet with him or not will be a major issue. If you do not meet him, you will be severely criticized for refusing to deal with the Soviets at a dangerous time and you will bear the onus for any further deterioration in our relationship. If you do meet with him, the meeting is likely to contribute to a further aggravation of our relationship because of the positions you will have to take. To have a different outcome will require that

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 86, Yugoslavia: 2/80. Secret.

² Earlier on February 12, Brzezinski sent a memorandum to Carter informing him that "CIA reports this morning that Marshal Tito's health is rapidly failing. He will not accept any food and takes very little fluid. The fluid intake and his heart medicine are both adversely affecting his kidneys. The prognosis is poor. We will be reviewing our contingency plans for the event of his death." Carter initialed the memorandum indicating he saw it. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1–2/80)

either the Soviets change their position on the Afghan invasion (which seems highly unlikely, particularly in that context) or you will have to modify your positions which will raise charges of zigzagging and undermine our efforts with our allies, the Islamic countries and the Olympics.

These considerations, plus the problem of squaring a trip to Yugoslavia with your position on not going to New Hampshire³ lead me to conclude that you should probably plan on sending the Vice President.

We need to begin planning soon so I would appreciate your decision.⁴

_____ Agree, the Vice President should go

_____ No, I will go

³ On December 4, 1979, Carter announced his candidacy for reelection. At the same time, he announced that he must postpone campaign travels due to the ongoing situation in Iran. (*Public Papers: Carter, 1979*, Book II, p. 2194) On January 15, 1980, following the Soviet invasion of Afghanistan and with the Iranian hostage crisis continuing, Carter told a group of editors and news directors at the White House, that he continued to limit "the involvement of myself as a clearly identifiable, partisan campaigner" and that even when he might leave Washington, D.C., he would not "want to go to a fundraising event for myself, or to participate in a strictly partisan event, until I consider the alleviation of these crises to be adequate." (*Public Papers: Carter, 1980*, Book I, p. 90) Carter won the New Hampshire primary on February 26, with 47 percent of the vote. Senator Edward Kennedy won 37 percent.

⁴ Neither of the two options were checked. Carter wrote at the bottom of the page: "My present inclination is to send Mondale and my mother."

280. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, February 13, 1980

SUBJECT

VBB: Contingency Planning for Yugoslavia (U)

Public Posture: As Ambassador Loncar emphasized to you the other day,² the Yugoslavs are concerned that Western press speculation may overheat the political atmosphere and will play into the Soviet's hands. (See also Yugoslav Defense Minister Ljubicic's remarks to General Graves at Tab A).³ In the coming days and weeks we need to *avoid alarmist commentary. Our public posture should be that we have confidence in the Yugoslav's ability to handle the transition successfully.* You should emphasize the need within the USG to hew very closely to this line. (C)

Head of Delegation: Vance, Shulman, and Vest think that the President should represent the US at the funeral. Ambassador Eagleburger also strongly believes that the President's attendance is in the U.S. interest.⁴ I concur. As Larry points out, what the US does immediately and in the weeks ahead will have a major psychological and substantive impact on Yugoslav perceptions—particularly in light of the Soviet invasion of Afghanistan. The President's attendance would send an important signal to the Yugoslavs—and to the Soviets—of our support for Belgrade. Conversely, his failure to attend the funeral might cause doubts about our support. I suggest that you recommend the President attend the funeral. (C)

Meeting with Brezhnev: If the President does go to the funeral and Brezhnev also attends, this raises the question of how to handle any possible meeting between the two. A meeting would be impossible to

¹ Source: Carter Library, Brzezinski Donated Material, Subject File, Box 34, Meetings—Vance/Brown/Brzezinski: 1/80–2/80. Secret; Outside System. Sent for action.

² Brzezinski met with Loncar on February 8 at 12:15 p.m. in his office in the West Wing of the White House. They discussed Tito's health, U.S. support for Yugoslavia, Afghanistan, and the Non-Aligned Movement. (Carter Library, National Security Affairs, Staff Material, Office, Presidential Advisory Board, Box 78, Sensitive X: 2/80)

³ Not attached. The Embassy in Belgrade reported the conversation in telegram 1089, February 12. Ljubicic complained to Graves that coverage in the Western press of the situation in Yugoslavia "strengthens the hands of the Soviets, who are looking for ways to demonstrate that Yugoslavia is moving toward the West." (National Archives, RG 59, Central Foreign Policy File, D800075–0640)

⁴ In telegram 1137 from Belgrade, February 13, Eagleburger emphasized his strong belief that Carter should lead the U.S. delegation to Tito's funeral. (National Archives, RG 59, Central Foreign Policy File, D800077–0396)

avoid. State feels that it should be low profile and perfunctory.⁵ This is probably impossible. If the President goes, Marshall, Bob and I feel that he should emphasize our concerns about Afghanistan and that he should above all give the impression of firmness and determination. (Alternatively, Vance could meet with Gromyko if the Vice President heads the delegation.) If possible, bilaterals with the allies should precede any meeting with Brezhnev, but we should avoid a Quad type meeting since this would offend the Yugoslavs. (C)

Coordination with the Allies: Over the next few days, the allies will be looking to us for indications of what we plan to do and we need to convey to them our views. If we do not, the allies may get out in front—Giscard leading the pack—and attempt to act as mediators between the US and the Soviets. The Soviets could try to play on this lack of unity within the allies to further split the US from its allies. The President needs to convey our thinking to the allies as soon as possible. (C)

Military Supply Relationship: General Graves has been in Yugoslavia where he has had talks with Ljubicic and other Yugoslav officials (Tab A). The main problem in the military supply relationship remains the high cost of US weapons and the inability of the Yugoslav's to pay for them. Ljubicic made several proposals on how we might overcome the financial obstacles (military credits to Yugoslavia and they would then use them to pay for US hardware, etc.)⁶ Ask Harold to explore the feasibility of Ljubicic's proposals and report back as to how we can overcome the financial obstacles.⁷ (S)

⁵ Brzezinski underlined "low profile and perfunctory" and wrote an illegible comment in the margin.

⁶ Ljubicic made two proposals: 1) That the U.S. help Yugoslavia obtain commercial credits that could be used for the purposes of buying military hardware if FMS credits remained a challenge. 2) That the U.S. consider selling Yugoslavia small quantities of some of the up-to-date anti-tank and air-defense systems for training purposes. Ljubicic told Graves: "Yugoslavia recognizes that in exceptional situations—and we both understand what such situations might be—Yugoslavia may be able to obtain from the United States the up-to-date weapons systems it needs to defend itself." These weapons—which the Embassy identified as the Viper, Stinger, and Roland missile systems—would be used for training purposes in preparation for larger scale acquisition in a time of crisis. (Telegram 1089 from Belgrade, February 12; National Archives, RG 59, Central Foreign Policy File, D800075-0640)

⁷ Brzezinski highlighted this sentence and wrote "Very important" in the margin. At the bottom of the page he wrote: "We should immediately call Armstrong, Von Staden, Wahl[erhime] to see what their people plan to do, & to set up a system for coordinating our statements and the line our leaders [wi]ll take in meeting the Soviets, that should include: * restore Afghanistan as a buffer; * token Soviet withdrawals and new plans; * Will guarantee neutrality of non-aligned Afghanistan ([illegible] pro Sunni, Islamic (eg Iraq))."

281. Memorandum From the Deputy Executive Secretary of the Department of State (Bremer) to Secretary of State Vance¹

Washington, February 14, 1980

SUBJECT

Your Breakfast with the President Friday, February 15, 1980

1. *Yugoslavia.**A. Current State of Play.*

Tito's condition remains "very grave," according to the latest Yugoslav medical bulletin. While Tito could die at any moment, [*less than 1 line not declassified*] he could last another day or two.

A proposed public statement by the President and condolence messages for the President and Vice President are at the White House. You also will issue a brief statement and send a condolence message to the Yugoslav Foreign Secretary. We will brief key members of Congress, stressing our confidence in Yugoslavia's ability to manage its own affairs successfully during the coming months.

Although we have no indication as yet from the Yugoslavs, we expect there will be a State funeral or memorial service approximately six days after Tito's death. Ambassador Eagleburger has been informed by the U.K. in Belgrade that a "firm" decision has already been made that Prince Phillip, Thatcher and Carrington will attend. We expect heavy, high-level attendance by Third World, Western and at least some Eastern leaders. Embassy Belgrade's tentative list of participants includes Presidents Ceausescu and Pertini, Schmidt, Genscher and Brandt, and Clark of Canada.

A proposed funeral delegation list has been sent to the White House by Ben Read's office (Tab 1).² Ambassador Eagleburger has asked us to bear in mind, especially regarding accompanying staff, that there will be a flood of delegations and that Belgrade is a small city with severely limited hotel space. Briefing materials are being prepared for use with the Yugoslavs and for anticipated bilaterals.

We can expect the Soviets to field a high-level delegation and will inevitably have to deal with the question of a possible bilateral. We would not expect much of substantive value from such a meeting and

¹ Source: Department of State, Office of the Secretariat Staff, Cyrus R. Vance, Secretary of State—1977–1980, Lot 84D241, Box 3, President's Breakfast—1–3/80. Secret; Sensitive.

² Attached but not printed.

would probably want to convey this view publicly. In the interest of allied solidarity, however, we would not want to be seen as avoiding a bilateral. A meeting would also give us a chance to express directly to the Soviets our views on SALT, TNF and other issues which will remain of mutual concern despite Afghanistan. A memo from Marshall on the meeting is at Tab 2.³

B. Outlook for Post-Tito/Yugoslav Relations.

Bilateral relations have been strengthened significantly during the past three years in all fields including political, economic and military. Our problems are minor in comparison to what has been achieved.

On Tito's death, we will want to demonstrate through actions and public statements, our confidence in Yugoslavia's new leadership and in its ability to manage the country's economy and its defense.

We will need to: continue intensified efforts to prevent anti-Yugoslav terrorism; encourage U.S. banks and businessmen to continue business as usual; and see if we can be more forthcoming regarding Yugoslav arms sales requests.

[Omitted here is discussion unrelated to Yugoslavia.]

³ In the attached February 14 memorandum to Vance, Marshall Shulman suggested that the Soviet leadership was likely to: 1) send a top-level delegation to the funeral in order to gain influence with the emerging Yugoslav leadership; 2) meet with Western European leaders to weaken allied support for the U.S. position on Afghanistan; and 3) lobby non-aligned leaders in attendance. A bilateral meeting between the United States and the Soviet Union, Shulman suggested, would be inevitable. While he had little expectation of a breakthrough, such a meeting would, among other things, help avoid miscalculations on the Soviet side by stressing U.S. Government positions with regard to Yugoslavia, Cuba, etc.

282. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, February 14, 1980

SUBJECT

President's Attendance at Tito's Funeral

I understand that you feel that the President should not go to Tito's funeral. While I appreciate the difficulties his attendance might pose—especially in regard to any meeting with Brezhnev—in my view *the primary consideration should not be how to handle a meeting with Brezhnev (who may well not attend the funeral) but the type of signal the President's attendance—or failure to attend—would convey to the Soviets, to the Allies, and above all to the Yugoslavs.* From this perspective, there are strong and compelling reasons why I believe the President should lead the funeral delegation:

1. *The Impact on the Yugoslavs.* Despite the outward calm and all the preparations for Tito's death, the Yugoslavs still remain nervous about what the future portends and suspicious of the depth and the sincerity of U.S. support. As Ambassador Eagleburger has rightly stressed, what we do in the first few days and weeks after Tito's death will have a major psychological and political impact on the Yugoslav leadership and on future Yugoslav attitudes. *Nothing would do more to reassure the new leadership and underscore our support for Yugoslavia's independence and nonaligned position than for the President to go to the funeral.* His attendance would also be a clear signal to others, who in the wake of Soviet invasion of Afghanistan are concerned about Soviet intentions, that the U.S. is firmly committed to supporting Yugoslavia. (C)

2. *The Danger of Ambiguity.* Conversely, if the President does not go, and other major European leaders do (Thatcher already plans to go, and it is almost certain that Schmidt and Giscard will go), it will appear as if the U.S. is less concerned about Yugoslavia than are our allies, and the credibility of our past statements of support will be weakened. Many people will undoubtedly recall the President's ambiguous campaign statement on Yugoslavia,² and he will be criticized by

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 1–2/80. Confidential. Sent for information. A stamped notation on the memorandum reads: "ZB has seen."

² See footnote 2, Document 235, for Carter's 1976 statement on Yugoslavia during the Presidential debate with President Ford.

some of his opponents, as well as some journalists, for passing up an important chance to concretely underscore U.S. support for Yugoslavia at a critical moment. (C)

3. *Consultation with the Allies.* The trip provides a valuable opportunity for the President to consult with the allies (especially Schmidt, Thatcher and Giscard) and to coordinate policy on a broad range of issues at a moment when allied solidarity is—or at least is perceived to be—beginning to unravel. A meeting with the major allies could serve to shore up this solidarity and give it a shot in the arm. But this will require leadership that only the President can provide. In lieu of that, as Bob Blackwill has pointed out, East-West detente will be left in the hands of Schmidt and Giscard, who may succumb to attempts by the Soviets to exploit fissures in the Alliance. (C)

4. *Domestic Political Considerations.* The trip could help the President domestically. He would capture the headlines, be seen meeting with world leaders and providing international leadership while the Vice President campaigns in New Hampshire—and he could be back in the White House in 48 hours. (C)

5. *The Soviet Angle.* Because of Brezhnev's health, and with Kosygin incapacitated, it is far from certain that he will attend the funeral. (The Soviets only sent their Ambassador to Kardelj's funeral—a point not lost on the Yugoslavs.) If Brezhnev does *not* go—and my guess is that he won't—then there is no problem. Vance could meet quietly with Gromyko or you could meet with Alexandrov.³ If Brezhnev does go, then the President can hardly avoid meeting with him. While any such meeting is unlikely to result in any dramatic change in Soviet policy or a major improvement in bilateral relations, it need not turn into a shouting match. At the very least it would provide an opportunity for the President to:

—make clear to the Soviets at the highest level in a firm nonpolemical manner the nature of our concerns over Afghanistan and the reasons for our actions;

—reaffirm his belief in the need to dampen military competition and move forward in areas such as MBFR, SALT and CSCE;

—project an image of firmness and determination to defend vital U.S. interest;

—keep open the lines of communication and leave the door ajar for any Soviet initiatives at a later date. (C)

³ Andrei M. Aleksandrov-Agentov, a member of the Secretariat of the General Secretary, Central Committee of the Communist Party of the Soviet Union, and Brezhnev's foreign policy adviser.

283. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, February 15, 1980, 1513Z

1248. Dept pls pass to OSD/ASD/ISA. Subj: Yugoslavia After Tito: The Short Term.

1. (S-entire text).

2. This cable summarizes my views on the short-term prospects (immediately following the death and for some 6 months thereafter) for a smooth transition to the post-Tito era. A second cable will consider the longer term.²

3. Outwardly the Yugoslavs, and their government, will remain calm. There will be some military alert measures taken; the police will increase surveillance of known or suspected internal opponents, and may even take a few into custody; there will be a host of public statements about Yugoslavia's internal stability and its willingness and capability to defend itself from external threat; the collective presidency will ostentatiously take decisions; there will be a real effort to show that business is going on "as usual."

4. To a great degree the perceived picture will be the real one. There will be no panic; the decision-making process will function smoothly; the Croats will not rise up against the Serbs, or vice versa. There will, in fact, be an extraordinary effort to compromise differences (of which there are many) and to avoid any hint of controversy.

5. But the collective presidency will not be—even at this early stage—a collegium of equals, all of whom have similar weight in the making of decisions. The evidence during Tito's earlier illness was clear (even if the identity of all the players was not) that there will be an inner group (drawn from the State and Party Presidencies) that will decide most questions. Bakaric's role can probably best be described as chairman of the board. He will oversee the system and his colleagues,

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800082–0524. Secret; Immediate; Limdis. Sent for information to Zagreb, Moscow, USCINCEUR, and USNMRSHAPE.

² In telegram 1258 from Belgrade, February 16, Eagleburger analyzed the prospects of stability in Yugoslavia over the longer term. The conventional analysis on Yugoslavia, Eagleburger wrote, ranged "from mild to extreme pessimism." Disagreeing with that interpretation, Eagleburger wrote that, over the next five years, "Yugoslavia will remain stable, the collective leadership concept will work," its foreign policy will "remain committed to non-alignment," and that "so long as the Soviet Union continues its current policies, basic Yugoslav interests will be in conflict with those of Moscow, with little chance for much more than a cosmetic accommodation." (National Archives, RG 59, Central Foreign Policy File, D800084–0050)

coordinate activities between agencies, and determine agendas. He will not be Generalissimo, but he will be the ranking General. Milos Minic, long-term Tito associate and former Foreign Secretary, will be in charge of foreign policy; General Ljubicic, Defense Minister, will run national defense and be involved in broader political decisions. The central role that these three have played, and will play, is clear.

6. Other participants are less easily discernible. Prime Minister Djuranovic is probably the key figure on all matters economic and, as such, inevitably will be a part of—or on the edges of—the inner circle. Kolisevski, the new but temporary Chief of State, and Doronski, Chairman of the Party Presidium (also only temporarily), will, because they are where they are, carry some weight. But both are eminently dull and forgettable fellows and will probably not survive as significant factors after their terms expire. Dolanc and Mikulic are important figures now, and may become more so as time goes on. Dragosavac also bears watching, both from the Croatian perspective and because he is a leading “conservative” who could play an important role should things turn sour.

7. But beneath the calm exterior there will lie a degree of uncertainty and disquiet which will not soon or easily be put aside. First and foremost will be overwhelming fact that the father figure, the man above the battle who resolved disputes when no one else could, the only true Yugoslav, is gone. For a while, until they are accustomed to doing without him, the fact that Tito is no longer there to turn to will be a massive if subliminal psychological problem for people and government alike.

8. Then, of course, there is the Soviet threat, which is never far from the mind of any Yugoslav. Relations with Moscow have been bad and getting worse for the past two years, which adds to the disquiet. And Afghanistan has hardly been a reassuring event.

9. How the Soviets play the first few weeks after Tito's death can make some difference. If Brezhnev comes to the funeral (assuming he is up to it), and if he behaves himself, it will somewhat relieve concerns. If, on the other hand, the Soviets treat Tito's death as they did Kardelj's (they virtually ignored it), the level of nervousness will skyrocket. But in any event, I am persuaded that Yugoslav and Soviet interests are so widely divergent that no real relaxation over the long term is likely. This is not to say that a less confident Yugoslav leadership will deal as forcefully with Moscow as Tito did. On the contrary, faced with problems at home and vulnerable to Soviet economic pressures, the new leaders will probably—at least in the short term—feel compelled to accommodate Soviet interests to a greater degree than in the past (e.g., by adopting a lower profile on issues such as Afghanistan).

10. And while the Yugoslavs ponder Soviets motives they will also recognize that with Tito's death their leadership role in NAM, already sharply challenged by Castro as a Soviet surrogate, will be instantly diminished. If they suffered any illusions before Afghanistan and while Tito was still alive that NAM could be an effective bulwark against Soviet pressures, they will soon have to conclude that this is no longer so much the case.

11. And finally, Tito's death comes at a time of substantial economic disquiet which will not soon diminish. Terms of trade in 1979 were worse than for many years and will not improve much this year; an inflation rate of some 30 percent will not be brought to more acceptable levels for sometime to come; and devolution to the republics of substantial economic powers means that the central government probably cannot move rapidly—and perhaps not effectively—to correct the deterioration. Yet act it must, and soon, or 1980 will be even worse than 1979 and the eventual cure more painful. The government knows this; the question is whether it will have the courage and clout to pursue the corrective actions begun late last year and early in 1980. In fact, the best early test of the post-Tito collective leadership will be how effectively it moves to take stiff economic measures at a time of transition and possible external pressures.

12. In sum, there will be no collapse. The transition will be smooth and with a minimum of turbulence. But there will be substantial if hidden tension, and a lack of self-confidence that will diminish as and if the government is able to cope. Those who govern will be sensitive, nervous, and tough in the extreme—at least at first. They will know, and they will be right, that how well they do in the first six months after Tito's death will have a substantial impact on the future viability and permanence of the collective leadership concept.

13. In these circumstances the opportunities for the USG are enormous. The Carter administration has spent some three years preparing for this moment. Our political relations are at least as good as they have ever been; our international differences, while still substantial, have been greatly reduced, both in scope and decibel level; and we have become an important and valued economic partner. If we act with wisdom, understanding, and restraint over the course of the critical next six months the pay-off for both our countries can be substantial. What the Yugoslavs need now is reassurance that they do not stand alone. They need to be shown that we, with the West following our lead, stand ready to help where we can and take risks on their behalf when we must.

14. Milovan Djilas believes that post-Tito Yugoslavia will, inevitably, reshape its political and economic institutions in ways we in the West will find appealing. I share the hope, but am less confident of

the inevitability. Yet the odds favor liberalization; what we and our Western Allies do, beginning now, will have a great deal to do with whether that present hope can be turned into future reality.

Eagleburger

284. Paper Prepared in the Department of State¹

Washington, March 3, 1980

Yugoslavia: US Politico-Military Strategy *Executive Summary*

This paper examines four major post-Tito scenarios in Yugoslavia, and Soviet policies for each. It then sets forth the politico-military steps the US should take over the near term to prepare for these scenarios, and the policies we should pursue when one or more of them develops. The issue of direct US military action in Yugoslavia in response to steps the Soviets might take is beyond the scope of this paper.

The US and NATO have important interests in a stable, independent, and nonaligned Yugoslavia. Were it allied or more cooperative with the Warsaw Pact, Yugoslavia could support expanded Soviet naval and air operations in the Mediterranean. The occupation of Yugoslavia by Warsaw Pact forces would present a threat to Greece, Italy, and Austria. In addition, a Soviet takeover of Yugoslavia would deal a profound psychological blow to NATO.

At the same time, Yugoslavia remains a communist state, albeit nonaligned with extensive but still limited ties to the West. The US and its NATO Allies have no military commitment to Yugoslavia's security. The Yugoslavs now expect to rely mainly on their own resources to blunt any Soviet attack, but they would want some Western support, e.g., logistic. In the face of an actual attack, they might change

¹ Source: Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 69, Yugoslavia: Military: 4-9/80. Secret; Sensitive; Nodis. Sent under a March 6 covering memorandum from Tarnoff to Brzezinski. Tarnoff explained the paper was "developed by an interagency group chaired by State. A mini-SCC on January 18, 1980, requested such a study. We recommend that another mini-SCC be held to consider the post-Tito security framework and scenarios which the paper sets forth and the adequacy of present policies in the politico-military field to prepare for them."

their present expectation and request more direct Western military engagement.

This paper sets forth a number of policy areas for US action. Perhaps the most important at this time is to strengthen the US military supply relationship with Yugoslavia. In recent years it has been limited. The Yugoslavs strongly complain that prices of US equipment are too high, and they are extremely wary of publicity. Nevertheless, there are prospects for sales of some systems the Yugoslavs want, such as air defense radars. Even though the Yugoslavs have not bought much from the US, they remain seriously interested in developing the arms transfer relationship.

Post-Tito Scenarios

In the initial post-Tito period Yugoslavia is likely to remain united and the Soviets to exercise a certain caution. The scenarios set forth below address the situations we could face over the mid-to-longer term. These scenarios are illustrative.

Scenario 1: Cohesion: Yugoslav leadership demonstrates unity and basic consensus, achieves broad popular support, continues nonalignment. The Soviets might attempt to both woo and pressure the Yugoslav leadership, presenting it with an ambiguous, but not openly threatening Soviet stance. If the Soviets were willing to pursue riskier policies, they could seek to weaken the new leadership and to generate ethnic and regional tensions.

Scenario 2: Cohesion with Liberalization and/or Westward Shift: Internal cohesion as in Scenario 1, but accompanied by political liberalization or a decided shift westward in Yugoslav foreign policy. The Soviets would intensify pressures on Yugoslavia to eschew such trends. Depending on how pronounced were the trends, the Soviets might even use military pressure. But the greater the cohesiveness in Yugoslavia, the less likely the Soviets would intervene with force.

Scenario 3: Disunity: Early post-Tito unity and consensus of federal leadership begins to break down as regional disputes and pressures on leadership mount. If disunity were limited, the Soviets would urge decisive recentralization steps. If the situation deteriorated further, regional constituencies could seek active Soviet backing. There would be an active prospect of Soviet military intervention. Soviet perceptions of potential Western responses would be critical.

Scenario 4: Soviet Military Intervention: If the USSR saw disunity in Yugoslavia as very serious, it might decide to intervene militarily. Were Yugoslavia's armed forces cohesive and strong, the USSR might need to assemble 40–50 divisions to launch a full-scale assault. Alternatively, if Yugoslavia were weakened by internal conflict, the Soviets might decide to use a smaller force, perhaps 20–25 divisions. The USSR would

worry about NATO or Chinese counteractions on other fronts. While at present there is no evidence of Soviet intention to intervene in Yugoslavia, Soviet actions must be viewed as uncertain and changeable, and dependent on Yugoslav military and political strength as well as on opportunities presented and commitments elsewhere.

Strategy

Over the near term the US can take steps to reassure the Yugoslavs and to keep the Soviets on the defensive. As post-Tito scenarios emerge, the US can take additional steps, as necessary and generally after consultations with the Yugoslavs and our key allies (recognizing Yugoslav sensitivity to NATO actions). The politico-military measures suggested below would complement economic and other political instruments of US diplomacy.

Decision Point 1: Near Term Objective: indicate a high level of political interest in Yugoslavia's independence and unity, and continue to strengthen Yugoslav political and military ties with the US and the West, through small and nonprovocative, but cumulatively important steps. US actions could include:

- at the time of Tito's death, US and allied statements of support for Yugoslavia,
- visits by Secretary Vance and top military officials,
- intensified consultations with key allies,
- implementation of more forthcoming US arms sales policy, and expanded IMET,
- possibly intelligence cooperation on terrorism.

Decision Point 2: Cohesion (Post-Tito Scenario 1) Objective: continue to demonstrate a high level of political interest. If the Soviets pursued divisive tactics, the US should take a tougher stance toward USSR. If the Yugoslavs showed signs of succumbing to Soviet pressures (e.g., for greater naval or overflight rights), the US should make countervailing efforts to reassure and dissuade the Yugoslavs. Specific US policies to counter divisive Soviet tactics might include:

- warnings to the USSR, and encouragement of allies and others to do the same,
- provision to Yugoslavs of information on Warsaw Pact military activities,
- if necessary to signal the USSR, carry out selected US and allied force redeployments, exercises, or augmentations.

Decision Point 3: Cohesion with Liberalization and/or Westward Shift (Post-Tito Scenario 2) Objective: measured political support for Yugoslavs (complementing economic steps, such as strengthening EC ties). Our policies would remain those at Decision Point 2, intensified as necessary. We could face difficult choices if events in Yugoslavia moved too fast.

Decision Point 4: Disunity (Post-Tito Scenario 3) Objective: support policies that help the new leadership rebuild consensus and national unity, and resist Soviet intimidation and subversion. Specifically, the US could provide [*less than 1 line not declassified*] specialized equipment needed by the government. If the Soviets aggressively exploited the situation, the US and European allies could escalate responses, by:

- making tougher warnings to the USSR,
- expanding force redeployment, augmentation, and exercise measures (e.g., involving the Sixth fleet, land-based tactical air power, AWACS, the ACE Mobile Force, the NATO Naval On-Call Force Mediterranean),
- raising the general alert status or increasing the deployability of US/NATO forces,
- providing US and allied logistics support packages for quick upgrading of Yugoslav defense capabilities,²
- taking measures to guarantee and protect the air, sea and land lines of communication to Yugoslavia, and to ensure enroute access.

These steps should be undertaken in ways that show resolve, yet avoid an all-out confrontation with the Soviets or the impression that the West is seeking base rights in Yugoslavia.

Decision Point 5: Soviet Military Intervention (Post-Tito Scenario 4) Objective: support Yugoslav resistance to Soviet aggression, in ways consistent with Yugoslav desires, with our larger security interests in NATO's Southern Region and in Europe generally, and with US military posture and requirements worldwide. The US could:

- augment measures listed at Decision Point 4,
- with allied cooperation, undertake airlift of arms and equipment to Yugoslav forces in secure areas,
- if necessary, undertake a partial mobilization of US reserve forces, and other steps to enhance US and allied force readiness,
- institute stronger measures, if necessary, to protect air and sea lines of communication to Yugoslavia.

[Omitted here is the body of the paper.]

² Following consultations with the Allies in the Quadripartite Military Group, January 25, 1980, General Bowen drew up a list of equipment NATO could offer the Yugoslav military in case of low-, mid-, and high-level crises. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 3–4/80)

285. Telegram From the Department of State to the Embassy in Yugoslavia¹

Washington, March 11, 1980, 2346Z

65034. Military addrees handle as Specat Exclusive. Subject: Steps the USG Could Take in Support of Post-Tito Yugoslavia Military Relations. (S) Ref: Belgrade 1264.² From Nimetz for Eagleburger.

1. Secret (entire text)

2. Since the receipt of reftel we have been engaged in extensive interagency consideration of your thought provoking ideas. We have a preliminary consensus on a number of your proposals. You may draw on the following in talking to Gen. Ljubicic and other Yugoslav officials.

A. Weapon system "samples"; we are prepared to provide the GOY LOA's for small amounts of missiles (50 each) and a single set of related ground equipment of TOW and Dragon. In addition, we now are willing to provide LOA's for 50 Redeye air defense missiles and related equipment. These are systems we currently can actually draw on to support Yugoslavia in a crisis. We are also examining other defense items which might interest the GOY for this type program. We need more details about Yugoslav ideas on this approach, e.g., quantities of missiles, when they would wish to begin etc. In order to explore this further we propose sending an Army team to Belgrade at an early date to discuss Yugoslav requirements with the aim of developing effective training packages for these systems, developing specific components of support packages to be included with missiles, and determining

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800126-0074. Secret; Priority; Exdis. Drafted by Pfeifle (PM/SAS); cleared by Barry (EUR), Farber (PM/SAS) and McGiffert (DOD) and in ACDA, T, D/CT, and M; approved by Nimetz. Sent for information to the Secretary of Defense.

² In telegram 1264 from Belgrade, February 18, Eagleburger made three recommendations concerning military cooperation with Yugoslavia following Tito's death: 1) strong consideration of the "sample sales" of advanced weapons systems to Yugoslavia for training purposes; 2) an expansion of the IMET program to include Yugoslavia; and 3) the possibility of selling weapons systems in Yugoslav dinars rather than U.S. dollars. (National Archives, RG 59, Central Foreign Policy File, D800086-0391) The Embassy revised the IMET proposal in telegram 1274 from Belgrade, February 18. (National Archives, RG 59, Central Foreign Policy File, D800086-0715) The proposals stemmed from the discussions between Graves and Ljubicic, February 11. See footnote 6, Document 280.

delivery times.³ These issues, to include availability and condition of support equipment need to be addressed prior to proceeding beyond this conceptual agreement. Items of support equipment must be identified and screened, resulting in uncertainties at this time in requirements for calibration and repair, and delivery dates.

B. Since Stinger is only now entering the U.S. inventory and Viper and other systems are not yet in production, it is premature to consider transfer of these systems. We will give Yugoslav requests for samples priority attention as soon as it becomes possible to consider transfer of these systems.

C. With regard to Roland, since Yugoslavia is in the Franco-German sales territory, the GOY should discuss such purchases with the French and Germans. We have broached the subject of Roland for Yugoslavia to the French and believe it possible that a sale of limited numbers would be approved. Obviously, we will support such a Yugoslav approach.⁴

3. We will find an additional \$30,000 in IMET funds and can make room at Leavenworth, Maxwell, Newport or certain other schools (excluding the US Army War College) if the Yugoslavs are interested in expanded attendance either in FY 80 or 1981. In previous informal discussions on this subject the Yugoslavs have cited problems with making available the right kind of officer and completing his English language training. If the Yugoslavs desire courses in FY 80, we would have to take reprogramming action soon including congressional notifi-

³ Siena met with Yugoslav officials on January 10 to discuss the U.S.-Yugoslav military supply relationship in preparation for Graves's visit. In a January 19 memorandum, he reported that the Yugoslav Government attached primary importance to receiving information on the availability of the Viper, Stinger, and Harpoon weapons systems. Siena recommended that the Department of Defense complete a study on the availability of weapons systems previously denied the Yugoslavs. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: Military: 1/79–1/80) On March 13, Vujatovic told Eagleburger that the Yugoslav Government would welcome an Army team to Yugoslavia to discuss Yugoslav requirements. (Telegram 2049 from Belgrade, March 13; National Archives, RG 59, Central Foreign Policy File, D800129–0341) On March 15, Larrabee reported the Yugoslav position to Brzezinski. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, East/West, Larrabee Subject Files, Box 69, Yugoslavia: Military, 2–3/80)

⁴ In a March 28 memorandum, Larrabee informed Brzezinski and Aaron of Bowman's discussions within the Four Powers group with respect to supplying weapons to Yugoslavia. While some weapons systems were considered too sensitive to provide to Yugoslavia, the Quad agreed to provide some of the systems Belgrade requested while more advance systems could be provided at a later date. Regarding the bilateral U.S.-Yugoslav military cooperation, Larrabee wrote that Defense was prepared to offer the Yugoslav Government small numbers of more advanced systems for training purposes. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 57, Yugoslavia: 3–4/80)

cation.⁵ This might attract limited public attention, but we do not believe it will be at all controversial.

4. Unfortunately we cannot sell military equipment for local currency—we will explore other ideas to provide useful materiel at lower prices, but cannot hold out much hope at this point.

5. Drawing on the above, please tell Gen. Ljubicic that:

—We are intrigued with his idea of training “samples” of weapon systems and are prepared to send an Army team to Belgrade with the aim of working out a mutually acceptable program.

—We now are prepared to include Redeye air defense missiles in addition to TOW and Dragon in such a training program.

—We have informally discussed with the French the possibility of the sale of Roland to Yugoslavia and would support such a sale.

—We will provide additional funds for tuition of Yugoslav officers at selected Service schools if the Yugoslavs are interested.

6. Defense concurs.

Vance

⁵ In telegram 3856 from Belgrade, May 15, the Embassy reported the Yugoslav request for two IMET slots for the 1980 Command and General Staff College class at Ft. Leavenworth. (National Archives, RG 59, Central Foreign Policy File, D800240–0228)

286. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, March 29, 1980, 0819Z

2514. Military addressees handle as Specat Exclusive. For Under Secretary Nimetz. Please pass DOD/ISA McGiffert and CNO. Subject: Military Relationship With Yugoslavia. Refs: A) Belgrade 2473,² B) Belgrade 2474,³ C) Belgrade 2471,⁴ D) State 6062.⁵

1. S-entire text

2. We appear to be on the verge of a major breakthrough in our military cooperation with the Yugoslavs. We need to grab hold of the moment, because if we let it slip through our fingers this time it is not likely to come soon again.

3. Refs A and B report Yugoslav requests for the sale of MK-46 torpedos and the Harpoon missile system. Ref C indicates that we may soon receive a request for the sale of 6 F5E/F aircraft. And, we today signed an LOA for some 27 million dols worth of AN/TPS-63 radars. In short, we seem to have overcome the Dragon missile setback; the Yugoslav military has, clearly at the highest levels, decided to move—and in some highly visible areas—in our direction.

4. It is, I believe, absolutely essential that we react positively (and hopefully quickly) to the MK-46 and Harpoon requests, and to the F5E/F request should it be forthcoming. The GOY, and particularly General Ljubicic, will be a lost cause if we now say no on either the MK-46 or the F5E/F. Honesty compels me to admit, however, that a

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800158–0524. Secret; Immediate; Exdis. Sent for information to USCINCEUR. Larrabee and Kimmitt forwarded the telegram to Brzezinski under a March 31 memorandum, and recommended that a mini-SCC be held to discuss the sale of weapons systems to Yugoslavia. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia, 1–11/80) On his copy of the telegram, Brzezinski approved the sale of MK-46 and F-5E, and instructed that the sale of the Harpoon missile not be denied outright. He also noted that Congress would have to be informed. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 69, Yugoslavia: Military: 4–9/80)

² Not found.

³ Not found.

⁴ Not found.

⁵ In telegram 6062 to Belgrade, January 9, the Department informed the Embassy in Belgrade that, in light of the Soviet invasion of Afghanistan, the U.S. Government had decided to “adopt a more forthcoming policy of approving sales to Yugoslavia.” The telegram instructed Eagleburger to inform Vrhovec that “this means the USG will be prepared to release more sophisticated weapons systems to Yugoslavia on a case by case basis should the extent and character of the military requirement warrant.” (National Archives, RG 59, Central Foreign Policy File, D800015–0237)

no on the Harpoon, while it will not sit well, will probably not repeat not have the adverse impact that a rejection in either of the other two cases would entail particularly in light of ref D. Conversely, an affirmative reply on the Harpoon would be a major statement of our support at a time when such signals will have a substantial and lasting impact on the attitudes and outlook of people of critical importance to us in the years ahead.

5. My earlier experience in the Pentagon leads me to believe that the Navy, for understandable and respectable reasons, will probably question the wisdom of release of either the MK-46 or Harpoon to the Yugoslavs. Unless I miss my guess, they will put forth at least two arguments: A) there can be no guarantee that Yugoslavia will not transfer to the Soviets, or permit them to examine, the weapons systems in question; B) Yugoslavia, as a potential opponent, should not be sold weapons systems that could be used against US forces.

6. These are perfectly legitimate concerns for which there is no completely satisfactory response. As in everything having to do with foreign policy, the balance of pros and cons must be struck in individual cases. The arguments in response to the straw horse I may have created in para 5 are, as I see them, basically three: they are, admittedly, judgmental in character. The first, the political advantage to the US—particularly at a time when Tito is on his deathbed—has been made by me so many times in so many ways that I will not (you will be relieved to learn) burden you with a repetition here. Suffice it to say that on political grounds alone I believe the USG would be well advised to approve release of both the MK-46 and Harpoon to Yugoslavia.

7. As to the question of transfer of the technology, all I can say is that we have no evidence that such has been the case before, nor is there any reason to believe that it would happen now, when Yugoslav-Soviet relations are at a nadir, or in the future. All the evidence we have indicates that the GOY is meticulous in refusing to discuss with any third party its military relationship—much less the intimate details of the weapons involved—with any arms supplier. We have been held at arms length when we have tried to talk about Yugoslav purchases from the USSR or others, and understand that others have encountered a similar attitude. Thus, in my judgment (a judgment fully concurred in by the DATT), an argument that the Yugoslavs might transfer the technology is, at best, a worst case judgment supported by no evidence or experience to date.

8. So far as the question of Yugoslavia as a potential enemy is concerned, I find it hard to envisage a situation in which this would be a likely event. But, again, using a worst case analysis, it would seem to me that any war in which the Yugoslavs would be engaged against us would be one of such magnitude that the Yugoslav contribution

would be negligible at best. What seems far more likely is that the Yugoslavs, who have always contended that, if attacked by the Soviets, they will do all they can to drag the West into the struggle, see both the MK-46 and the Harpoon as means for keeping the Adriatic open as a highway for resupply and perhaps reenforcement from the West. While we may not much enjoy contemplating the course of conduct for ourselves that such thinking would imply, we can hardly take issue with the rationale or point of view behind it.

9. One further word on what may be going on in Yugoslav minds right now that has led to the rather startling turn in our direction. As Washington knows, Yugoslav-Soviet relations have been getting steadily worse, especially since the Afghan invasion. The Yugoslavs have been surprisingly open in their condemnation of the Soviets, and in their efforts to lead the Non-Aligned to condemn the Soviet aggression. The Soviets have reacted, as one might expect. But the reaction has been surprisingly harsh, and getting more so. While this is not the place to attempt an analysis of the reasons for the Soviet reaction, it is difficult to escape the conclusion that it is, at least in part, an attempt to cow the post-Tito leadership *ab initio*, in the belief that over the long haul Moscow will gain more by applying the baseball bat at a time of uncertainty and fear in Belgrade than by a display of patience and forbearance. Equally, we might assume that the GOY, from fear or a desire to show Moscow it cannot be pushed around (or both), has decided to strengthen its military cooperation with the US, knowing that the Soviets will learn of the move. If this is the case, then we have a great deal to lose—and not just in the military sphere—by actions on our part that imply to the new Yugoslav leadership that it had better accommodate while it can because the West is unprepared to offer much more than tea and sympathy.⁶

10. There is a term (which I have now forgotten) in the science of logic for the process of setting up false arguments so that by knocking them down you support your own case. I may have engaged in that practice in this cable. But the facts are nonetheless clear:

—Tito is dying, and Yugoslavia is already moving into the post-Tito period;

—Yugoslav-Soviet relations are in a worse state than at any time since Tito more-or-less patched up his quarrel with Moscow in 1955;

—The GOY has turned to the US for military support on a scale not seen since the closing out of our MAP in the 1950's.

⁶ On his copy, Brzezinski highlighted this sentence and wrote in the margin "this is a key p[oin]t."

11. Watersheds are seldom recognized as such at the time. But we may be in the middle of one so far as US-Yugoslav relations are concerned. It would behoove us, therefore, to act with a little imagination, since the payoff could be substantial. And since the Iranians already have both the MK-46 and Harpoon in their inventory, what do we really have to lose?

Eagleburger

287. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Aaron)¹

Washington, April 3, 1980

SUBJECT

Military Sales to Yugoslavia (C)

In preparation for a mini-SCC I met with Barry and Siena to discuss where we stand on release of the items in the Kimmitt/Larrabee memo of March 31, (Tab A).² Siena reiterated what Kimmitt and I had noted in our memo: that we will need to notify Congress of any sales of the MK-46, HARPOON, and AN/TPS-63 radars. Current thinking in DOD is to treat each item individually and make a request for an exception through the National Disclosure Policy Committee (NDPC) channel—a process that could take several weeks. (S)

Siena predicted that there will be opposition from the Navy on the sale of the MK-46 and HARPOON, though he thought the opposition to the MK-46 could probably be overcome. However, because of the danger of leaks he felt it very important that we go through the NDPC channel and not run roughshod over the Navy. If we attempted to circumvent the NDPC process, he felt sure there would be a leak, which would be extremely damaging to our military relationship with the Yugoslavs. He recommended postponing any mini-SCC until both the MK-46 and HARPOON had been discussed in the NDPC channel. Bob Barry concurred. (S)

¹ Source: Carter Library, National Security Council, Institutional Files, Box 121, SCM 106, 1/18/80 Mini SCC, Yugoslavia. Secret; Sent for action.

² See Document 286 and footnote 1 thereto.

At the same time the group agreed that we should try to accelerate the release of the AN/TPS–63 radars. The problem is that the Yugoslavs have requested a custom-made radar, and the manufacture of such a radar takes time. However, Siena is looking into the possibility of arranging for the leasing of a similar radar on a stop-gap basis. (S)

We are also going back to Larry to get his views on whether a delay of several weeks will create problems with the Yugoslavs.³ (C)

In light of the fact that moving through the NDPC channel may take couple of weeks, there are two options:

1. Hold a mini-SCC only on State's political-military paper.
2. Postpone the mini-SCC until the request for an exception for the HARPOON and MK–46 has gone through the NDPC channel and we have a clearer view of the attitude of the services. (S)

Under the circumstances I think it would be better to hold a mini-SCC on State's Political-Military paper, and then hold a second mini-SCC on the bilateral/QUAD issues after the NDPC has had a chance to meet. In the meantime Kimmitt and I will have Komer, who has jurisdiction over the NDPC process, push the process as much as possible, and have Siena do what he can to accelerate release of the AN/TPS–63 radars. (S)

RECOMMENDATION: That we hold a mini-SCC on State's paper *only* early next week and a second mini-SCC after the NDPC has met. Kimmitt and Brement concur.

_____ Mini-SCC on State Paper only.

_____ Mini-SCC on Bilateral/QUAD issues and State paper after NDPC process has been concluded.⁴

³ On April 2, the Department informed the Embassy that the Department of Defense was not interested in holding an SCC meeting until the MK–46 and Harpoon issues had been decided. (Telegram 87420 to Belgrade, April 2; National Archives, RG 59, Central Foreign Policy File, D800168–1123) On April 14, the Department informed Eagleburger that the two systems were being considered through the National Disclosure Policy Committee process. (Telegram 98480 to Belgrade, April 14; National Archives, RG 59, Central Foreign Policy File, D800187–0739)

⁴ Dodson wrote on the memorandum: "David—Let's wait; do them together. Save yourself a meeting." Aaron approved the second option. Dodson noted on the document: "OK to do together *but push for fast resolution*. Per DA"

288. Memorandum From Acting Secretary of State Christopher to Vice President Mondale¹

Washington, undated

SUBJECT

Your Participation in the State Funeral of President Tito

I. OBJECTIVES

Your presence in Yugoslavia as the head of an impressive U.S. delegation to Tito's funeral² is an important symbol for the Yugoslavs—and for the Soviets. While your visit will be short, there will be both private and public opportunity to reaffirm our policy of support for Yugoslav independence, territorial integrity and unity—simple words, but full of meaning in the context of the present world situation.

In brief meetings with the new Yugoslav leadership, you will want to emphasize our confidence in their ability to run Yugoslav affairs along the lines set down by Tito. They will appreciate concrete expressions of our desire to strengthen the bilateral relationship by being responsive to their needs, especially in the economic and military spheres of our cooperation.

The Yugoslav leaders will also make clear to you their view of nonaligned Yugoslavia's unique international position. They will favor the continued development of closer relations with the West—including the U.S.—but they will also caution against ties which are too close or too visible.

The Yugoslavs also want to avoid opening themselves to charges from opponents within the Nonaligned Movement that they have compromised their nonaligned credentials by getting too close to the Americans.

We expect the question of anti-Yugoslav Government emigre activity to be high on the Yugoslav agenda of items to bring up with Western leaders—especially the Americans, Germans, Canadians and Australians.

II. SETTING*The Internal Situation*

The actual succession process has followed the pattern which Tito had cut for it. The former Vice President, Lazar Kolisevski, a Macedo-

¹ Source: Carter Library, Donated Material, Papers of Walter F. Mondale, Overseas Assignments—Trip Files, 1977–1980, Box 35, Vice President's Visit to Yugoslavia for Tito Funeral, 5/5/80–5/8/80: Delegation Briefing Book. Secret. Christopher was Acting Secretary following the resignation of Secretary Vance on April 28.

² Mondale traveled to Belgrade May 6–8, 1980.

nian, has become the President of the collective State Presidency. On May 15, Kolisevski is to rotate out of office and be replaced by another member of the Presidency, Cvijetin Mijatovic, a Serb from Bosnia-Herzegovina, for a one-year term.

With Tito's death, his title of President of the Presidium of the League of Communists of Yugoslavia (LCY) will be subsumed within the Presidium as a whole. Thus the current Chairman of the Presidium, Stevan Doronjski, a Serb from the Vojvodina, will become the head of the Party until his rotation out of office when his one year term ends in October, 1980. There is no established procedure for the rotation process in the LCY Presidium and we do not know who will replace Doronjski.

We anticipate that the succession process will operate smoothly, and that the collective State and Party governing bodies will function as planned—at least during the first few months after Tito's death. Political activity during Tito's lengthy illness indicated that the senior members of the Party, including Vladimir Bakaric, a Croat, Milos Minic, a Serb, and a few others, intend to play an active political role in conjunction with the operation of the collective organs of leadership. How this will work in practice remains to be seen. We believe that the military, in the person of Defense Secretary Ljubicic, will represent a stabilizing factor on the national scene.

In the first few months of this year, Yugoslavia passed through a period of near crisis, occasioned by the most serious illness President Tito had ever suffered. His extended illness coincided with severe domestic economic difficulties and the Soviet invasion of Afghanistan. Any one of these factors would have posed serious problems for the Yugoslav leadership. Their unfortunate coincidence compounded the problem and presented the Yugoslav leaders—this time effectively minus Tito—with a situation without precedent.

Tito's comrades did very well indeed.³ To assert that these few months provided a definitive test of the succession machinery of the post-Tito leadership would be an exaggeration. The time was too short

³ In a May 6 memorandum to the Vice President, Eagleburger provided his own analysis of the transition from Tito to the collective leadership. "By and large the system has functioned smoothly," Eagleburger wrote, adding that the new leadership understands that "how well they do in the first six months will have a substantial impact on the future viability of the system." Because of that fact, Eagleburger wrote, "decision-making will proceed in a fairly orderly fashion" and that "there will, in fact, be an extraordinary effort to compromise differences and to avoid even a hint of personal rivalry or controversy." (National Archives, RG 59, Office of the Secretariat Staff, Lawrence S. Eagleburger, Under Secretary of State for Political Affairs, Ambassador to Yugoslavia, Under Secretary of State for Management (1967–1984), Lot 84D204, Box 10, Chron, May, 1980)

for more than a “start-up” run, yet too long for the development of completely natural relations among Tito’s successors. But this did not diminish the sense of deserved pride and increased self-confidence which prevailed in Yugoslavia during this period. This is the principal lesson to be learned from the events of the past few months: a successful precedent now exists which will give the post-Tito leaders greater confidence in the weeks and months ahead.

The Economy

Tito’s successors have inherited a seriously overheated economy. The rapid economic growth over the past three years has pushed the inflation rate over twenty percent, created a series of huge trade deficits, and driven up hard currency debt to over \$13 billion. The Yugoslavs are now trying to implement a stabilization policy to tighten credit, slow growth, and cut imports. However, these measures are politically sensitive and will take time to have a real impact. To ease the economy over this period, the Yugoslavs have requested medium term balance of payments assistance from the U.S.⁴ and several other countries, including France, the FRG, and Kuwait. They also intend to approach the IMF and private Western banks which already hold much of the country’s external debt.⁵ We believe that Yugoslavia’s economic problems are serious but that a real crisis can still be avoided through prudent Yugoslav policies and some external financial help. We are now considering what role the U.S. can play.⁶

⁴ On April 24, Kostic met Secretary of the Treasury Robert Miller in Hamburg, West Germany, during the IMF summit and requested financial assistance for Yugoslavia’s balance of payments deficit. Kostic told Miller that Yugoslavia was implementing an economic stabilization program but that further borrowing was required. (Telegram 873 from Hamburg, April 24; National Archives, RG 59, Central Foreign Policy File, D800204–0994)

⁵ David Rockefeller, President of Chase Manhattan Bank, traveled to Belgrade in June to discuss an offer to syndicate a worldwide \$500 million loan for the Yugoslav Government. Belgrade rejected the offer as insufficient. (Telegram 165468 to the U.S. delegation in Venice, June 23; National Archives, RG 59, Central Foreign Policy File, D800303–1182) In a conversation with Eagleburger on June 30, Loncar said that the Yugoslav Government was opposed to a worldwide loan syndication and that Belgrade was hoping to get separate loan agreements from several Western countries. Loncar also stressed that Belgrade was reticent to accept loans from Arab countries because of “political strings attached.” (Telegram 5192 from Belgrade, July 1; National Archives, RG 59, Central Foreign Policy File, D800316–1265) The Rockefeller plan was finally accepted by the Yugoslav Government in September. (Telegram 7051 from Belgrade, September 8; National Archives, RG 59, Central Foreign Policy File, D800427–0868)

⁶ Miller traveled to Belgrade as part of the U.S. delegation to Tito’s funeral and discussed with Kostic the way in which the U.S. Government could offer assistance. Miller stressed that the IMF must be involved in any stabilization program the Yugoslav Government undertook. (Telegram 3749 from Belgrade, May 12; National Archives, RG 59, Central Foreign Policy File, D800235–0359)

Foreign Affairs

While there is no evidence of any Soviet intention to move against Yugoslavia at this time, the Yugoslav defense forces have prepared themselves to defend the country against any threat.

In talks in Belgrade in early February with U.S. Defense Security Assistance Agency Chief, General Graves, Defense Secretary Ljubicic noted the contingency measures which had been taken “for all eventualities,” but also noted that Yugoslavia was calm and not excited about the current situation.⁷ (Our military relationship with the Yugoslavs is modest, but growing.)

The Yugoslavs have been typically outspoken in their opposition to Moscow’s move against Afghanistan and they have played a significant role in the mobilization of nonaligned sentiment in condemnation of the Soviet intervention. Previously, they had been almost equally concerned at what they saw as Moscow’s war by proxy in Kampuchea. A resultant exchange of open polemics in the Soviet and Yugoslav press has served to exacerbate further Soviet-Yugoslav relations.⁸ In addition, while Moscow was probably not surprised at the Yugoslav refusal to attend the April 28–29 meeting in Paris of European Communist parties, neither was it pleased by the Yugoslav decision.

The U.S. is in a very good position with the new Yugoslav leaders. We have—particularly during this Administration—accelerated the pace of our bilateral relations in all key fields: political, economic, cultural and military. The resultant “web of relationships,” as Ambassador Eagleburger describes it, has helped to increase our knowledge of Yugoslav leadership attitudes as well as to increase Yugoslav confidence in the durability of our friendship and our support. Tito’s visit to the United States in March, 1978, contributed to this process and the President’s frequent correspondence with Tito was of great benefit in keeping up the momentum of improving relations.

Yugoslav Ambassador Loncar expressed his Government’s appreciation for the President’s May 4 statement in which the President

⁷ See Document 280 and footnotes 3 and 7 thereto.

⁸ In telegram 2095 from Belgrade, March 15, the Embassy reported the sharp reaction of the Yugoslav press to publication in the Soviet press of commentaries on an article published in a Vietnamese newspaper which the Yugoslav Government considered highly offensive. The Embassy reported that “this is the sharpest criticism of the Soviet press we can recall for several years.” (National Archives, RG 59, Central Foreign Policy File, D800132–1117) In telegram 2180 from Belgrade, March 18, the Embassy reported that the Yugoslav Government saw “a concerted Soviet campaign against Yugoslavia” and felt the Soviet campaign was “not directed toward Yugoslavia’s internal situation so much as toward Yugoslavia’s public opposition to Soviet moves in Afghanistan and its influence in the NAM.” (National Archives, RG 59, Central Foreign Policy File, D800140–0408)

strongly reaffirmed U.S. support for Yugoslavia and stated that we will do what we must to provide that support.⁹ The Ambassador also expressed appreciation for a public statement by Deputy Assistant Secretary Barry on April 22 pointing out that the U.S. would view with grave concern any Soviet or Warsaw pact efforts to undermine Yugoslav territorial integrity, unity and independence.¹⁰ The Soviets attacked Barry's statement as an effort to cast doubt on Soviet policies.

Yugoslav relations with the countries of Western Europe have also improved during the past few years. In the present situation we have urged the Western European governments to demonstrate their support for Yugoslavia at this time by appropriate policy statements, by greater attention to anti-Yugoslav emigre activity, by economic measures including successful conclusion of the Yugoslav-EC trade agreement, and by meeting Yugoslav requests for arms sales.

Yugoslavia's increasing distrust of Soviet motives over the last year reflected Tito's personal disenchantment with Moscow. His successors may well tread a more cautious line, attempting initially to take a more "balanced" position. Such a shift would be designed to bolster Yugoslavia's credentials among the nonaligned and to reflect Yugoslav concerns about growing East-West tensions. However, we suspect that a more "evenhanded" approach would be largely tactical. The Yugoslav people and leaders see a real threat in the Soviet invasion of Afghanistan and Soviet support for the Vietnamese invasion of Kampuchea.¹¹

The flagrant nature of Moscow's intervention in Afghanistan may have eased the pressures on Yugoslavia within the Nonaligned Movement, however. The 1979 Havana Nonaligned Summit turned out to be a stand off between the radicals led by Cubans and the moderates

⁹ On May 4, in a statement on the death of Tito, Carter noted that "for more than three decades, under administrations of both parties, it has been the policy of the United States to support the independence, territorial integrity, and unity of Yugoslavia." Noting the international situation, Carter stated: "America will continue its longstanding policy of support for Yugoslavia and do what it must to provide that support." (*Public Papers: Carter, 1980-81*, Book I, p. 827)

¹⁰ Published in *Current Policy*, No. 169, U.S. Department of State, May 1980. Barry's statement in front of the Cleveland Council on World Affairs received no media attention in the United States, but was immediately attacked by the Soviet press. In telegram 6702 from Moscow, April 25, the Embassy reported that the Soviet press described Barry's statements as "'slandering' Soviet policy" and "barely stopping short of threatening the USSR." (National Archives, RG 59, Central Foreign Policy File, D800205-0262)

¹¹ In the briefing material prepared for Mondale's trip to Belgrade, the Department noted that the "Yugoslav leaders perceive Soviet foreign policies—e.g., support of the Vietnamese invasion of Kampuchea, opposition to an improvement in Yugoslav-Chinese relations, manipulation of the Yugoslav-Bulgarian dispute over Macedonia, and attempts to gain greater influence and control over the international communist and nonaligned movements—as part of a 'grand design' threatening Yugoslavia's vital interests." (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: Briefing Book for Tito Funeral, 5/80)

led by the Yugoslavs. But one of the first casualties in the Afghan war was Cuba. Having survived a record number of votes in its effort to gain a seat on the United Nations Security Council, Cuba withdrew from the race immediately after the Soviet invasion.

Nonalignment has been the Yugoslav vehicle for the achievement of international recognition and status.¹² While nonalignment will continue to be the pillar of Yugoslav foreign policy, the Yugoslav role in the Nonaligned Movement will almost certainly diminish without the charismatic presence of Tito, one of the founders of the Movement.

III. ISSUES

A. U.S. Policy Toward Yugoslavia

1. Suggested Points

—Much progress was made in the development of our bilateral relations during the past three years. President Tito's tremendous contribution to this mutual undertaking will be sorely missed. The President will particularly miss the correspondence which he and Tito exchanged on international issues. We intend to redouble our efforts to further strengthen our relations, and we are confident that these efforts will be reciprocated by the Yugoslav side;

—The long-standing U.S. policy of support for Yugoslavia's independence, territorial integrity and unity remains unchanged, as does our understanding and respect for Yugoslavia's nonaligned position;

—We have been impressed by the calm, confident behavior of the Yugoslav Government and peoples during the past few months, which saw not only President Tito's illness, but also a rise in international tension caused by the Soviet invasion of Afghanistan;

—For our part, we have tried to dampen unhelpful speculation and rumors about events relating to Yugoslavia. In this we have worked closely with the Federal Secretariat for Foreign Affairs in Belgrade and the Yugoslav Embassy in Washington. Ambassador Loncar's (LOHN char) experience and skill have helped us greatly;

—We have also been keeping careful watch on anti-Yugoslav terrorist activity within the United States. The President has made it clear

¹² In the "Non-Aligned Movement" section of Mondale's briefing materials, the Department noted that Tito's death left no clear succession in NAM for the leadership of the moderate group of nations, but that Cuba's "efforts to exploit the NAM Chairmanship to radical ends have been rebuffed notably by the strong resistance of NAM moderates" and that although the United States could not work with NAM as an organization under Cuba's chairmanship, it would continue to "work closely on specific issues of mutual concern with individual NAM members, especially with moderates like Yugoslavia." (Ibid.)

that this Administration will not tolerate illegal actions directed against Yugoslav establishments and officials in the United States;¹³

—We understand the depth of your concern about emigre activities at this time. We will do what we can to tamp this down and we have expressed our opinion to the Governments of those countries with large emigre populations; you must understand, however, that we can do nothing which would interfere with emigre activities which do not violate any U.S. law;

—I am aware of Secretary Kostic's (KOS-TICH) discussion with Secretary Miller regarding medium term balance of payments assistance for Yugoslavia.¹⁴ We are well aware that Yugoslavia's political independence rests to an important degree on the strength of the economy. We are giving your request for assistance our close attention; and

—There is much that we can do together. We would like to keep up the pace of high level political visits, and to consult frequently on global and bilateral issues which concern us. We will do what we can to encourage the further development of trade and economic relations. In the important area of military cooperation, we remain ready to respond to Yugoslav needs and desires.¹⁵

B. U.S.-Soviet Relations

1. Suggested Points

—Short to mid-term prospects for improvement in our relations remain poor. We have seen no indication the Soviets are ready to

¹³ The "Terrorism Against Yugoslavia" briefing paper, prepared by the Department of State on April 21 and included in Mondale's briefing book, described the extent of anti-Yugoslav terrorism in the United States and noted that "no other foreign government represented in the United States has been the target of as many actual terrorist incidents as the Yugoslav Government." (Ibid.)

¹⁴ The Department prepared two briefing papers on the Yugoslav economy for Mondale's trip. In "The Yugoslav Economy in the Post-Tito Period," the Department noted that the period of rapid economic growth Yugoslavia experienced had overheated the economy, pushed inflation to above 20 percent, and created a large trade deficit. The paper also noted the "extreme regional disparity in living standards" between Yugoslav regions. (Ibid.) In "The Bilateral Economic Relationship," the Department noted the U.S. Government had made "an intensive effort to promote economic relations" and that the Yugoslavs had "come to view the United States as an economic partner which can lessen the commercial risks of economic dependence on Western Europe and the political risks of dependence on the Soviet Union." (Ibid.) See also footnotes 4, 5, and 6 above.

¹⁵ The "Military Relationship" paper in Mondale's briefing materials noted that following the Soviet invasion of Afghanistan, the United States "adopted a more forthcoming arms transfer policy." While the United States would not release the Harpoon anti-ship missile to the Yugoslav military, the MK-46 anti-submarine missile sale was being positively considered, as was the sale of F-5E aircraft. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: Briefing Book for Tito Funeral, 5/80)

withdraw from Afghanistan or seriously to seek a political solution there on terms which we would find acceptable;

—The Soviet invasion of Afghanistan has posed a major threat to peace and to a geographic region of vital importance. We consider it important that the international community impose a cost on the Soviets which will deter them from similar actions in the future and ultimately bring about their withdrawal from Afghanistan;

—The measures we have taken are intended to respond to the seriousness of the Soviet action. We are determined to maintain our sanctions until the Soviets withdraw;

—But our response has left intact the framework of U.S.-Soviet relations, and we recognize the need to manage the East-West relationship with dispassion and consistency. Specifically, we remain firmly committed to further progress in arms control;

—We nonetheless believe it is impossible to divorce detente from deterrence. A firm response now to Soviet aggression in Afghanistan can only foster future progress in East-West relations; and

—The success of this approach, of course, depends upon the cooperation of the entire world community.

C. Soviet Foreign Policy

1. Suggested Points

—The Soviets appear to have underestimated the intensity of the world response to Afghanistan, and we believe they are unlikely to undertake any major new initiatives of similar magnitude in the period ahead for fear of provoking further adverse reaction;

—Given the continuing resistance to their troops in Afghanistan and their interest in allaying European concern, we think any overt moves in Europe particularly unlikely, but we continue to monitor Soviet military activities very closely;

—The Soviets are aware that we would view any effort on their part to undermine Yugoslavia's independence, territorial integrity and unity with grave concern; and

—We have no reason to doubt, however, that the Soviets will continue to press their interests in the Third World, either directly or through such proxies as Cuba and Vietnam.

D. Afghanistan

1. Essential Factors

If Tito had lived we would have expected to see the Yugoslavs play an active role in efforts to launch a diplomatic initiative on Afghanistan. They may still play a constructive role but without Tito's guiding

hand it seems unlikely that they will be willing to take the lead in international efforts. Yugoslav interests have coincided with our own since no formulation which would legitimize continued Soviet military presence in Afghanistan would be acceptable to Yugoslavia given its concerns about any weakening of nonaligned opposition to intervention.

In his February 25 letter to President Tito, the President stressed U.S. support for a neutral nonaligned Afghan government acceptable to the Afghan people and said that with Soviet withdrawal, the U.S. would be willing to join with the neighbors of Afghanistan in a guarantee of Afghanistan's true neutrality and of non-interference in Afghanistan's internal affairs.¹⁶

The Soviets show no signs of planning to reduce their presence and in a variety of ways have indicated their intention to remain in the country. At the same time, the Babrak regime is experiencing deep internal divisions. Thus, the Soviets seem far from achieving their twin objectives of establishing a viable regime in Kabul and pacifying the countryside.

2. Suggested Points

—We believe it is of extreme importance that all countries, especially major nonaligned and Islamic states, cooperate with international efforts to make the Soviets pay a heavy and continued price for their aggression;

—The United States has taken a series of strong bilateral and multi-lateral initiatives to demonstrate to the USSR our resolve. We would welcome any suggestions on how we might individually or jointly proceed in further pressing for an early Soviet withdrawal and the establishment of a popularly supported government in Kabul;

—On April 17, the Afghan regime announced a package of proposals allegedly aimed at promoting a political solution of the Afghan conflict. The basic elements of this package are proposals for bilateral Afghan negotiations with Iran and Pakistan to normalize relations to be followed by a regional conference which would agree on a regional peace framework. Ultimately these talks would be expanded to include Indian Ocean and Persian Gulf states with the purpose of making the entire area a zone of peace;

—In our view, this Afghan proposal is fully supported by the USSR and probably was drafted in Moscow. We do not believe it represents a serious effort to end the Afghan crisis; and

¹⁶ See footnote 6, Document 290.

—Our foremost problem with the proposal is that it does not require the withdrawal of Soviet forces, but does require the recognition by other states of the current Soviet-installed Afghan regime as a precondition for negotiations. It does not take into account the interest of the majority of Afghans who are struggling for their right of self-determination against the Soviets and the Babrak Karmal regime.

E. Iran

1. Suggested Points

—The release of our people remains a paramount interest of our policy toward Iran. As the President's recent actions clearly demonstrate, we will not tolerate continuation of this situation.¹⁷ We will not relax our effort until the hostages are free;

—We appreciate the helpful role which Yugoslavia has played in this crisis, particularly in talking to the Iranian authorities about the condition of the hostages and the need for Iran to put this problem behind it to better focus on the real problems facing the country.¹⁸ We hope the Yugoslavs can continue to exert their considerable influence on Iran. We believe that Iran's problems of internal unrest and economic development are now overshadowed by the increased Soviet threat to the countries of the region;

—Our rescue attempt was a humanitarian one and was not directed against Iran or the people of Iran; and

—Now, and especially later, when the hostage question is finally resolved, the Yugoslav Government can do much to keep Iran truly nonaligned. Such a foreign policy course would be in the best interests of Iran and other countries.

¹⁷ Reference is to Operation Eagle Claw, which failed in its attempt to rescue the hostages in Iran on April 24.

¹⁸ In telegram 2569 from Belgrade, April 1, Eagleburger reported that "the GOY has publicly and unequivocally supported the release of our hostages in Tehran. They have expressed this in statements in Belgrade and by their words and actions at the UN." However, Eagleburger cautioned, the Yugoslav leadership had limited influence on Iran's new leaders. Belgrade, he continued, intends to develop closer ties to Iran in order to strengthen its own position in the Non-Aligned Movement, and could not be expected to give much more support or welcome a tougher U.S. stance on Iran. (National Archives, RG 59, Central Foreign Policy File, D800164–0318) Vrhovec recounted his "very frank" conversation with Iranian Foreign Minister Ghotbzadeh on May 12. Vrhovec told Eagleburger that he had stressed with the Iranian Foreign Minister the need to free the hostages, that many prominent non-aligned leaders shared that view, and that, as long as the hostage situation continued, "it would be difficult for the non-aligned states fully to support the other 'legitimate and progressive' aims of the Iranian Revolution." Vrhovec also told Eagleburger that Ghotbzadeh responded that Iran wants to free the hostages, but, in light of the recent U.S. rescue attempt, "the Iranian people 'would neither understand nor accept' their being set free now." (Telegram 3751 from Belgrade, May 12; National Archives, RG 59, Central Foreign Policy File, D800235–0692)

F. *Nonaligned Movement*

1. *Suggested Points*

—We understand and appreciate the significance of Yugoslavia's role in the Nonaligned Movement. In our frank discussions on issues of concern to the Nonaligned Movement, we have felt free both to express our concerns and to offer our advice. We would like to encourage the continued development of this practice;

—We admired the efforts of Yugoslavia to organize nonaligned condemnation of the Soviet intervention in Afghanistan. This has been a restraining factor on Soviet behavior at this crucial time.

289. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, May 6, 1980

SUBJECT

Meeting with Yugoslav Ambassador Loncar May 6, 1980 at 3:00 P.M.

You are scheduled to meet briefly with Yugoslav Ambassador Loncar to express personally your condolences, and those of the American people, on Tito's death.² Loncar *will not* bring the condolence book with him.³ (C)

Such a meeting will be seen as an important political gesture by the Yugoslavs and will underscore our support for the new Yugoslav leadership. Brezhnev signed the condolence book at the Yugoslav Embassy in Moscow this morning and will be going to the funeral. We want to make an equally strong impression. (C)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: 3-5/80. Drafted by Larrabee. Brzezinski hand-carried the memorandum to the President on May 6 at 2:14 p.m.

² Tito's condition deteriorated rapidly due to complications from gangrene, and he slipped into a coma. He died on May 4, three days before his 88th birthday.

³ In a May 5 memorandum to Carter, Brzezinski recommended that the President visit the Yugoslav Embassy and sign the condolence book. Brzezinski wrote that "such a gesture would underscore our support for Yugoslavia at a critical moment and emphasize your respect and esteem for President Tito." Carter disapproved the recommendation telling his appointments secretary, Phil Wise, "no way!" (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 68, Yugoslavia: 1-11/80)

I recommend that you:

—express your admiration for Tito as a great statesman and leader who contributed significantly to strengthening world peace. You might mention your extended correspondence with Tito, which he highly valued.

—reiterate our firm support for Yugoslavia's independence, unity and territorial integrity and our respect for Yugoslavia's nonaligned position.

—express confidence in the new Yugoslav leadership's ability to handle the transition.

—regret that you could not attend the funeral as you had hoped and note that you have asked the Vice President to represent you. (C)

The meeting should only take about five minutes. There will be a photo opportunity. (U)

You met Loncar when he presented his credentials in November. (U)

290. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, May 8, 1980, 0855Z

3621. Subj: Tito Funeral: VP Mondale Bilateral With Kolisevski.

1. S-entire text.

2. Summary: SFRY Presidency President Lazar Kolisevski met for a special bilateral with Vice President Mondale shortly after the Vice President's arrival in Belgrade on May 7 at the head of the US delegation to the funeral of Yugoslav President Tito.² Accompanying the Vice President were Secretary of the Treasury Miller; Ambassador Eagleburger; Assistant Secretary George Vest; New York Federal Reserve Bank Chairman Anthony Solomon; Deputy Assistant to the President David Aaron; and Assistant to the Vice President Denis Clift. Yugoslavs present in addition to Kolisevski included Foreign Secretary

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800227–1187. Secret; Immediate; Exdis. Also sent to the White House. Drafted by Dunlop; cleared by Clift.

² Lazar Kolisevski had been elected on May 15, 1979, as Vice President of the Presidency of Yugoslavia for a one-year term. Upon Tito's death on May 4, he assumed the office of the Presidency. He was replaced by Cvjetin Mijatovic on May 15, 1980. See Document 288.

Josip Vrhovec; FEC Vice President Dr. Ivo Margan; and (former) Ambassador Dimce Belovski. Although besieged with the presence of almost 100 high level foreign delegations in Belgrade for the funeral, President Kolisevski allotted an hour to the meeting, which was marked by an extremely friendly and open atmosphere. This memorandum has been cleared by the Vice President's staff.

3. Subjects covered, on the U.S. side: Great respect and admiration for President Tito and sorrow at his passing; confidence in Yugoslavia's future; U.S. support for the independence, sovereignty and unity of Yugoslavia, and readiness to assist Yugoslavia if asked; U.S. concern over our hostages in Tehran; U.S. determination to curb anti-Yugoslav terrorism; and our wish to pursue detente but deep concern over the Soviet invasion of Afghanistan.

4. Subjects covered by the Yugoslavs: Genuine appreciation for the expressions of concern from President Carter and the American people during President Tito's illness; approval of the current excellent state of bilateral relations; a desire to accomplish more in the international struggle against terrorism; an assertion that the Tehran hostage situation will be raised by Foreign Secretary Vrhovec during a planned meeting in Belgrade with Iranian Foreign Minister Ghotbzadeh;³ apprehension over the deteriorating international situation, especially in Soviet-U.S. relations; and the desire somehow to re-engage the Non-Aligned Movement in putting detente back on the rails. End summary.

5. President Kolisevski opened the meeting by saying that he had just read a message reporting what the President had said about President Tito prior to the Vice President's departure from Washington.⁴ This is very much appreciated. The Vice President stated that he had been asked by President Carter to convey the deep regret and sorrow of the entire American people at the passing of President Tito, one of the great leaders of this generation and true hero. The Vice President said he had come to Belgrade to represent the President and the American people, to memorialize a great human being. This may be a time of sadness, but "the victory of Tito's life stands as an example for us all."

6. The Vice President observed that his personal sorrow is all the greater because of having met President Tito, first in 1977 when the Vice President was the first visitor of this administration to Yugoslavia. Also remembered vividly is his meeting in 1978 in Washington when President Tito last visited the U.S.

7. President Kolisevski wanted the Vice President to know how much the words of friendship and support by President Carter in the

³ See footnote 18, Document 288.

⁴ See footnote 9, Document 288.

last months had been appreciated by President Tito. He recalled that the day that President Tito was first to be operated upon, with Foreign Secretary Vrhovec and LCY Presiding Officer Doronjski he had visited the President in the hospital in Ljubljana. Together they had reviewed the world situation. President Tito had decided to send a message to President Carter.⁵ When he had recovered somewhat, President Tito had insisted on reviewing the draft text of the message to President Carter, because he placed such great importance on their personal relationship. Then, President Tito had received the message from President Carter. Its personal nature had touched him very much, Kolisevski asserted. Tito recalled with particular appreciation the first sentence in that letter, in which President Carter had said that he and his wife Roslyn were praying for his recovery.⁶

8. Turning to our bilateral relationship, President Kolisevski noted that the statements of U.S. support for Yugoslavia from various American leaders since President Tito fell ill “have been positively assessed.” He hoped the Vice President did not think he was exaggerating, but Ambassador Eagleburger could confirm that the Yugoslav people have received President Tito’s death with dignity, calm, and with resolution. Perhaps it would come as a surprise to some, but there has not been the slightest disturbance throughout the country. It is almost as if the Secretary for Internal Affairs has nothing to do.

9. Kolisevski also observed that it is the Yugoslav hope that during these solemn days, Belgrade would become “an oasis of peace”. The current leaders of Yugoslavia had worked together with Tito in the revolution and in building a new political system, and in the struggle for peace. “Therefore, we consider the accomplishments you see as both his and ours.” The Yugoslav people, who suffered 1.7 million

⁵ On February 21, Eagleburger was asked by Vrhovec to deliver the text of Tito’s letter to Carter. Vrhovec explained that Tito had approved the text of the letter prior to falling gravely ill, and, while he could not sign it at the present time, wished that its contents be delivered to Carter. Kolisevski signed a cover letter to Carter. Tito’s letter dealt extensively with the Yugoslav opposition to the Soviet invasion of Afghanistan and Tito’s concern that détente be preserved by any possible means. (Telegram 1401 from Belgrade, February 21; National Archives, RG 59, Central Foreign Policy File, P870123–0484)

⁶ Carter responded to Tito’s February 20 letter on February 25. The text of the letter to President Tito, and the covering note to Vice President Kolisevski were sent to Belgrade and Eagleburger was instructed to deliver them as soon as possible to Kolisevski. In his letter to Tito, Carter emphasized his desire to see détente revived, but blamed the Soviet invasion of Afghanistan for the deterioration of U.S.-Soviet relations. Carter also expressed his thanks for the Yugoslav position on the release of U.S. hostages from Iran and assured Tito of his administration’s continued support for Yugoslavia. (Telegram WH80281 to Belgrade, February 25; Carter Library, National Security Affairs, Brzezinski Material, President’s Correspondence with Foreign Leaders File, Box 22, Yugoslavia: President Josip Broz Tito, 6/79–2/80)

casualties in World War II have overcome great tribulations to secure their independence, and will continue to endure further if necessary. "We know how to defend ourselves. As for our independence and sovereignty, we will make no concessions to anyone, at any time." He added "This is why we approve the public stance you have taken."

10. Vice President Mondale said that when he first came to Yugoslavia in 1977 he had occasion to express American support for Yugoslav sovereignty and unity, and also approval for Yugoslavia's role as leader in the Non-Aligned Movement. We continue "to stand ready, as your friend, to be of assistance in ways you might think proper and appropriate, to achieve your objectives." He added, "I come here today, expressly at the direction of the President, to repeat these assurances of our friendship and our confidence in your leaders."

11. The Vice President continued that in the past three years our bilateral relationship has become as good as it had ever been. The relationship between our two Presidents had gone beyond that which usually develops between Chiefs of State. President Carter greatly relied on President Tito's judgment as a statesman and on his vast knowledge of the world. We are prepared, the Vice President continued, further to develop and broaden that relationship through future high level political meetings or discussions at a technical level, on economic assistance or in the military area. He noted that Secretary of the Treasury Miller and Chairman of the Federal Reserve Bank of New York Solomon were present. President Kolisevski suggested that separate discussions be held between Messrs. Miller and Solomon with Federal Executive Council Vice President Ikonik and with Minister of Finance Kostic. As for the military area, Kolisevski said that he thought both sides are adequately in touch. Vice President Mondale agreed, observing that General Graves had recently visited Belgrade.

12. Turning to the subject of anti-Yugoslav violence in the U.S., Vice President Mondale noted there are now 17 criminals in U.S. prisons. The Carter administration is bitterly opposed to terrorism. He could assure President Kolisevski that at this particularly sensitive time, U.S. security authorities all over the country have been alerted to increase protection of Yugoslav establishments. Mr. Aaron added that as a member of the National Security Council he had taken part in several meetings with the Department of Justice and could add his assurances that our police are as alert as they could be.

13. Kolisevski was glad to hear this. Similar assurances had been received from several countries in Western Europe. This is a very important subject. Acts of terror can only hinder relationships between countries. The holding of U.S. hostages in Tehran is a good example of this. Relations between two countries can be harmed even if the acts of terror are carried out between agents of other countries. Interference

by intelligence services of third countries can do great harm by fomenting violence, Kolisevski continued.

14. Vice President Mondale thanked President Kolisevski for his remark about our hostages. This has been a terrible experience for Americans. Every successful act of terrorism enhances what the terrorists seek, which is the very antithesis of civilization. Kolisevski said that the GOY has tried to do what it could in the hostage situation but it had not been much. He noted that Iranian Foreign Minister Ghotbzadeh will be meeting Foreign Secretary Vrhovec in Belgrade and will raise the hostage situation. We will tell them "Keeping the hostages only shows that the revolution is still unstable, and that this undermines the stability of the region."

15. Kolisevski asked whether the American side is interested in meeting with Ghotbzadeh in Belgrade. Vice President Mondale replied that he thought this would be inappropriate. Mr. Aaron said that it would be particularly appreciated if the Yugoslavs could learn anything at all about the physical condition of our hostages, who have now been moved out of our Embassy compound. The Vice President added that it is all the more important now that regular visits to the hostages by the Red Cross or other agencies be allowed.

16. The Vice President said that he believes Ghotbzadeh has tried to be as helpful as any Iranian leader during this situation, as to some extent has Bani-Sadr. Kolisevski observed that the pressure from the religious conservatives "on progressive and democratic elements" is enormous. Foreign Secretary Vrhovec plans to discuss with Ghotbzadeh "the entire complex of questions" in the area, and would let us know what transpires. The Vice President said that would be much appreciated.

17. Secretary Vrhovec said that he would like to add a few words more about the general subject of international terrorism. It is perhaps correct to say that we do not always mean the same thing when we use this term. Americans, he said, take the word terrorism in a narrow sense, a particular act or event, and the Yugoslavs take a broader view. Perhaps it would be good to seek a common definition of terrorism after which we could address the situation more efficiently. Vrhovec wanted to emphasize however that cooperation between the two countries in this area has gone very far indeed. He recalled discussions in Washington in 1978 between Presidents Carter and Tito, and also what the Vice President said himself personally on this subject. Former visits to the U.S. by Tito had in some sense been marred by unpleasant moments, but the last visit to Washington President Tito had cherished. Tito frequently recalled that in discussing the visit with his colleagues he felt that real progress had been made on the key issue of violence.

18. President Kolisevski observed that Yugoslavia for years has one of the world's best records for lack of terrorist activity on its

soil. But, he added, Yugoslav Ambassadors and diplomats have been attacked abroad and killed. Their Ambassador to Sweden had been brutally murdered in 1971 and "his murderers have been roaming around free." In this the U.S. shares a common, sad experience.

19. At this point, Kolisevski thought, enough has been said about this unfortunate topic. He inquired about the prospects for relations between the U.S. and USSR. He asked if the Vice President thought detente would survive. In recent discussions with Guinean President Sekou Toure it had been decided to try to "consolidate" efforts within the non-aligned to see if something cannot be done to restore momentum toward detente. However, Kolisevski observed, much more depends on the U.S. and USSR.

20. Vice President Mondale recalled that the Carter administration entered into office profoundly committed to detente, to concluding negotiations for SALT II, Force Reductions in Europe, and the Comprehensive Test Ban. We were prepared to expand our political relationship with the Soviet Union. "I regret to say," the Vice President stated, "that no other aspect in our administration has proven more disappointing." SALT II, the centerpiece of our relationship with the Soviet Union, was going to be ratified. As presiding officer of the Senate he had been working on this, and was then confident that it would be ratified. Now, the Soviets had invaded a neighbor. "In my opinion this is one of the worst international acts since World War II." This has soured feelings greatly in America, as Ambassador Belovski knows.

21. The Vice President said Americans must now ponder the impact of the Soviet action. If the Soviet Union can invade Afghanistan today why not some other country tomorrow? This is profoundly disturbing.

22. The Vice President continued, we nonetheless want to find a solution to world problems, and we have offered that our new Secretary of State, Ed Muskie, meet with Gromyko this month in Vienna. We have not had a response from the Soviets yet.

23. The Vice President observed that the U.S. had found it disappointing, as he supposes it was disappointing to Tito himself, that in this extremely complex situation the Non-Aligned Movement has not been able to assert leadership. Can the principles of international respect and non-intervention be restored? These are fundamental principles for humanity. If these are not observed what are the prospects for peace in the long run?

24. President Kolisevski noted that, since the Afghan invasion, Foreign Secretary Vhrovec has visited India, Bangladesh and Iraq. This question has risen everywhere. The Afghan crisis is not essentially a crisis within the Non-Aligned Movement but its coordinator is Cuba and this complicates matters. Yugoslavia has suggested a Non-Aligned Ministerial meeting to focus on general principles and not on specific

events for “we do not wish to see the movement split.” The NAM must focus on reestablishing respect for the vital principles of international conduct. This is still being discussed in Belgrade. It was with Sekou Toure and will be with the Iraqis and also Kaunda.

25. President Kolisevski also recalled that in his last letter to Brezhnev President Tito called for a withdrawal of Soviet forces from Afghanistan and appealed to him to let the Afghan people settle their own affairs according to their own wishes and traditions. Kolisevski said this also had been stated by the Yugoslavs publicly. This position is very much appreciated, Vice President Mondale said.

26. He then thanked President Kolisevski for the time he had taken during a day with such a heavy schedule. Their discussion was a most useful opportunity to review the U.S. commitment to a strong and friendly relationship, and to say again that the U.S. is prepared to assist, as and if the Yugoslavs find appropriate.

27. President Kolisevski asked Vice President Mondale to convey on behalf of all the peoples of Yugoslavia best wishes to President Carter “for his own success and for the well being of your country.”

Eagleburger

291. Memorandum From the President’s Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, June 6, 1980

SUBJECT

Presidential Determination to Permit IMET for Yugoslavia (U)

Ed Muskie recommends that you sign a determination permitting Yugoslav officers to study in the United States under the International Military Education and Training program (Tab A).² *OMB, Defense, and ACDA concur.* (U)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: 6/80–1/81. Confidential. Sent for action. A draft of this memorandum was forwarded to Brzezinski on June 6 by Kimmitt. Carter initialed the memorandum, indicating he saw it.

² Attached but not printed at Tab A is a May 30 memorandum from Muskie to Carter, with the recommendation that Carter approve the use of funds for two IMET positions for Yugoslavian officers.

I also recommend that you sign the determination. Over the past year, the Yugoslavs have shown a keen interest in enhancing military relations with the United States. The resumption of attendance of their officers at U.S. military schools is a significant step toward reestablishment of a mutually beneficial military relationship. In addition, as your briefing papers for the Belgrade visit later this month will show,³ the Yugoslavs are again seeking access to sophisticated U.S. weapons, including F-5 aircraft, and the resumption of military schooling will provide a good foundation for addressing this more difficult question. (C)

RECOMMENDATION:

That you sign the determination attached to the Muskie memorandum at Tab A.⁴ (U)

³ In a May 14 memorandum to Carter, Brzezinski recommended approval of a one-day stop in Yugoslavia and one-day stop in Spain following the NATO summit in Venice. Brzezinski suggested that a Presidential stopover in Belgrade would "underscore our strong and continued support for Yugoslavia's independence" as well as "offset some of the adverse media criticism for your failure to attend Tito's funeral." Carter approved the recommendation on May 20. (Carter Library, National Security Affairs, Staff Material, Europe, USSR, and East/West, Larrabee Subject File, Box 69, [Yugoslavia: President's Trip]: 5-6/80)

⁴ Carter signed Presidential Determination 80-20 on June 10. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia, 6/80-1/81)

292. Memorandum From the Executive Secretary of the Department of State (Tarnoff) to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, June 7, 1980

SUBJECT

Yugoslav Financial Situation

In response to your memo of June 2² asking for a report on what we are doing to be responsive to Yugoslav request for economic assistance, we convened a meeting of the Interagency Group for Europe on June 5 to review steps under consideration.³

Treasury will be responding separately concerning Secretary Muskie's [Miller's] efforts to arrange for discussions between Yugoslav National Bank and US bankers about a major new loan. At the IG meeting we stressed the importance of making it clear to the Yugoslavs before the President's trip that the Yugoslav bankers would be welcome here for discussions as soon as possible. The President will certainly be able to stress his personal interest in this matter and Secretary Miller's efforts to arrange for meetings. The Yugoslav request for an IMF standby of some \$400 million came before the IMF board on June 6 and was approved, with the active support of the US Executive Director. The President will be able to point to our consistent support for Yugoslavia in the IMF and the importance of close cooperation with the IMF in resolving Yugoslavia's balance of payments problem.

The Export-Import Bank representative at the IG meeting pointed out that the Bank would continue to provide projected financing for Yugoslavia in 1980 in amounts consistent with past years. The President will be able to point to Exim's active role in US-Yugoslav trade over the years and confirm that the Bank will continue to be active in Yugoslavia in the time ahead.

The Treasury representative reported to the IG that he expected Treasury approval of payment of monthly federal benefits to Yugoslav beneficiaries in dollars rather than dinars before the President's trip. The sum involved, some \$14 million, will not have a major impact on

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: 6/80–1/81.

² Not found.

³ The Department forwarded a summary of the meeting, chaired by Barry, in telegram 154463 to Belgrade, June 12. (National Archives, RG 59, Central Foreign Policy File, D800286–0983)

Yugoslav finances but the action would be an important indication of our readiness to be helpful.

State and AID are discussing the possibility of establishing Yugoslavia's eligibility to compete on US-Yugoslav tenders for local service contracts overseas. Again the impact would be small but it would be a welcome gesture to the Yugoslavs. On the question of financing military sales to Yugoslavia, State and Defense agreed that there was no possible solution outside the US Foreign Military Sales program which the Yugoslavs are reluctant to use because they believe it would tarnish their non-aligned image. During the forthcoming US-Yugoslav Joint Military Committee meeting the week before the President's arrival,⁴ Defense will be prepared to explain the FMS program in more detail and describe the nature of our programs with other nonaligned countries. If the question of financing of military sales comes up during the President's visit, it was agreed that the best solution would be to recommend that the Yugoslavs reconsider their position on FMS.

The Agriculture representative pointed out that the PL480 Title I program would not be available for Yugoslavia given policy and budgetary constraints.

There was considerable discussion of the possibility of assisting Yugoslavia in some way to increase its exports to the US, thus closing the sizeable trade gap. It was agreed that there was little prospect of greater Yugoslav use of the Generalized System of Preferences to provide concessionary access to the US market. However, we have included language in the draft joint statement to be issued during the President's trip pointing to the importance of expanded mutual trade.

Late news received today indicates that there is greater urgency than we had assumed to help the Yugoslavs with their financial situation, and to act before the President's visit. The Yugoslavs today announced a 30 percent devaluation and Yugoslav Ambassador Loncar told Ambassador Eagleburger in Belgrade that, as a result of a June 5 decision by the Yugoslav Government, they will ask us for an urgent swap arrangement.⁵ This may result from pessimistic reactions the Yugoslavs have received from US banks on their interest in new balance of payments borrowings and the "political strings" which certain Arab countries want to attach to loans they would grant Yugoslavia.

⁴ The U.S-Yugoslav Joint Military Commission meet in Belgrade June 17-18. The Embassy reported on the meeting in telegram 4906 from Belgrade, June 19. (National Archives, RG 59, Central Foreign Policy File, P870123-0429)

⁵ The Embassy reported Loncar's meeting with Eagleburger in telegram 4516 from Belgrade, June 6. (National Archives, RG 59, Central Foreign Policy File, P870123-0432)

In response to Ambassador Loncar's request, Treasury is attempting to arrange a meeting for him with Secretary Miller early next week.⁶ Treasury's initial reaction is that use of the Emergency Support Fund may be the best way to respond to the new Yugoslav request.

Peter Tarnoff⁷

⁶ In telegram 3956 from Belgrade, May 19, Eagleburger provided his analysis of the Yugoslav economic situation. Stressing that "the GOY is having trouble getting its act together," Eagleburger concluded that, unless the Yugoslav Government corrected the current trends, the economic situation "can get very much worse." (National Archives, RG 59, Central Foreign Policy File, D800248–0729) Secretary Miller met with Loncar on May 23 and Loncar asked him to "meet with five or six of the leading U.S. bankers" and persuade them to lend to Yugoslavia. (Telegram 136134 to Belgrade, May 24; National Archives, RG 59, Central Foreign Policy File, D800254–0226) On May 30, Miller told Loncar that, following his discussions with David Rockefeller, he believed that the best way to proceed was to have the Yugoslav Government seek a syndication loan organized by a leading U.S. bank, possibly Chase. Miller recommended that the Yugoslav Government be prepared to send representatives from the Yugoslav National Bank to New York to discuss such a loan with private lending institutions sometime in early June. (Telegram 141461 to Belgrade, May 30; National Archives, RG 59, Central Foreign Policy File, D800264–0731)

⁷ Seitz signed for Tarnoff above this typed signature.

293. Telegram From the Department of State to the Embassy in Yugoslavia¹

Washington, June 12, 1980, 0015Z

154447. Subject: Vice President's June 11 Meeting With Yugoslav Ambassador Loncar.

1. (C-entire text).
2. Begin summary: The Vice President met with Yugoslav Ambassador Loncar for half an hour on June 11. Loncar, who had just come from a meeting with Treasury Secretary Miller where the Yugoslav

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800286–0874. Confidential; Immediate; Exdis. Drafted by Barry; cleared by Clift and Larrabee; approved by Barry.

balance of payments problem was discussed (septel),² asked for the meeting in order to follow up on the Vice President's attendance at the Tito funeral.³ The Vice President stressed how impressed he was at the way the new leadership is handling Yugoslavia's problems and expressed concern about the Yugoslav financial situation and anti-Yugoslav terrorism. Loncar expressed pleasure with the unprecedented progress in US-Yugoslav relations and discussed the President's visit and dynamics of the Nonaligned Movement. The Vice President said he would like to meet periodically with Loncar to discuss Yugoslav developments. End summary.

3. The Vice President opened the discussion by saying how impressed he had been during the Tito funeral at the sense of confidence of the new leadership and the Yugoslav people. Paraphrasing Mark Twain, he said that press reports of the problems of post-Tito Yugoslavia were grossly exaggerated. Tito had used the years well in preparing for the transition to a new leadership. Post-Tito Yugoslavia certainly faces problems but the prospects for success in dealing with them are good. The Vice President noted that Loncar had just come from a meeting with Secretary Miller at which Yugoslavia's financial problems were discussed. This was a matter of concern to all of us and we hope we could be helpful. The Vice President referred to the bombing of Yugoslav DCM Sindjelic's house as an outrage and pointed to the difficulties we had in educating other countries about US law. US law enforcement authorities are making a major effort to find those responsible for this crime. The Vice President referred to the "full court press" the FBI had instituted at the time of the Tito funeral to prevent terrorist incidents.

4. Loncar expressed gratitude for being received by the Vice President and said that he was glad that he had been in Yugoslavia for the funeral—not only to pay condolences to Tito but also to see the country during a unique period in its history where self-confidence and complete unity were reflected. He said his meeting with Secretary Miller had been useful and that the GOY hoped that the USG and the Secretary of the Treasury would be able to help with Yugoslavia's

² The meeting on June 11 between Miller and Loncar was reported in telegram 155726 to Belgrade, June 12. In the meeting, Loncar informed Miller that the Yugoslav Government found Rockefeller's suggestion of a \$500 million syndicated loan as insufficient, and that the Yugoslav Government hoped to keep U.S. and Canadian loans separate from European loans. Miller told Loncar that, if the Yugoslav Government presented its case well and prepared the groundwork, it might be able to get more than Rockefeller suggested initially, if indeed its case was strong. (National Archives, RG 59, Central Foreign Policy File, D800288-0545)

³ Mondale was in Belgrade May 5–8. For the Embassy's report on his conversation with Yugoslav leaders, see Document 290.

financial problems. Loncar said that Miller had expressed gratification with Yugoslavia's stabilization program.

5. The Vice President pointed out that he had brought Secretary Miller along on his delegation to the funeral because of our desire to be helpful.

6. Loncar continued that through its efforts to help Yugoslavia over this financial problem the US had an opportunity to broaden ties with Yugoslavia in all fields—military, economic and political. On the terrorism issue he said that the most important fact was that progress was being made. He had told Attorney General Civiletti what he thought was good and what needed improvement in US efforts to control terrorism and he did not want to go over the same ground again but that the arrest of only a few more terrorists would do much to control the problem.

7. Turning to the President's visit, Loncar referred to the pioneering role which the Vice President had had in his 1977 visit to Yugoslavia which came after four bad years in US-Yugoslav relations. This is the perfect time for President Carter to come, capping the remarkable progress made in the last three years. Loncar referred to the great popularity which President Carter enjoys in Yugoslavia particularly after the statements he made concerning US policy toward Yugoslavia in February of this year and at the time of Tito's death. Loncar said that the visit was taking place at a time of tension in international affairs and that the Yugoslav leadership would be ready to discuss these problems forthrightly. The very solid US-Yugoslav relationship is one which has a wider impact which Yugoslavia can use. However, Loncar cautioned that it would be important not to sound confrontational notes about US-Soviet relations during the President's visit since this would create problems for Yugoslavia and diminish the importance of the visit. The Vice President assured Loncar of the President's understanding on this point.

8. Loncar continued with the description of the dynamics of the nonaligned movement leading up to the Havana Summit and beyond. Discussing Yugoslav and Cuban proposals for a NAM Ministerial, Loncar said there were two issues. One issue was the location of the conference and here Yugoslavia and others had been insisting that the conference must be in Sri Lanka, Tanzania or Indonesia or there would be no conference. More important than the form was the substance and here Yugoslavia was very active to insure the proper focus. The Vice President assured Loncar of our appreciation of the constructive role which Yugoslavia played in the nonaligned movement.

9. In closing the Vice President told Loncar he would welcome the opportunity to continue this kind of exchange in the future.

Muskie

294. Memorandum From the President's Assistant for National Security Affairs (Brzezinski) to President Carter¹

Washington, undated

SUBJECT

European Trip: Belgrade (U)

With Tito's death, Yugoslavia is entering the most critical period of its postwar history. For three decades Tito's name was synonymous with Yugoslavia. He was the architect of Yugoslavia's unique domestic system with its emphasis on self-management and the driving force behind its independent foreign policy. And in times of crisis he was the ultimate guarantor of the country's unity. (C)

His passing leaves a political and psychological void which will be hard to fill. While we are relatively confident of the ability of the new leadership to handle the problems posed by the transition—at least in the short run—many of the centrifugal forces that have plagued Yugoslavia in the past are likely to reemerge and in the long run they could pose serious threats to the country's political stability and non-aligned position. Moreover, the transition comes at a time of heightened international tension, prompted in particular by the Soviet invasion of Afghanistan, which the Yugoslavs see as an indication of the Soviets increased willingness to use force to solve international problems. Thus beneath the tranquil facade projected over the last six weeks the new Yugoslav leadership is uneasy and they will be looking for indications of our continued willingness to provide support in this difficult period ahead. (C)

Against this background, your trip to Yugoslavia takes on particular significance. It will be the first visit to Yugoslavia by a head of state, and I recommend you use it to achieve a number of basic objectives:

—To underscore our support for the new Yugoslav leadership and our confidence in their ability to handle the transition.

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 12, Europe: 1980. Secret. Sent for information. Printed from an uninitialed copy. On June 6, Rentschler sent the memorandum to Brzezinski along with memoranda for Carter preparing for the stops in Rome, the Vatican, Madrid, and Lisbon. (Ibid.) On June 12, Larrabee sent a memorandum to Brzezinski recommending that he sign the overview memorandum to Carter for inclusion in the briefing book, which he did on June 13. (Ibid.) Eagleburger provided his own background memorandum to the President on June 23. (National Archives, RG 59, Office of the Secretariat Staff, Lawrence S. Eagleburger Under Secretary of State for Political Affairs, Ambassador to Yugoslavia, Under Secretary of State for Management (1967–1984), Lot 84D204, Box 10, Chron, June, 1980)

- To reaffirm the continuity of U.S. policy toward Yugoslavia.
- To establish a personal relationship with some of the key leaders who will guide Yugoslavia's destiny in the coming years.
- To make clear to the Yugoslav leadership, directly and personally, the basic outlines of your policy on key international issues, particularly arms control and relations with the Soviets. (C)

The memorandum from Ed Muskie at Tab A² effectively sets out the background, setting and issues for your meeting with the new Yugoslav leadership. (C)

Your host for your opening substantive discussions on the morning of June 24 will be Cvijetin *Mijatovic*, who was elected President of the State Presidency on May 15. Mijatovic, however, will be your counterpart in name only. Under the system of rotating collective leadership set up by Tito, power is dispersed among a number of institutions and personalities in order to assure ethnic balance and representation. Mijatovic will be replaced in less than a year—as will Stefan Doronski the current Chairman of the Presidium (Politburo)—and he lacks the prestige and authority to provide the type of strong leadership which Tito provided. (C)

The real focal point of power is an “inner leadership” composed of Dr. Vladimir *Bakaric*, head of the Croatian party and one of Tito's oldest and closest associates; Milos *Minic*, the former Foreign Minister (whom you met during Tito's visit to the United States in March 1978); Nikola *Ljubicic*, the Defense Minister; and Stane *Dolanc*, the former Secretary of the Presidium. These men formed the real locus of decision-making during Tito's illness, and it is they more than Mijatovic or Doronski who will determine Yugoslavia's destiny in the initial transition period. For this reason they have been brought into the substantive discussions, and your remarks should be addressed as much, if not more, to them as to Mijatovic and Doronski.³ (C)

Bilateral Issues

I suggest you begin any discussion of bilateral relations by noting the progress we have made since Tito's visit and reiterating your high

² In an undated copy of Muskie's memorandum to Carter, the Department noted that the Yugoslav leadership was likely to “urge that more be done to help them with their most serious problem at this time—the need for Western financing to cover their balance of payments and defense needs.” (Carter Library, National Security Affairs, Staff Material, Office, Presidential Advisory Board, Box 76, Trip: Box 27)

³ In telegram 4585 from Belgrade, June 10, Eagleburger recommended that the administration consider an additional substantive meeting with Yugoslav Presidency members as well as trying to “pre-cook” the meeting with Mijatovic. (National Archives, RG 59, Central Foreign Policy File, D800283–0739) Larrabee reported Eagleburger's suggestion in a June 12 memorandum to Brzezinski. Brzezinski disapproved the recommendation. (Carter Library, National Security Affairs, Brzezinski Material, Brzezinski Office File, Country Chron File, Box 12, Europe: 1980)

esteem for Tito as a world leader. You might mention in this connection your extended correspondence with Tito, to which the Yugoslavs attach great importance.

While there are no major bilateral problems between Yugoslavia and the United States, the Yugoslavs are likely to focus on two issues in particular:

—*Terrorism*: In the wake of Tito's death the Yugoslavs are understandably nervous about an upsurge of terrorism by emigre groups operating in the U.S. and Western Europe. Their concern has been heightened, moreover, by the bombing of the house of the Yugoslav Charge here in Washington, Vladimir Sindjelic, on June 3. Over the past three years—and particularly recently—we have taken firm efforts to curb terrorist acts by emigre groups in the U.S., but the Yugoslavs will undoubtedly press you to do more. In response to their pleas, I suggest you reaffirm the pledge not to tolerate terrorist acts against Yugoslav personnel and facilities, which you made in your public statement issued on the occasion of Tito's death. You can also point to the Administration's good record regarding the arrest and prosecution of emigre terrorists (some 17 arrests and/or prosecutions) as proof of your determination to pursue a toughminded policy against emigre terrorists. (C)

—*Economic Assistance*: The health of the Yugoslav economy will be a key factor—perhaps *the* key factor—in determining how successfully the new leadership will be able to manage the challenges it will face in the difficult transition period ahead. At present the economy is beset by major problems, which if not arrested, could seriously undermine political cohesion and stability. Inflation is over 20 percent and the Yugoslav foreign debt is nearly \$13 billion. While a stabilization program has been introduced, the Yugoslavs will have to obtain large-scale economic assistance to avoid a further downturn in their economy. (C)

Economic assistance therefore is likely to be high on the list of topics that the Yugoslav leaders will want to discuss with you. They have already approached Bill Miller about U.S. Government assistance in obtaining a large loan from U.S. banks, and they will consider our willingness to be helpful as an important test of the sincerity of our past pledges of support. I recommend that you convey a generally sympathetic attitude to the Yugoslavs without giving the impression that the United States Government can provide large-scale credits. You might mention that you have already personally discussed the Yugoslav financial situation with Bill Miller. He, in turn, has talked to U.S. commercial bankers, particularly David Rockefeller, about putting together a syndicate for a loan.⁴ (C)

⁴ Eagleburger also detailed the offer made by Rockefeller to the Yugoslav Government in a June 23 memorandum to Carter. (National Archives, RG 59, Office of the Secretariat Staff, Lawrence S. Eagleburger Under Secretary of State for Political Affairs, Ambassador to Yugoslavia, Under Secretary of State for Management (1967–1984), Lot 84D204, Box 10, Chron June, 1980)

In addition, you might make the following points as an indication of our desire to be helpful:

1. The U.S. Executive Director of the IMF supported Yugoslavia's request to the IMF (on June 6) for second and third tranche drawings totalling \$440 million over an 18-month period.
2. The U.S. Department of Agriculture made CCC credits available for Yugoslav imports of wheat in 1980 and is prepared to extend the terms of repayment from the present one year to three years if Yugoslavia wishes. Further, USDA is prepared to provide additional CCC credit guarantees in 1981.
3. The U.S. Social Security Administration will change its payments to annuitants residing in Yugoslavia from dinars to dollars. (C)

International Issues

—*U.S.-Soviet Relations/Afghanistan*: The Yugoslavs are deeply concerned by the deterioration in the international situation, particularly the downturn in U.S.-Soviet relations and the Soviet invasion of Afghanistan, which has direct implications for their own security. At the same time they worry about the capacity of the U.S. to provide coherent and effective leadership in the troubling times ahead. In your discussion of international topics, therefore, I suggest you devote considerable time to stressing the strategic threat posed by Soviet actions in Afghanistan and your determination to make the Soviets pay a high price for their aggression. You may also wish to encourage the leadership to use their influence in the Non-aligned Movement to obtain a public condemnation of the invasion. (S)

—*Arms Control and Detente*: The Yugoslavs maintain a strong interest in arms control and a relaxation of international tensions, which they see as enhancing their own security. At the same time, they are concerned that increased tensions among the superpowers will lead to greater Soviet pressure on Yugoslavia. It will be useful therefore to stress your continued commitment to detente—but a detente based on *reciprocity* and *mutual restraint*—and to make clear that despite the setback in U.S.-Soviet relations, the U.S. intends to continue to pursue those elements of detente which it considers to be in its own interest, such as SALT, MBFR, CSCE and TNF arms control negotiations. (S)

While it is unlikely that we can convince the Yugoslavs to publicly support our TNF decision, it is important that they understand the rationale behind it and how it bears on their own security. I suggest you make the following points in particular:

—Our December decision was a response to a significant imbalance of nuclear forces accentuated recently by the Soviet TNF build-up.

—Our objective is the restoration of a stable balance of long range theater nuclear forces not an acceleration of the arms race.

—We are committed to TNF arms control negotiations and are ready to start talking now. But to date the Soviets have adamantly refused to negotiate unless the Alliance renounces its December decision. We can not do this because it would legitimate and perpetuate Soviet superiority.

—The continued imbalance of long range theater nuclear forces would have a negative impact not only on the security of the Alliance but on Yugoslavia's security as well. (S)

—*Non-Aligned and Third World*: The Yugoslavs are particularly proud of their role in the Non-aligned Movement (NAM) which Tito helped to found. While Belgrade's influence is likely to diminish somewhat in the wake of Tito's death, the Yugoslavs can still be quite useful in countering Soviet and Cuban influence in the NAM. Thus I recommend you stress the positive role the NAM could play in world affairs if it is viewed as credible and neutral, and if Yugoslavia continues to play an important role in it. Cuba will continue to try to aim the NAM at the U.S. and at our bilateral problems. You may want to offer a full briefing on U.S.-Cuban relations so that they could be better prepared to respond to Castro's charges. (S)

—*Iran/Iraq*: You may also wish to use any discussion with the Yugoslav leadership on the NAM to explore ways in which the Yugoslavs can use their influence with Iran to obtain the release of the hostages, and once they are released, to facilitate a normalization of U.S.-Iranian relations. Similarly, the Yugoslavs have good relations with Iraq, and it would be useful to get them to use their good offices to help us improve our relations with Baghdad. (C)

295. Memorandum of Conversation¹

Belgrade, June 24, 1980, 10:45 a.m.–12:45 p.m.

PARTICIPANTS

U.S.
The President
Dr. Zbigniew Brzezinski
Under Secretary David Newsom
Under Secretary Richard Cooper

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 38, Memcons: President: 6/80. Secret. The meeting took place in the Palace of the Federation.

Ambassador Lawrence Eagleburger
Steve Larrabee, NSC Staff Member
Victor Jackovich (Interpreter)

Yugoslav
President Cvijetin Mijatovic
Lazar Kolisevski
Veselin Djuranovic
Josip Vrhovec
Sinan Hasani
Ambassador Budimir Loncar
Mirko Zaric

President Mijatovic opened the meeting by welcoming President Carter to Yugoslavia. He thanked him for his message and expressed his appreciation for the high-level delegation which the United States had sent to President Tito's funeral. The Yugoslav leadership, he said, particularly appreciated the condolences that had been expressed through the President's mother. The Presidency of Yugoslavia was also grateful for the messages of support for the non-aligned movement transmitted by the Vice President at the funeral. (C)

President Mijatovic reiterated Yugoslavia's constant commitment to non-alignment and stressed that support for this position in the world was very strong. President Carter's visit, he said, came at the right time and underscored the deepening of U.S.-Yugoslav bilateral relations. He then suggested that President Carter begin the substantive portion of the conversation, noting that he was eager to hear the President's assessment of international trends, particularly in areas of the world where these trends could be improved. He also looked forward to hearing the President's assessment of his discussions in Venice² and of U.S.-Soviet relations and U.S.-Chinese relations. In return, the Yugoslavs would inform the President of issues that concerned them, particularly detente as well as the situation in the Middle East, Iran and Afghanistan. The Yugoslav leaders also looked forward to discussing the situation in the non-aligned movement, especially their own perspective on the situation. Lastly, they looked forward to a discussion of bilateral relations, which President Mijatovic noted were "good." (C)

President Carter began by noting that he had come in the spirit of peace, friendship and support for the independence and integrity of Yugoslavia. The welcome at the airport, the outpouring of enthusiasm along the way to the Palace and the beauty of the Palace itself were impressive. But even more impressive had been the tomb of President Tito. This was perhaps the most appropriate memorial to a great leader

² President Carter traveled to Venice to take part in the G-7 Economic Summit June 21–24.

he had ever seen—simple, tasteful and solemn, but not depressing. It well reflected President Tito's life. (C)

In this connection, *President Carter* remarked that he was pleased to accept the invitation to come to Yugoslavia even after Tito's death and was gratified by the warm welcome he had received. President Tito's own life had exemplified his commitment to freedom and independence, values which were deeply imbedded in the hearts of all the peoples of Yugoslavia. (C)

Turning to his discussions at Venice, *President Carter* noted that the discussions had reflected a common commitment on the part of the countries represented at the meeting that they stood united in support of the independence, unity and territorial integrity of Yugoslavia. He wanted the Yugoslav leadership to know that the United States was Yugoslavia's friend and that we stood ready to help in any way that the leadership might require. In this connection, he underscored the importance of the non-aligned status of Yugoslavia, noting that Yugoslavia had maintained a position of genuine non-alignment despite efforts by Cuba and others to distort the charter of the NAM. The United States considered the actions of President Tito at Havana to be a triumph for the NAM. (C)

Turning again to the discussions at Venice, *President Carter* said that one of the most important topics discussed had been the economic problems created by the dramatic increase in the price of oil. All nations needed to face the challenge presented by this increase in the spirit of cooperation and mutual assistance. Unemployment and inflation had been created by the rapid increase in the price of oil. The United States was eager to help Yugoslavia alleviate these problems by pursuing credit through its private banks. Secretary Miller and Under Secretary Cooper were assisting in this effort. (C)

The President noted in this connection that he was aware that David Rockefeller had recently been in Yugoslavia as a representative of the private banks. While the banks were independent of government control, the Administration was eager to work with Yugoslavia on economic matters, both now and in the future. He noted that the developed countries presently had a net deficit of \$70 billion per year; the less developed countries had a net deficit of \$50 billion per year. OPEC, on the other hand, had a surplus of \$120 billion. This created problems both for the United States and for Yugoslavia, and underscored the importance of close consultations. (C)

Turning to the question of the non-aligned movement, *the President* emphasized the need for strengthening the movement, particularly in the wake of the invasion of Afghanistan. This had been discussed at Venice. The common position of the countries represented there was that the Soviet troops had to be totally withdrawn from Afghanistan.

With this withdrawal, the United States would be willing to cooperate with other countries to help insure the establishment of a non-aligned Afghanistan and a government which corresponded to the will of the Afghan people. (C)

Soviet actions in Afghanistan, *the President* stressed, posed a serious challenge to detente. The U.S. response had been peaceful and designed to resolve the problems in Afghanistan without further bloodshed. The countries that were represented at Venice were united in demanding that Soviet troops had to be withdrawn from Afghanistan. This was the message that Secretary Muskie had delivered to Foreign Minister Gromyko,³ which Giscard had delivered to President Brezhnev, and which Chancellor Schmidt would take to Moscow in the next few days. They considered the Soviet action to be of great strategic importance and a great concern to all of them. The United States was also deeply concerned about the tone of terrorism, exemplified most vividly by the capture of 53 United States diplomats, an act supported by the Iranian Government. The United States was equally concerned about the terrorist acts against Yugoslav personnel and facilities in the United States. The President stressed that the Administration was determined to bring the perpetrators of these terrorist acts to trial and would do everything possible to prevent such acts in the future. (C)

Turning again to the international situation, *President Carter* stressed his commitment to see detente improved and to continue to seek better relations with the Soviet Union. He also emphasized his commitment to the reduction and control of nuclear weapons. The same spirit governed U.S. attitudes toward Iran. Once the hostages had been released, the United States would appreciate Yugoslav assistance in normalizing relations with Iran. The United States had no quarrel with the Iranian people but only with the terrorists who were illegally holding 53 U.S. diplomats. (C)

In closing, *President Carter* asked for President Mijatovic's comments on the matters he had raised and expressed his willingness to answer any questions he might have. (U)

President Mijatovic began by noting that the Yugoslav leadership was deeply interested in President Carter's views and grateful for his presentation. He stated that he wanted to discuss international problems from the Yugoslav point of view. Yugoslavia, he emphasized, was deeply concerned about the deterioration of the international situation which had occurred recently in all areas except Zimbabwe. Particularly worrisome was the deterioration of relations between the U.S. and the

³ Muskie met Gromyko in Vienna May 15–16 on the occasion of the Anniversary of the Austrian State Treaty.

Soviet Union and between the Soviet Union and China. In the Yugoslav view, it was impossible to improve detente without an improvement in these relationships. Tito had expressed this view and the new Yugoslav leadership had reiterated it both to Brezhnev and to Hua Guofeng. The leadership had the impression that both leaders shared their concern but it was quite apparent that they had different views on how the matters could be resolved. In the Yugoslav view, dialogue between the major powers was important, if only to stop the current deterioration of relations. (C)

Turning to the situation in the non-aligned movement, *President Mijatovic* said that although the situation today was not entirely comparable with the situation in 1961 when the NAM extended its appeal to the big powers to hold discussions, there were many similarities. Today there was a similar danger of great power confrontation. The situation required frankness. The Yugoslavs had the feeling that they could talk to the United States frankly and openly, which was not the case with some of their other partners. In their view, it was important to stand aside from any attempt to involve other countries in great power conflicts, and they wished to abstain from any act that would complicate problems. On the contrary, they believed they should try to improve the situation. Patience was needed in order to preserve the spirit of dialogue. This was the essence of Tito's policy. Tito and all of the new Yugoslav leadership recognized the changes introduced in international politics in recent years by President Carter's Administration and regarded them positively. They expected the United States to persist in this line, and their conviction had been reinforced by the President's arrival statement and by what he had said in this meeting. They very much appreciated his views. (C)

Turning to the question of blocs, *President Mijatovic* said that Yugoslavia's position was well known but Yugoslavia was not *a priori* against blocs. It evaluated the situation from the standpoint of non-alignment—i.e. to what extent the policy of a particular country contributed to peace in the world. Yugoslavia did not build its relations at the expense of other countries nor on their closeness of views. They insisted on observance of this point. Yugoslavia did not and would not give up that principle. The Yugoslav leadership, he stressed, very much appreciated the fact that the United States accepted Yugoslavia as it was and because it was as it was. (C)

Returning to the question of blocs, President Mijatovic posed a few questions. What were President Carter's expectations regarding future U.S.-Soviet relations, SALT II and SALT III? He also wanted to know President Carter's view about the triangular relationship between the United States, the Soviet Union and China and the Soviet contention that China was a dangerous superpower. (C)

President Carter replied that he had listened with interest to President Mijatovic's presentation about the prospects for peace, which he had characterized as disappointing. He had thought that the U.S. and Soviet Union had been making good progress leading up to the meeting with President Brezhnev in Vienna last year. He had believed, and continued to believe, that SALT II was in the interest of the people of the world. The American people had accepted the agreement with approval and gratitude, and the Administration had been making good progress toward the treaty's ratification. The Senate Foreign Relations Committee had approved the treaty without any amendments that posed major problems. The Administration had cleared the Senate calendar for the first part of the year so that it could devote top priority to the ratification of the SALT agreement. The unexpected Soviet invasion of Afghanistan, however, had greatly upset the American people and dealt a severe blow to trust in the Soviet Union. With the invasion of Afghanistan, it had been impossible to ratify the treaty. He wanted to stress, however, that the United States was continuing to observe the terms of the treaty and would continue to do so as long as the Soviets did. (C)

Even without prior Soviet withdrawal from Afghanistan, the United States was willing to discuss TNF with the Soviet Union, including SS-20's and was willing to discuss also issues such as SALT III. Chancellor Schmidt would repeat the same message to the Soviets next week when he went to Moscow. But the Soviets so far had been unwilling to discuss TNF or SALT III. (C)

Continuing, *President Carter* emphasized that the United States recognized the clear danger to detente presented by any worsening of U.S.-Soviet relations. He was determined that this would not happen. But this did not mean we would accept the invasion as an accomplished fact. We would do all we could to obtain the withdrawal of Soviet troops. (C)

Turning to China, *the President* noted that more than a year ago the United States had normalized its relations with China. Since then, relations had deepened; indeed they were better than the United States anticipated they would be at this time. The President stressed that we did not intend to use our relationship against the USSR and that we would not sell weapons to the PRC. The United States had a long-standing commitment to stability in Southeast Asia, and believed that its new relationship with China would be a stabilizing factor in the area. (C)

Responding to President Mijatovic's question about the buildup of China as a superpower, *President Carter* stated that the United States did not see this as happening in the near future. China had no weapons that could threaten Japan. As far as the United States could determine,

its land forces were aimed at the Soviet Union. China had made an incursion into Vietnam, an action which the United States had opposed and condemned. The United States shared the concern of many of the nations regarding Vietnam's occupation of Kampuchea. From Ankara,⁴ Secretary Muskie would go on to Kuala Lumpur to meet with the ASEAN leaders to discuss the prospects for stability in Asia.⁵ This was in line with the basic desire of the United States to see stability in Asia and other areas strengthened. (C)

Turning to the Arab-Israeli dispute, *the President* said that the Palestinian question and the question of Jerusalem had not yet been resolved, and he could not predict when success would come. However, the United States saw no alternative to the Camp David process which would be acceptable to both parties involved. The United States would continue to assist Egypt and Israel as long as they believed progress could be achieved. If, however, this proved unfeasible, the United States would be willing to join with other countries to look at other alternatives. (C)

President Mijatovic thanked President Carter for his presentation. He said that he could fairly say that the Yugoslav leadership was satisfied with the viewpoints that President Carter had outlined and with his constructive efforts in the international area. Stating that he wished to elaborate on some of the points which President Carter had mentioned, he noted that the schedule would have to be expedited somewhat in order to leave time for a discussion of bilateral relations. (C)

Turning first to the Middle East, he said that according to their information, neither the efforts of the United States nor the efforts of others had succeeded in solving the main problem of the Arab-Israeli dispute: the Palestinian problem. President Tito had reiterated that Yugoslavia supports any action which leads to progress toward resolving the Middle East crisis. Yugoslavia feared that the present stagnation reduced any prospect for resolving the crisis. (C)

President Carter interjected that the United States would appreciate any assistance which Yugoslavia could give in resolving the present problems in the Middle East. (C)

President Mijatovic replied that in May 1948 in the United Nations Yugoslavia had proposed the formation of a Palestinian state. If this had been done, it was conceivable that there would be no Palestinian problem today. Yugoslavia did not say that it was almighty or that the NAM could solve everything. However, there was utility in working jointly to try to resolve the problem and to look for solutions that

⁴ Muskie traveled to Ankara for the NATO Ministerial meeting June 25–26.

⁵ June 27–29.

would bring the parties more closely together. Yugoslavia feared that if the present stagnation persisted the policy of the Rejectionist Front⁶ would take a negative direction and find support on the other side. This could lead to a very serious problem in a part of the world that was very vulnerable. In Yugoslavia's opinion, it would be worthwhile if the United States showed patience in order to build up confidence and trust within the Rejectionist Front. He suggested that the U.S. should listen to the suggestions of the Rejectionist Front, at least as a sort of gesture. At some point, this might pay off. (C)

President Carter replied that there were two key points to any resolution to the Arab-Israeli conflict:

- Commitment to Israel's security and
- Resolution of Palestinian rights.

He noted that it would be helpful if the PLO would change its avowed position on the destruction of Israel and accept UN Resolution 242. Their failure to do this was an important obstacle to any settlement. He again stressed that the United States would welcome and appreciate any help Yugoslavia could give to help it improve relations with countries of the Rejectionist Front, especially Iraq. In this connection, he mentioned Dr. Brzezinski's visit to Algeria which had been aimed at improving relations with that country.⁷ In conclusion, he noted that U.S. and Yugoslav views coincided but that the PLO had to accept UN Resolution 242. (C)

Foreign Minister Vrhovec interjected that Yugoslavia had already discussed these matters with Iraq. In principle, Iraq was ready to normalize relations but they posed some restrictions. He also noted that President Qadhafi had recently contacted Yugoslavia and expressed his interest in meeting with President Carter to resolve U.S.-Libyan problems and had signaled his desire for a normalization of U.S.-Libyan relations. (C)

President Mijatovic then turned to the question of Iran. He noted that Yugoslavia didn't agree with the holding of the hostages. The leadership was aware that this was a sensitive problem for the American people and others, and they had made this clear to Iran. He stressed, however, that actions which made Iran nervous could have the opposite effect. The forces in Iran were not united and any action which increased

⁶ Front of the Palestinian Forces Rejecting Solutions of Surrender. The group formed in 1974 and rejected the Palestinian Liberation Organization "Ten Point" Program adopted that year, which called for the establishment of a Palestinian state over any piece of Palestinian territory under PLO control.

⁷ Brzezinski traveled to Algeria October 31–November 3 on the occasion of the 25th Anniversary of the Algerian Revolution.

their nervousness could push Iran in the wrong direction and compel it to lean more heavily on the other side. (C)

President Mijatovic then stated he wished to say a few words about Afghanistan. There was no need to repeat Yugoslavia's basic position on Afghanistan, which was well known. Yugoslavia understood the views and approach of the United States but felt both countries should move in the same direction—toward a withdrawal of Soviet forces from Afghanistan. Yugoslavia, he stressed, could never accept occupation of Afghanistan. There was no way this could be justified on any grounds. Yugoslavia had a very firm and principled view on this. (C)

The reestablishment of a genuine non-aligned and independent Afghanistan was an essential element of Yugoslavia's approach. This included, however, withdrawal of Soviet troops. In recent months, Yugoslavia had held consultations with the NAM on this question. It felt that the NAM should consider this as well as other crises of instability in the world. The meeting in New Delhi in January would have to condemn all invasions, including Afghanistan. The Soviets knew this, and this is why they were worried. (C)

President Carter interjected to ask Yugoslavia's view on the Muslim delegation and if they had any relations with the freedom fighters in Afghanistan, who were struggling for self-determination. (C)

Turning to the second part of the President's question first, *Foreign Minister Vrhovec* stated that Yugoslavia did not have contacts with the freedom fighters. Their knowledge was based on reports they received through their Ambassador in Kabul. Based on these reports, their impression was that the Soviets were having, and were likely to have for some time to come, a difficult time in Afghanistan. (S)

Concerning the Committee of Three formed at the last Islamic Conference, there was some concern about the size of the Committee and whether or not the Committee should be broadened. It was important that Algeria gave complete support to the second meeting. In this regard, Foreign Minister Vrhovec noted that Yugoslavia had contact with all the Ministers, including Ghotbzadeh, Foreign Minister of Iran. The Yugoslavs believed that the orientation and approach of Pakistan was sounder than Iran's, and Yugoslavia had suggested that the Pakistanis should persist in their political initiatives. The Yugoslavs believed that their constructive political action contributed to pressure for the withdrawal of Soviet troops from Afghanistan. (S)

Turning to Iran, *Mr. Kolisevski* noted that Foreign Minister Vrhovec had been in contact with Ghotbzadeh and that he himself had also talked with Bani-Sadr in Algiers at the time that Dr. Brzezinski had been there. He had gotten the impression at that time that the Iranians wanted to solve the hostage issue but there was a problem of their internal situation. The U.S. had been informed about Foreign Minister

Vrhovec's discussions with Ghotbzadeh through its Ambassador. The Yugoslavs had told Iran that they could not support the holding of the hostages. (C)

President Mijatovic said he would like to make a point about disarmament. It was important to do something to halt the futile situation regarding disarmament, and he felt it would be worthwhile to take an initiative at Madrid. He also felt that a well prepared conference on disarmament in Europe would be useful. He praised President Carter's readiness to observe the SALT II treaty, which he claimed would be an important contribution to arms control. (C)

He then turned to a discussion of international economic relations and expressed Yugoslavia's disappointment at the current state of North-South negotiations. In Yugoslavia's view, this was one of the reasons for the current economic situation. If this continued, conflicts were bound to increase. Yugoslavia advocated the greatest possible flexibility on the part of the developed and the developing countries, even though there was a lack of equality. The Yugoslavs believed that a more flexible attitude on the part of the United States would be of immense importance. They recognized that it would not be possible to make a radical change, but some new initiative was needed to demonstrate forward progress and that the process was not totally dead. In Yugoslavia's view, U.S. prestige would be enhanced in the NAM and the world at large by such an initiative. Such an initiative would also have a positive influence on Eastern Europe. The Soviet Union, he stressed, had an unreasonable attitude toward relations between the developing and the developed world. (C)

President Carter replied that North-South relations had been a matter of considerable discussion in Venice. The heads of state represented there had directed their Ministers to develop better ways and means to aid the developing countries. The United States itself had undertaken a number of measures in this regard, including reducing trade barriers to imports from the developing world. The Soviet Union, however, had done very little, except helping Cuba. Similarly, the OPEC countries had done very little except with other Arab countries. The President stressed his strong commitment to improve relations between the developed and the developing world. In addition to what the countries represented in Venice were already doing, they would make an intense analysis of the situation in the coming months. (C)

President Carter then suggested that the discussions could be continued at the State dinner that evening and at the breakfast the next morning, joking that he did not want his first action in Yugoslavia to make all of the Yugoslav leadership late for lunch. (U)

President Mijatovic agreed, saying that they could reserve bilateral relations for breakfast. (U)

As the meeting was about to break up, *Mr. Kolisevski* asked if it would be possible to get satellite shots of mineral and water resources in Yugoslavia, especially since the United States had given such photographs to Bulgaria. (U)

President Carter agreed, noting that he had given a book of photographs to President Tito during his visit in March 1978 and told him that if he needed more, the United States could supply them. The President said it would be easy for us to supply such photographs, and we would be glad to do it. (U)

296. Memorandum of Conversation¹

Belgrade, June 25, 1980, 7:15–8:30 a.m.

SUBJECT

Breakfast Meeting

PARTICIPANTS

U.S.

The President

Dr. Zbigniew Brzezinski

Under Secretary David Newsom

Under Secretary Richard Cooper

Ambassador Lawrence Eagleburger

Steve Larrabee, NSC Staff Member

Victor Jackovich (Interpreter)

Yugoslavia

President Cvijetin Mijatovic

Lazar Kolisevski

Dragoslav Markovic

Veselin Djuranovic

Josip Vrhovec

Ambassador Budimir Loncar

Steven Doronski

Milos Minic

Mr. Djuranovic opened the meeting by asking the President if he had had a good rest. (U)

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Subject File, Box 38, Memcons: President: 6/80. Secret. The meeting took place in Dedinje Palace.

The President replied yes. He said he hated to see his visit come to an end. It would be nice to stay another week, but he had to get back to work in Washington. (U)

The President then invited President Mijatovic to make a few remarks. (U)

President Mijatovic, in turn, suggested that Mr. Djuranovic discuss the economic situation. (U)

Mr. Djuranovic began by noting that Yugoslavia had had a very dynamic economic development, with an average growth of over six percent. This had been followed by serious economic problems, however. The domestic economy had become overheated and Yugoslavia's trade deficit had increased, as had its foreign debt. The increase in oil prices had reinforced these difficulties. Yugoslavia would have to pay \$2.0 billion more this year than last year. All this had caused real economic problems. The Yugoslavs had introduced a program of economic stabilization. This was intended to bring down the growth rate, which would be two percent lower this year. (C)

They had also introduced measures to reduce economic investment and consumption. The Yugoslavs intended to undertake further measures toward stabilization such as the devaluation of the dinar. The main task was to reduce the deficit to \$2 billion; however, it was necessary to have help from abroad to carry out this stabilization program. That is why the Yugoslav government had been talking to Secretary Miller and Mr. Rockefeller. The Yugoslavs had long experience with Rockefeller, going back some 35 years and they wanted to continue this favorable cooperation. (C)

Turning to the question of Mr. Rockefeller's recent visit, *Mr. Djuranovic* said that there had been two problems. Mr. Rockefeller had wanted a consortium of world banks. However, this would make a Yugoslav program of stabilization more difficult. The Yugoslavs wanted credits exclusively from US banks. They recognized the relationship of the United States government to the private banks, but felt that the government could still exert a certain favorable influence on the banks. They had also discussed a second credit of \$500 million next year. This would help to continue the program of stabilization. In July they looked forward to a meeting with Secretary Miller in Washington. (C)

The President then invited Under Secretary Cooper to make comments on the economic situation. (U)

Mr. Cooper said that he appreciated the problems associated with the Yugoslavian economy. However, he pointed out that the Yugoslavs had made considerable economic progress as well. He had discussed with Minister Kostic his upcoming visit to Washington. Thus much of this had already been discussed. (C)

The President said that when he returned to Washington he would meet with Secretary Miller and ask him to pursue the question of credits with Rockefeller and other bankers. He understood that one of the problems had been a lack of dealing with the Central Bank, and that Mr. Rockefeller would be sending one of his bankers to Belgrade very soon. *The President* offered to do anything he could within the bounds of US laws and customs to give the Yugoslavs assistance in this matter. He asked if it would be helpful if he talked to Chancellor Schmidt privately, and other European banks, or whether the Yugoslavs would prefer to handle this themselves. (C)

Mr. Djuranovic replied that Yugoslavs had already talked to the Federal Republic, particularly to its finance minister. He himself would be visiting the FRG soon and would appreciate US help in this matter. (C)

The President then asked whether the Yugoslavs had any contact with British and French banks. He offered to suggest to them that they participate in any consortium if the Yugoslavs felt this would be appropriate. He stressed this would be done on a confidential basis. In this connection he stated that the United States regarded Yugoslavia as a sound investment for the banks. Despite current difficulties the US believed that Yugoslavia's economic system was basically sound, and that the banks would respond favorably. (C)

Mr. Djuranovic said that he would like to say some things frankly and openly. He had the feeling that the banks needed more time in order to gain confidence in Yugoslavia. The President's visit had been helpful in this regard. The Yugoslavs intended to continue with their stabilization program, but the banks still had some reservations. He noted, in this regard, that the Yugoslavs had already had contacts with the French and British bankers and the response had been favorable. (C)

The President said it would be helpful to have Rockefeller's financial expert come to Belgrade and see the strength of the Yugoslav economy. This would help to influence a positive response. (C)

Mr. Cooper added that all countries had problems with the increase of the price of oil. He stressed that these countries had to break the link between economic growth and dependence on oil. This was particularly true for small and medium countries. (C)

The President noted that at Venice the countries represented had discussed the reduction of the import of oil through conservation measures. The U.S., for instance, had reduced the import of oil in the first six months by thirteen and a half percent and it would increase its effort to save energy in every possible way. He offered to share any U.S. experience and scientific developments to conserve energy. Some countries, he noted, import as much oil as their exports. These countries were in much worse condition than the U.S. or Yugoslavia. The problem

was a world-wide problem, except for the OPEC countries, and it was getting worse. Summing up, he noted that the exchange had been helpful in enabling the United States to understand Yugoslavia's economic problems and he promised to do everything he could to help out. (C)

President Mijatovic said he would like to use the opportunity on behalf of the presidency and for himself to express his appreciation for President Carter's understanding of Yugoslav policies, both bilateral and international, and to thank him for his assistance on the Krsko nuclear plant. (C)

The President said he understood the plant would be in business by next year. [(U)?]

Ambassador Eagleburger replied that if it wasn't, he would be ridden out of town on a rail. (U)

The President jokingly said that he would hold Ambassador Eagleburger personally responsible. (U)

President Mijatovic said he would also like to thank the President for his help in taking action against the terrorists, whose activities had been detrimental to the welfare of both the United States and Yugoslavia. He also wanted to thank him for the earthquake assistance, which was very important and which had been greatly appreciated. (C)

The President replied that he felt a sense of brotherhood with the Yugoslavs and that we had much in common. The United States wanted to see an economically, politically and militarily strong Yugoslavia and it was in its own interest to help out. Making reference to Mt. St. Helens,² he said that he understood the tragedy of human event. (C)

Continuing, he said that it would be a great pleasure for him to report that he was the first president to visit Yugoslavia after Tito's death. He would report what a strong government existed here and the continuity that he had found; although, he pointed out, people have little doubt about this. He had mentioned this in his toast, which had been highly publicized around the world, but he promised to confirm it with other leaders. (C)

President Mijatovic thanked him for these remarks. (U)

The President said that he was grateful that it was a fact. He added that the United States had greatly benefited from Yugoslav help in Iran and within the non-aligned movement. In these trying times Yugoslavia's allegiance to non-alignment had been a great benefit to the United States and to countries all over the world. (C)

² On May 18, 1980, a 5.1 Richter scale earthquake collapsed the north face of Mount St. Helens, an active volcano in Washington State. The subsequent eruption killed 57 people and caused widespread destruction over 230 square miles.

President Mijatovic replied that the Yugoslav side would inform the countries of the non-aligned movement about their talks with President Carter. He assured him that they would report frankly and that the picture of the talks would be realistic. He also assured him that the Yugoslavs would do everything to interpret the results as favorable to their friends in the non-aligned movement, and that this would have a positive impact on the views of the non-aligned countries. (C)

Turning to relations with the Soviet Union, *President Mijatovic* noted some interesting new developments had taken place. There had been a greater Soviet interest in contacts with Yugoslavia than in the past. Their views and criticisms had not changed, especially regarding Afghanistan and Kampuchea. In Belgrade, in talks with Doronski and Kolisevski, the Soviets had emphasized how they respected the non-aligned principles and non-interference. Yugoslavia had been very satisfied with this. In this connection, *President Mijatovic* noted that he had given an interview about the Belgrade communique which the Soviets had published. This was interesting and new. In the past the Soviets had not shown much interest in this. All these were positive signs. In the future he thought the Soviets would take a deep interest in Yugoslav affairs. (S)

The President replied that this was good but he warned the Yugoslavs to be cautious. (C)

Mr. Doronski remarked that the Yugoslavs had had a lot of bitter experience with the Soviets, and they had had a lot of good experience. This had tended to make them careful. On the whole, however, he pointed out, cooperation was developing well. (S)

The President stressed that the best deterrent was a strong and a united people. (C)

Mr. Brzezinski added, "and the balance of power". (C)

President Mijatovic then said he would like to say something about their experience with the Soviets. He wanted to be frank and did not want to be misunderstood. The Yugoslavs were aware that the Soviets had not given up their goal of bringing Yugoslavia into the bloc and taking away their independence. Some such tendencies existed in the West, too, he noted, but not in the case of the United States. Yugoslavia's policies, domestic and foreign, would remain the same, and Yugoslavia would continue its non-aligned policy. (S)

Mr. Doronski added that Yugoslavia was simply carrying out Tito's policy. (C)

297. Memorandum From Stephen Larrabee of the National Security Council Staff to the President's Assistant for National Security Affairs (Brzezinski)¹

Washington, July 25, 1980

SUBJECT

Military Supply Relationship with Yugoslavia

Attached at Tab A² is Harold Brown's response to your memo of July 7 which noted the dissatisfaction with the military supply relationship expressed by Defense Minister Ljubicic to the President during his trip to Belgrade³ and asked Brown for a status report of where we stand. In the memo Brown argues that progress in our military relationship over the last year has been "significant and solid" and suggests that the main problem is the inability of the Yugoslavs to pay for the equipment they want. He also notes that DoD is at work on a package to provide the Yugoslavs with weapons in case of an "emergency" (i.e., Soviet threat). (S)

Brown's memo gives the impression all is well and that we basically have little to worry about. This is not exactly the case. According to Ambassador Eagleburger, who participated in the discussions at the Joint Committee meeting in June,⁴ the question of the training samples has become a political issue for the Yugoslavs, especially for Ljubicic (hence his remarks to the President). The main problem has been the question of *leasing*. DoD had originally offered to lease the Yugoslavs the training samples for a period of 90–180 days (because DoD feared that a longer lease would involve legal and legislative problems) and then simply to renew the lease. However, the Yugoslavs have been unhappy with this arrangement. They want assurances of continuity and they see DoD's unwillingness to enter into a long-term lease as a weakening of US support for Yugoslavia. However, the Congress has been just as adamant in its belief that leasing should not be used to avoid congressional oversight of controversial sales, and the FY 82

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: 6/80–1/81. Top Secret. Sent for information. Kimmitt concurred with the recommendations. A copy was sent to Madeleine Albright.

² Attached at Tab A is a July 19 memorandum from Brown to Brzezinski.

³ Telegram 5272 from Belgrade, July 3, reported Eagleburger's conversation with Vujatovic, and also referenced the comments made by Ljubicic to Carter at the June 24 State dinner. (National Archives, RG 59, Central Foreign Policy File, D800320–0566)

⁴ In telegram 4906 from Belgrade, June 19, Eagleburger summarized the discussions at the U.S.-Yugoslav Joint Military Committee meeting in Belgrade June 17–18. (National Archives, RG 59, Central Foreign Policy File, P870123–0429)

foreign assistance bill contains a provision that will tighten leasing procedures. DoD is currently looking into ways to get around this problem and now feels that it can offer a 2–3 year lease for support equipment plus 5 TOW launchers that the Yugoslavs want. This would help to alleviate Yugoslav concerns somewhat—although probably not entirely. (S)

A second problem is the question of *crisis support*. At the Joint Committee meeting in June there was an implicit assumption on the part of the Yugoslavs that we would supply them with the weapons they need in case of emergency. DoD is currently working on a paper which will outline what we would be willing to offer the Yugoslavs—and in what quantities—in case of an emergency. This paper will be coordinated with the NSC and State and will be presented for discussion and approval at an upcoming MBB. The paper should be ready sometime next week. Once the paper has been approved, DoD proposes that General Bowman, our military representative to the Quad, and Bill Perry go to Belgrade in October to discuss with the Yugoslavs their requirements. (TS)

Personally, I think this strategy makes sense. It would give the Yugoslavs a sense of increased confidence that we are serious about our willingness to support them without formally committing us to anything. However, it would take us another step down the road in our military supply relationship, and before we agreed to commit ourselves to supplying the Yugoslavs with major quantities of weapons in an emergency we would have to consult with Congress.⁵ (S)

⁵ On July 29, Brzezinski wrote at the top of the memorandum “Next concrete steps?” Larrabee replied on July 31, stating that the next concrete step was discussing the paper the Department of Defense was preparing on weapons systems the United States would be willing to provide to Yugoslavia in case of an emergency. Following approval of the paper, a U.S. delegation would be sent to Belgrade to discuss Yugoslav requirements. Larrabee also stated that the NSC would “continue to monitor Defense-State deliberations on the issue of long-term leases of US military items.” According to a notation on Larrabee’s memorandum, Brzezinski saw it on August 1. (Carter Library, National Security Affairs, Brzezinski Material, Country File, Box 87, Yugoslavia: 6/80–1/81)

298. Letter From President Carter to Yugoslav President Mijatovic¹

Washington, August 13, 1980

Dear Mr. President:

During my visit to Belgrade in June we agreed that it would be useful to continue the practice President Tito and I had of writing to one another on subjects of common concern. I would like to start the exchange with you by raising two issues of great importance for the further development of East-West relations: Afghanistan, and the deployment of long-range theater nuclear forces (LRTNF) in Europe. Both of these issues affect the interests not only of the countries directly involved, but of every country in the world.

Mr. President, I know of your own deep concern over the Afghan situation, and I appreciate Yugoslavia's independent efforts among the nonaligned nations and hope they will continue. We support the diplomatic efforts of the Islamic Conference Committee on Afghanistan as the most productive approach to pursue at the moment, and will be urging our friends and allies to exert continued pressure on Moscow during this critical post-Olympic period.

I see little ground for optimism about the situation in Afghanistan. The June 22 announcement of limited Soviet troop withdrawals appears to have been simply an attempt to mislead. The Soviets redeployed across their border a relatively small number of troops unsuited to the type of military operations now being conducted in Afghanistan. The overall effect of these troop movements has been to increase the effectiveness of the Soviet combat presence in Afghanistan. The reorganized Soviet forces are being used ruthlessly to put down the Afghan national resistance.

Meanwhile, the Soviets continue to block any efforts to discuss a political settlement by insisting on preconditions that would legitimize the invasion and the present regime in Kabul and that would leave open the central question of withdrawal. This Soviet recalcitrance is

¹ Source: Carter Library, National Security Affairs, Brzezinski Material, President's Correspondence with Foreign Leaders File, Box 22, Yugoslavia: President Cvijetin Mijatovic, 5–9/80. No classification marking. Brzezinski forwarded the letter, based on a draft provided by the Department of State, to Carter on August 8. (*Ibid.*) According to the log sheet, Carter signed the letter on August 20. The Department instructed the Embassy in Belgrade to deliver the text of the letter to the Office of the President as early as possible. (Telegram 225967 to Belgrade, August 25; National Archives, RG 59, Central Foreign Policy File, D800405–1287) Eagleburger delivered the letter to Acting Foreign Minister Pesic on August 27. (Telegram 6709 from Belgrade, August 27; National Archives, RG 59, Central Foreign Policy File, D800409–0651)

as unacceptable to us as it is to our allies, to the Islamic Conference and to most genuinely nonaligned countries. Chancellor Schmidt and President Giscard have told us that the Soviets have been equally inflexible on Afghanistan in dealing with them.

We continue to believe it is possible that the combination of continued international pressure and strong Afghan resistance may lead the Soviets to conclude that a peaceful settlement based on complete withdrawal is in their interest.

Yugoslavia has, quite understandably, taken a deep interest in the issue of the deployment of long-range theater nuclear forces. I do not need to recount the history of this issue, but I do want to inform you of the latest developments in our efforts to initiate discussions on long-range theater nuclear forces with the Soviet Union. Until recently, the Soviets had refused to engage even in preliminary exchanges and instead insisted that NATO should first revoke or suspend its TNF modernization decision taken last December. However, on July 10, the Soviets indicated to us that they had dropped this unacceptable precondition, and we are now preparing to engage in serious preliminary discussions. While it is premature to conclude that the apparent new Soviet willingness to discuss the issue indicates a genuine interest in arms control measures involving TNF and based on the principle of equality, we welcome the opportunity to sit down and discuss the issue.

Mr. President, the United States attaches great significance to the preservation of the independence, unity and territorial integrity of Yugoslavia. We want to see a politically stable and economically prosperous Yugoslavia—one that will continue to play an important role internationally and within the Nonaligned Movement—and, as I stressed during our meetings in June, we stand ready to do what we can to help Yugoslavia achieve this goal. I discussed the Yugoslav balance of payments situation with Secretary Miller shortly after my return from Europe, and he and the Vice President subsequently met with Federal Secretary Kostic in Washington.² We hope that our efforts

² At Mondale's request, no memorandum of conversation was prepared for the meeting with Kostic. In telegram 188947 to Belgrade, July 18, the Department reported that Larrabee described the meeting as mostly symbolic and that Mondale assured Kostic of U.S. Government willingness to help where possible. (National Archives, RG 59, Central Foreign Policy File, D800345-0666) Miller's July 15 conversation with Kostic was reported to the Embassy in Belgrade on July 22. The discussion focused on the tactics that the Yugoslav Government might employ to reconcile its desire for a series of bilateral agreements with Western governments with the suggestion of Chase Manhattan Bank that they proceed with a worldwide syndication loan. Miller stressed that he did not have any authority to direct private banks to do anything, and recommended that the Yugoslav Government proceed with bilateral agreements in those countries that are willing to do so and accept a worldwide syndication for the rest. (Telegram 192951 to Belgrade, July 22; National Archives, RG 59, Central Foreign Policy File, D800350-1032) See also footnotes 4 and 5, Document 288, and footnote 6, Document 292.

with the U.S. banking community on your behalf will help you to meet your immediate financial needs.

In closing, I would like to express once again my deep satisfaction with the substance and the atmosphere of my recent visit to Belgrade. I feel the visit significantly contributed to the strengthening of bilateral relations, and I look forward to working closely with you in the months ahead to further deepen cooperation between our two countries.³

Sincerely,

Jimmy Carter

³ In a meeting with Vest on October 17, Loncar delivered Mijatovic's response to Carter's letter. Mijatovic discussed Yugoslavia's economic stabilization program, stressing the Yugoslav Government's hope for continued administration support on the matter. He also addressed the outbreak of the Iran-Iraq War, CSCE, and the UN Special Session of the General Assembly on Development. When delivering the letter, Loncar stressed the Yugoslav desire to continue the letter exchanges between the two Presidents. (Telegram 280104 to Belgrade, October 20; National Archives, RG 59, Central Foreign Policy File, D800501–0534)

299. Telegram From Secretary of State Muskie to the Department of State¹

New York, September 25, 1980, 1833Z

Secto 8014. Subject: (U) Secretary's Bilateral With Yugoslavian Foreign Minister Vrhovec.

1. Confidential-entire text

2. Summary: Yugoslavian Foreign Minister Vrhovec met for an hour with Secretary Muskie and continued the conversation for an additional 40 minutes with Under Secretaries Newsom and Nimetz after Secretary Muskie left to attend UNSC meeting. The conversation covered the full range of current international issues, as well as the

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800458–0419. Confidential; Immediate; Exdis. Also sent to Belgrade. Sent for information Immediate to Moscow, Warsaw, USUN, Baghdad, and Havana. Muskie was in New York to attend the opening of the 35th Session of the UNGA.

Yugoslav economic situation, the Markotic case, and Assistant Secretary Derian's testimony on human rights. End summary.

3. The meeting lasted from 4:30 p.m. until 6:10 p.m. on September 23. U.S. attendees were the Secretary, Under Secretary Newsom, Under Secretary Nimetz, and Deputy Assistant Secretary Barry. Yugoslav attendees were Foreign Minister Vrhovec, Ambassador to the U.S. Loncar, Ambassador to the UN Komatina, and Vrhovec's Chef de Cabinet.

4. Secretary Muskie opened the conversation by expressing regret that he had not been able to accompany the President to Yugoslavia in June. Vrhovec commented that the President's visit had been extremely successful, particularly because of the President's statements while in Yugoslavia. He noted that Pravda had commented critically on what the President had said, but that a "very high Eastern European official" had recently asked Vrhovec for a Yugoslav assessment of the visit. When Vrhovec responded that the Yugoslavs considered the visit contributed to detente, the "EE official" said that he had thought so too but had wanted to hear this directly from the Yugoslavs.

5. U.S.-Soviet relations. The Secretary and Vrhovec discussed the Gromyko UNGA speech which Muskie described as defensive. Vrhovec said that while the speech had been tough, it was also businesslike and kept doors open. Muskie commented that Gromyko had very little to say on Afghanistan and seemed to be trying to indicate that events there had nothing to do with U.S. and Western attitudes toward the USSR. This clearly does not represent the serious view of the Soviet leadership but we can not tell whether they consider that they made a mistake in Afghanistan by underestimating Western reactions. Muskie said that in his discussions with Gromyko in Vienna and correspondence since then Gromyko has shown no flexibility but has not been hostile or abrasive. The Soviets may be looking for an open door, but they clearly don't know where it is. Vrhovec opined that the Soviets may actually be ready to talk about a way to get out of Afghanistan, but it was not reflected in Gromyko's speech. It could be that the Soviet's are prepared to talk business with the U.S., but at times like that they always play their cards very close to their chest and display a more rigid public image than usual.

6. Iraq-Iran. In response to the Secretary's query about a non-aligned role in Iraq-Iran hostilities,² Vrhovec suggested that neither side would ask for NAM assistance until it became clear that one side or the other was prevailing militarily. On the question of motivations,

² Iraq invaded Iran on September 22, 1980, marking the start of the Iran-Iraq War, which ended August 2, 1988.

Iraq believed that Iran's military weakness provided an opportunity to humiliate Khomeini and destroy the Iranian Government. Iran similarly is bent on undermining the Iraqi Government. Thus, both parties to the conflict have far-reaching goals. Vrhovec said that Yugoslavia had tried to open sensitive communications with the parties to see if they could be calmed down, but both were unpredictable. Secretary Muskie said that with the threat of blocking the Straits of Hormuz and blocking shipping in and out, the international community could not afford to lose time in ending the hostilities.

7. UN initiatives on Afghanistan. Under Secretary Newsom asked what Yugoslavia knew about possible UN initiatives on Afghanistan. Vrhovec said he had talked to Agha Shahi yesterday, and it was hard to see what could be achieved. Shahi was consulting on his initiative concerning an international conference which would focus on Soviet withdrawal and efforts to calm the situation. However, the "other side" had another resolution in its pocket designed to undo the Shahi proposal. To have two competing resolutions would be a bad thing. In Yugoslavia's view it would be good to get a consensus resolution to resolve the problem but not to see rival ideas put forward.

8. Yugoslavia economic situation. As Secretary Muskie was about to leave for a UNSC meeting, he told Vrhovec that he and the President were deeply interested in Yugoslavia's efforts to deal with its economic problems and anxious to be as helpful as possible. Muskie pointed out that the President has expressed this interest before in Belgrade and maintained it today, and that public opinion supported U.S. efforts in this regard. He invited Vrhovec to convey the Yugoslav position on this, on the situation in Poland, and on other matters of concern to Under Secretary Newsom, who would report to him on the remainder of the discussion. Vrhovec, who was clearly not up to date on the current state of Yugoslavia's efforts to obtain financing, began by stressing that a Western bail-out was politically unacceptable to Yugoslavia. Thus, they sought middle ground between the purely bilateral approach they favored and the global syndication which had been pressed on them by Chase. Ambassador Loncar pointed out that this conceptual problem had been resolved through Yugoslavia's two-track approach, and that the main questions now were to be certain that the syndication in which U.S. bankers participated produced enough money to meet Yugoslavia's expectations and that the negotiations be concluded as rapidly as possible.

9. Poland. Vrhovec pointed out that the U.S. approach to the situation in Poland had been a sensitive one. Events there represented a very serious development, unfavorable to the USSR. Yugoslavia regarded developments so far as positive, proving that a way of life imposed from outside was intolerable over time. Vrhovec noted that so far the

Soviets had been restrained in their behavior and their propaganda. The fact that events in Poland had not turned into an East-West confrontation had contributed to a positive evolution in Poland. Yugoslav PermRep Komatina chimed in to point out that a very important East European official had recently commented that what had happened in Poland was incompatible with Marxism/Leninism, but that it was hoped that these new developments would “melt” as the economic situation improved.

10. Markotic case.³ Under Secretary Newsom brought up the Markotic case in the name of the Secretary, urging that the Yugoslavs find a solution to this problem compatible with our good political relations. Vrhovec reacted without emotion and said he wished devoutly that Markotic had never come to Yugoslavia. He pointed out that he had been forced to “engage” the Yugoslav leadership to get information on this case. While the sentence they handed out was severe, it was understandable. Vrhovec pointed out that while the sentence was within the framework of Yugoslav law, the authorities had interpreted the law as harshly as possible. The case had not yet reached its final stage, and he hoped the higher courts would take a different approach. Newsom said we did not want to interfere in Yugoslav law, but that given the number of Americans who also held Yugoslavian citizenship, he hoped for a resolution which would not interrupt the movement of people back and forth, and would recognize American interest in this type of case and consider leniency.

³ Mirko Markotic was a naturalized U.S. citizen of Yugoslav (Croatian) descent. He traveled to Yugoslavia in May 1980 and was arrested immediately after his arrival. The Yugoslav Government tried and sentenced him to jail time for “anti-government activities,” and refused to allow U.S. officials visitation rights, arguing that Markotic was a Yugoslav citizen. On September 1, Eagleburger wrote that Washington “must exact a price, even though to do so will certainly affect the course of what has been over the past three years an increasingly warm and cooperative bilateral relationship.” However, Eagleburger cautioned, the United States should not allow the Markotic case to affect Washington’s attitude toward assisting Yugoslavia with its balance of payments challenges. (Telegram 6817 from Belgrade, September 1; National Archives, RG 59, Central Foreign Policy File, D800416–0995) On January 11, 1981, the Presidency of Yugoslavia granted amnesty to Markotic “in consideration of the excellent overall state of our bilateral relations.” (Telegram 186 from Belgrade, January 12, 1981; National Archives, RG 59, Central Foreign Policy File, D810015–0788)

11. Derian testimony.⁴ Ambassador Loncar raised a point about which he said he had not had an opportunity to brief Vrhovec in detail. He objected to the inclusion of Yugoslavia in Assistant Secretary Derian's testimony on human rights in Eastern Europe, to some of the specifics in the statement, and to the fact that the statement was circulated by the U.S. Embassy in Yugoslavia. Mr. Newsom stressed there had been no change in U.S. policies toward Yugoslavia and pointed out that our policy had been clearly and authoritatively enunciated by the President and the Secretary of State.

12. Global negotiations. Vrhovec asked Newsom if he saw any possibility of a breakthrough in negotiations at the UN. Newsom pointed out that Ambassador McHenry believed that a solution could be found once the overheated atmosphere of the Special Session cooled off. Newsom pointed out that the U.S. could not agree to any formulation which detracts from the authority of UN specialized agencies or international financial institutions, especially in view of the difficulty the U.S. was having in getting congressional funds for these institutions. Vrhovec said that the Yugoslavs and others had hoped that a vague formulation would enable the U.S. to agree since this would only result in the beginning of talks at which all issues would be discussed in detail again. Newsom pointed out that Washington agencies were not prepared to accept vagueness of this kind and required recognition of UN specialized agencies' roles and independence. However, he said that no one was more anxious than Ambassador McHenry to find a solution to the problem.

Muskie

⁴ On September 16, Derian testified before the Subcommittee on International Organizations of the House Committee on Foreign Affairs on the status of human rights in the Soviet Union and Eastern Europe. (*Current Policy*, No. 204, U.S. Department of State, October 1980) Responding to a congressional inquiry, Derian included Yugoslavia in the presentation, and discussed the Markotic case, eliciting a protest from the Yugoslav Government. (Telegram 7453 from Belgrade, September 19; National Archives, RG 59, Central Foreign Policy File, D800447–0459) While in West Berlin, Eagleburger wrote that it was unwise to lump together Yugoslavia with the other Warsaw Pact countries as doing so does not serve U.S. foreign policy. "We are dealing with an uncertain and therefore neuralgic post-Tito leadership," he cautioned, and "how we handle that fact can have a substantial impact on the future of our bilateral relations." (Telegram 1996 from West Berlin, September 17; National Archives, RG 59, Central Foreign Policy File, D800444–0096) Hoping to resolve the issue prior to the Muskie-Vrhovec bilateral, the Department instructed the Embassy to deliver the U.S. response, emphasizing that the administration "make a very clear and fundamental distinction between nonaligned Yugoslavia and the countries of the Warsaw Pact" and stress that there was no change in U.S. policy toward Yugoslavia. (Telegram 251422 to Belgrade, September 20; National Archives, RG 59, Central Foreign Policy File, D800450–0059) The Embassy delivered the U.S. response to the Foreign Ministry on September 22.

300. Telegram From the Embassy in Yugoslavia to the Department of State¹

Belgrade, December 3, 1980, 1430Z

9712. Department for Under Secretary Newsom and Assistant Secretary Vest. OSD/ISA for Assistant Secretary McGiffert. Subj: Contingency Planning for Yugoslavia in the Event of Soviet Intervention in Poland.

1. (S) Entire text.

2. In the event of Soviet military intervention in Poland and the inevitable European security crisis this would generate, the Yugoslav leadership—although seeking to avoid “provoking” Moscow—will nevertheless welcome assurances of Western, specifically US, support. They may also seek concrete assistance in the economic and/or military area. This message outlines, in the event of Soviet intervention in Poland, what our objectives should be in dealing with the Yugoslavs; and what we may anticipate the GOY may ask of us. Circumstances will of course govern what they and we say and do, but these initial thoughts are provided as a basis for Department planning.

3. U.S. objectives: Our actions should reassure the Yugoslav leaders that we are prepared to support them—within reason—should they wish it; and provide early warning to the Soviets, lest in the turmoil and fear generated by intervention in Poland they be tempted—unlikely as that may be—to regard post-Tito Yugoslavia as equally beyond the reach of Western assistance.

4. Where we could relatively easily predict how Tito would react to a Polish invasion, we are less certain about the new leadership. They will be wholeheartedly opposed to the Soviet move, but they will also be scared and, initially at least, very cautious. A firm indication of support from the US, early on, could have an immediate steadying effect, and over the longer run, could influence GOY attitudes toward the US. In any event, how they react will influence what we do. We may find some actions on our part advisable before we have a chance to consult with them. But consultations should take place promptly. If 1968 is any guide, even if we do not make the first approach the GOY may. In our opinion, making the first move ourselves would be smart—letting the pace thereafter be partly set by the Yugoslavs but

¹ Source: National Archives, RG 59, Central Foreign Policy File, D800576-1044. Secret; Immediate; Exdis. Sent for information Priority to DOD/OSD/ISA, USNATO, USDOCOSOUTH Naples, USCINCEUR, USCINUSAFE, and USNMRSHAPE. The telegram was sent at a time when the domestic situation in Poland was deteriorating fast and a Soviet invasion of Poland seemed imminent. See Document 42.

with us in a position, if need be, to hold their expectations within limits of the possible.

5. Unilateral steps which we ought to consider include:

—A restatement by the Carter administration, at no lower level than the Secretary of State, of US support for Yugoslavia's independence, territorial integrity, and unity;

—A statement confirming continuity in this policy from a senior figure in the incoming Reagan administration, preferably Mr. Bush or the President-elect himself, but at no lower level than the Secretary-designate;

—A similar statement in the NATO context, by SYG Luns, might also be wise, particularly as a warning to the Soviets. But in Yugoslav eyes it would probably be regarded as more "provocative" than bilateral statements by Western powers.

6. Our statements should be measured, not too strident. We must not be seen to be contributing to heightened uncertainty about Yugoslavia's future. A simple, straightforward reiteration of US support in the usual formulation, if made at the right moment and in a broader context, should accomplish our objective.

7. Joint steps: We may well find the Yugoslavs receptive to a visit by a senior US official (whether the President-elect should be represented in some way is beyond our ken). Such a visit would be described (properly) as consultations. The US visitor should neither be seen as a prelude to a US effort to "envelope" the Yugoslavs, nor should his presence be construed by the Yugoslavs as presaging a USG blank check. Some initial thoughts follow on what might be on the agenda during such consultations:

—An exchange of views on the situation in Europe, Soviet intentions, Western reactions, etc.

—In this context, we might offer to establish a joint exchange of intelligence with the GOY on the situation in Poland and Eastern Europe.

—The Yugoslav military may well seek to use the occasion to obtain further support, i.e., a speed-up of delivery of items already in the pipeline or under negotiation and/or more forthcoming responses to requests for state-of-the-art weapons and equipment. (Para 7 below describes what they could be looking for.)

—If a crisis in Poland occurs before the current balance of payments loan negotiations are completed, the GOY would wish to lock those resources in as fast as possible and might again approach us for assistance in this regard.

—It is also possible, depending on the circumstances, that the GOY, aware of the Polish request for substantial direct economic assistance

from the US and also aware that this has not been publicly rejected in Washington, might also make a similar pitch. What we can do under existing legislation is sharply limited. What the Yugoslavs might ask of us could exceed those limits, but we should not be surprised should they approach us. Any Yugoslav request for direct financial assistance might be tied, directly or indirectly, to their military needs. For example, GOY hesitancy about FMS credits for military purchases might vanish.

8. The following is a list of US weapons, equipment and training that would most likely be found on a Yugoslav wish list. Rank order does not imply order of priority:

A) AN/TPS-63 radars. An FMS contract was signed earlier this year for the purchase of eight AN/TPS-63 radars. Delivery is currently scheduled to commence in June 1982. The Yugoslavs could seek earlier delivery.

B) F-5 aircraft. The Yugoslavs have expressed considerable interest in this aircraft. They would quite possibly ask the USAF to train pilots in the F-5, even though it is not yet in the YAF inventory. They might also propose to purchase a number of the planes.

C) TOW/Dragon. The US Army is currently preparing FMS cases for small quantities of TOW/Dragons to use for training purposes. The GOY might ask for accelerated delivery of these anti-tank weapons and additional urgent training.

D) Reconnaissance/EW equipment. Commercial contracts are currently being prepared for surveillance and countermeasures equipment. The Yugoslavs might seek accelerated delivery.

E) Mark-46 torpedoes. LOA's for the Mark-46 have been delivered. The Yugoslavs might seek to accelerate acquisition.

F) Another priority would probably be AGM-65 A/B Maverick, 150 of which the GOY is seeking to buy. Congressional notification is being prepared. They might well seek to accelerate the acquisition process.

9. The GOY may also push us for some thing we have so far refused (Harpoon). We would, in the abstract, see no reason to reverse previous denials.

10. Deployment of units of the US Sixth Fleet for operations in the Adriatic and/or a highly visible ship visit should be considered as an option to demonstrate US strength and purpose. However, the GOY might find these in the "provocative" category and we should therefore not undertake such deployment without careful consideration of the pros and cons. The ship visit would require consultations; an operational deployment should at least be informally discussed with the Yugoslavs in advance unless there are overriding operational reasons not to do so.

11. The above is not an inclusive list—there may be other steps worth thinking about. The point is, we ought to have thought through, to the extent we can, how in the event of catastrophe in Poland we should deal with the one country in the area most likely to be shaken and most likely to be looking for reassurance—and one country where what we say (and are ultimately prepared to do) can make a difference.

Eagleburger

**301. Telegram From the Embassy in Yugoslavia to the
Department of State¹**

Belgrade, January 21, 1981, 0749Z

410. USDOCOSOUTH for INTAF, USCINCEUR for Polad, CINCUSAFE for Polad, USNMR SHAPE pass Stoddart SACEUR/SA. Subj: The Post-Tito Transition: An Appraisal at Year's End. Refs: (A) 80 Belgrade 5851² (B) 80 Zagreb 1190³ (C) 80 RFE RAD BR 1274.⁴

1. (C)-entire text.

2. This message transmits the summary and conclusions of an airgram attempting an analysis of the internal situation in Yugoslavia eight months after the death of Tito.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D810030–1032. Confidential; Priority. Sent for information Priority to Ankara, Athens, East Berlin, Bucharest, Budapest, Moscow, Prague, Rome, Sofia, Vienna, Warsaw, West Berlin, USNATO, USUN, USDOCOSOUTH Naples, USCINCEUR, CINCUSAFE, and USNMRSHAPE.

² In telegram 5851 from Belgrade, July 28, 1980, the Embassy assessed the success of the transition in Yugoslavia three months after Tito's death. The Embassy concluded that "the leadership has maintained its outward cohesion and unity," "the serious economic situation is being addressed," "the political-security situation has remained generally stable," "Yugoslavia's diplomacy has been steady and exceptionally active," and "the U.S. role in promoting a smooth transition by making clear our friendship and support for Yugoslavia remains as important as ever" despite possible challenges down the line. (National Archives, RG 59, Central Foreign Policy File, D800362–0856)

³ In telegram 1190 from Zagreb, November 25, 1980, the Consulate assessed the situation in post-Tito Croatia and Slovenia. "The leaders of these two Republics" the Consulate reported, "are focusing very largely on the problems of stabilization" and are paying close attention to any signs of disaffection or "especially in Croatia—for any signs of a stirring of latent nationalism." The Consulate concluded: "So far as we can determine the general mood remains quiet." (National Archives, RG 59, Central Foreign Policy File, D800566–0973)

⁴ Not found.

3. Last July, three months after Tito's death, we concluded that the transition was proceeding as expected, that is, fairly smoothly. The collective leadership, while hardly brilliant or decisive, was functioning satisfactorily and maintaining outward unity; the political-security situation remained generally stable, despite certain pressures to liberalize and some consequent calls for internal vigilance; Yugoslavia's serious economic problems were being addressed, albeit with inadequate results to date; and Yugoslavia's traditional foreign policy priorities remained unaltered—preservation of independence through heavy commitment to non-alignment, stability and balance in dealing with Moscow and Washington, and as good relations as possible with its neighbors.

4. Today, more than eight months after Tito's death, these judgments remain valid. The situation, however, is anything but static. Indeed, pressures are building—particularly from the troubled economy—which are forcing the pace of change and open debate, posing difficult choices for the collective leadership, and highlighting the issue of where real power should reside in post-Tito Yugoslavia. Among these pressures are:

—The further deterioration of the international situation. When Tito died, Soviet-backed aggression in SE Asia, turmoil in Iran, the Soviet invasion of Afghanistan, and the near paralysis of the Non-Aligned Movement were already weighing heavily on the new Yugoslav leadership.⁵ Since then, the Gulf War, Poland, the threatened collapse of detente, and increased energy and trade dependence on Moscow have put new pressures on the leadership—underscoring Yugoslavia's heavy commitment to the NAM, and forcing difficult (and no doubt internally contentious) trade-offs between foreign policy principles, smooth relations with Moscow, and the self-interest in preserving socialism.

—Continuing economic difficulties. The economic chickens of Tito-era economics are now coming home to roost and the new leadership is having to foot the bill. The economy, beset by inflation, declining living standards, imbalanced trade, low productivity, and chronic unemployment, thus remains the make-or-break issue for the new

⁵ In telegram 301 from Belgrade, January 15, the Embassy reported Minic's statement to Eagleburger that the international political situation was most dangerous, and that the relationship between Washington and Moscow was "absolutely critical." (National Archives, RG 59, Central Foreign Policy File, D810075-0089) Prior to departing from Belgrade, Eagleburger also met with Vrhovec and with Mijatovic to discuss the state of U.S.-Yugoslav relations and the international situation. (Telegram 406 from Belgrade, January 21; National Archives, RG 59, Central Foreign Policy File, D810030-0979; and telegram 408 from Belgrade, January 21; National Archives, RG 59, Central Foreign Policy File, D810030-0945)

leadership, a test of political stability, and a driving force for change throughout society. No longer able to coast along on the momentum of past policies, assumptions, successes, or foreign borrowing, the leadership is having to face the hard and politically controversial economic facts of life. And that has meant admitting the need for austerity, structural change, and more open discussion of the roots of and remedies for present economic ills. This in turn has focused attention on etatist political and economic interests, the Party's relevance to solving the country's economic problems, and reformist pressures for a shift of economic decision-making authority upward to the Federal authorities at the macro-economic level and at the same time, outward from the Republics to individual enterprises.

—The quickening of domestic political life. The need to define new power relationships following Tito's death would in any case have led to an intensification of political life in Yugoslavia, but the urgency of its economic problems and the lessons of Poland have pushed this process further and faster than one might earlier have anticipated. Individual, institutional, and social actors are scrambling to protect or enlarge their piece of the political and economic action as well as to define the future. In the process, a new critical spirit has emerged in all major areas of Yugoslav life. Thus, since Tito's death, the political landscape has been enlivened by open debate on economic policies, criticism of past leadership errors, calls for more open decision-making, attacks on corruption and mismanagement, petitions for greater political and literary freedom, pressures for reform, and increase assertiveness in the press and cultural field.

5. In short, two broad but closely related debates—one economic, the other political—have emerged between “reformers” who accept the need for change and “conservatives” who fear it. On the economic side, the issue is how to respond to economic challenges and to rationalize economic decision-making without undermining existing authority, self-management concepts, and the delicate ethnic and Federal-Republican power balance. Whether and how to avoid excessive trade dependence on the East is a further issue of growing concern. On the political side, the issue is where to draw the line between constructive and hostile criticism and whether the emerging debate can best be controlled through repression or through participation in it.

6. For now, the “reformers,” centered primarily in the State apparatus, the technical intelligentsia, and academic clearly have the advantages.⁶ They have pushed through an economic program based on

⁶ In telegram 418 from Belgrade, January 21, the Embassy reported Eagleburger's meeting with Federal Assembly President Dragoslav Markovic. Markovic told Eagleburger that the Yugoslav Government was “determined to press ahead with a democratization of society and to improve economic efficiency.” (National Archives, RG 59, Central Foreign Policy File, D810030–1097)

greater reliance on market mechanisms and less meddling by local political interests in investment decisions; left an ambivalent LCY with little alternative other than to endorse this approach at the December 15th CC LCY plenum and to accept more open debate and criticism as necessary and healthy; and argued with apparent success for a policy of differentiation between a "loyal" and a "disloyal" opposition. With events on their side, the "reformers" have thus emerged on the offensive and the State apparatus has proven itself more effective than the Party in developing coherent and convincing responses to the powerful and broadly based currents for change.

7. The battle is hardly over, though, and the "conservatives"—a mixture of generally older, more orthodox elements in the Party hierarchy as well as local and Republican elements motivated more by pragmatic considerations of power than by ideology—can be expected to fight back hard. Thus, these conservatives, with LCY Presidency members Dragosavac and Mikulic in the fore, have consistently pressed for a tougher line against "dissidents" and have continued to issue periodic warnings about dangerous "new tendencies," attempts to change "fundamentals of the (Titoist) system," ideological backsliding, and reliance on "bourgeois" economic methods.

8. These same forces no doubt were also instrumental in getting the December Plenum to take a stand—calling for "uncompromising rejections" of anti-Socialist and anti-self-management trends—on a process which seemed bent on moving ahead with or without Party consent. Whether this attempt to reassert Party control over the debate will have the desired effect remains to be seen, since the real issue—where to draw the line between acceptable and unacceptable "reformist" criticism—was not clarified. In any case, since the Plenum, Party organs have noticeably stepped up public criticism of opposition elements (Djilas, Mihaljov, and the backers of "Javnost"—proposed magazine of social criticism); the Party faithful have been exhorted to struggle harder against ideologically alien ideas and those who ascribe all present economic ills to the self-management system; and there have been attempts to intimidate the signers of the various petitions for greater political freedom (without, however, noticeable success so far).

9. In a way, the emerging atmosphere of criticism and debate is reminiscent of the political-intellectual ferment of 1970–71 in Yugoslavia—but without the acute nationalistic content present then—but also without Tito in the wings to ensure the debate is kept within bounds. This process has not yet gone very far and the outcome is not all clear. For now, the debate remains relatively restrained, responsible, and focused on reform, "democratization," and "liberalization" within the Socialist self-management system. Its main protagonists have been in the political mainstream rather than the fringe forces which seek to destroy Tito's

“self-management socialism” or to alter it beyond recognition remain scattered and their programs—where they have formulated them—have yet to find much resonance in society at large. This has obviated the need for more heavy-handed repressive measures.

10. From this we draw several conclusions:

—The level of turbulence in the post-Tito period has been well within the tolerable, although the opening up of the political process has proceeded faster than expected.

—The leadership, despite some dissenting voices and a foot-dragging party, has turned in a credible if somewhat uneven performance, forcing through necessary inter-Republican compromises and on balance responding to pressures for change and to economic necessity with cautious flexibility and even political courage.

—The trend toward more open criticism, debate, and decision-making—in one sense a step toward Karelj’s limited concept of the “pluralism of self-management interests”—is fully consonant with the generally liberalizing (and in our view healthy) thrust of Yugoslavia’s post-war political and economic evolution. It has been animated and legitimized not by Western-style Democrats or “closet” capitalists but by pragmatic Communists who are interested more in problem-solving than ideological abstractions, who believe the Party’s leading role is not historically ordained but contingent on its ability to provide convincing answers to current problems, who believe the Socialist system can and should tolerate a much more open expression of differences, and who see cautious adjustment to pressures for change less risky in the long run than sterile resistance.

—The forces for change are too broadly based and too deeply rooted to be checked easily. Other pressures aside, the generation now coming into its own is a post-war generation less interested in ideology, more pragmatic, better educated and travelled, less ambivalent about Moscow, thoroughly imbued with a post-1948 spirit of proud independence and more realistic about the nature and requirements of Yugoslavia’s Federal system. Nothing illustrates this new climate more clearly than the Party’s own assessment that it can only hope to maintain control over the on-going process by participating in it and endorsing more criticism and debate.

11. That said, there are developments which could alter the pragmatists’s and reformers’ present advantage. First, a prolonged economic downturn or collapse could undermine this group’s confidence in its ability to control the situation while strengthening conservative elements anxious to preserve power through a more “firm-hand” policy, a quick economic “fix” (i.e., greater reliance on Eastern trade, markets, and economic methods), and consequent abandonment in practice if not in name of genuine non-alignment. So far there is no indication

that such a negative process is under way. The leadership understands the gravity of the economic situation; has taken politically unpopular steps to turn the situation around; and has had some initial if far from adequate successes in this regards.

12. Second, a shift to a softer Soviet tactical line. Since Tito's death, the Soviets have waged something of a "friendship offensive" toward Yugoslavia, generally holding their tongue in the face of Yugoslav actions (as the December 12 GOY announcement on Poland) and press coverage (as of Afghan events) which Moscow must find offensive. Should Moscow revive the polemics the Yugoslav leaders would immediately fear this would presage an attempt by Moscow to translate Yugoslavia's increased trade and energy vulnerability into political gain. This fear of the potential consequences of growing trade with the East has become a pervasive element in the GOY leader's thinking. For some, overt Soviet pressure, should it occur, could change the calculation of the balance of risk and some fence-straddlers might conclude that more accommodation and tighter internal controls pose fewer risks than further political and economic experimentation.

13. Third, a degeneration of the present more open climate into a nationalistic free-for-all or into a frontal attack on Party prerogatives or power. Either development could well trigger a reaction from the military, as in the 1971-72 "nationalist" crisis when the military strongly urged (and enabled) Tito to crack down on a situation that seemed to be getting out of control. Either a nationalist free-for-all or a too-far, too-fast erosion of Party prerogatives could undercut those arguing that post-Tito Yugoslavia can only find the right solutions, and public support for them, through a process of more open debate, criticism, and decision-making. This is the least clear area of all: the outcome will hinge on the ability of contending groups to handle their differences during a period of economic sacrifice and international tension with political maturity and good sense. So far the post-Tito record has been encouraging on this score.

14. In short, some eight months after Tito's death and a year after his taking ill, Yugoslavia is entering 1981 with a more open political climate, with its leadership and its commitment to Yugoslav independence and non-alignment intact, with its course set for continuity and cautious change, and with some problems on the way to resolution but many more to be worked out. Economic problems at home, tensions abroad, and liberalizing pressures continue to weigh upon the leadership, inching it toward a limited kind of pluralism, stirring conservative counterpressures, and forcing the pace of change faster than many in the leadership, and particularly in the Party, would like.

15. Thus, while the going will not be easy and the prospect is for more rather than less political turbulence as power relationships are

sorted out, we believe that the economy will remain the single most critical factor; that the less doctrinaire elements, who are clearly more in tune with the economic operatives of change, the popular mood, and the thrust of Yugoslavia's post-war evolution, have the best chance of providing the leadership and answers for Yugoslavia's economic problems; and that Yugoslavia, despite possible tightening up against some of the more radical regime critics, is likely to remain on a course of cautious, pragmatic and generally liberalizing change in the critical period ahead.

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