MOSCOW, EASTERN EUROPE, AND THE GERMAN QUESTION

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A new phase has begun in the gradual decline of Soviet authority and power in Eastern Europe. Important albeit limited foreign policy differences between the Soviet Union and two of the most developed and strategically most important East European states, East Germany and Hungary, primarily about policy toward West Germany, became public in 1984. These differences were not about alliance with the Soviet Union, nor did they result from popular-based demand for change. But for the first time since World War II they did vitally affect the Federal Republic of Germany and therefore the West as a whole. While not limited to the German question, for they also involve Hungary, they have helped to return the German question to the active European and world agenda.

The Background of the Differences
Their immediate cause was the East German and Hungarian desire to limit the cost to detente of Moscow's 1979 invasion of Afghanistan, and its later attempt to force East Berlin and Budapest to "punish" West Germany for NATO's 1983 INF deployment by cutting back their relations with Bonn, which made the differences public. INF deployment therefore not only did not cause major tensions between Washington and the principal West European governments, but it did cause, and make public, tensions between Moscow and East Berlin and Budapest.
By 1984 East Berlin and Budapest felt that they could more easily risk differing with Moscow because the Soviet leadership was old, ill, divided, and changing rapidly, which temporarily weakened its decisiveness and authority. East Berlin and Budapest wanted, as the East German leader Erich Honecker put it, to "limit the damage" of INF deployment and Soviet counter-deployment. He also said, and West German Chancellor Kohl later repeated, that there is a special "community of responsibility" (Verantwortungsgemeinschaft) between the two German states to prevent war ever again beginning on German soil.

The East German and Hungarian power elites resisted this Soviet pressure because they had made economic and nationalist concessions to their populations in order to stabilize their rule, ones which depended in part on continued economic and technological ties with the West, especially with Bonn. They had become more important because the Soviet Union was lagging behind the West and Japan in high technology.

This technological lag has occurred in almost all major non-military sectors, notably in microelectronics. It has resulted from Soviet structural economic inefficiencies, i.e., bureaucratic inertia, concealed over-employment to prevent unemployment, the inefficient coordination of enterprises so endemic in socialist economies, and excessive planned demands for short-term results, which inhibit indigenous development of new technologies and absorption of imported ones.

The East European countries where West German technology is the most necessary and the most easily absorbed, and therefore
where West German trade ties have flourished, are those with industrially more advanced economies, such as East Germany, those with reformist economic systems, such as Hungary, and those with long, historic ties to Germany, which is the case with both. East Germany and Hungary depend primarily on West Germany for access to Western technology, which they need to keep their exports competitive and thereby their consumerist economies thriving.

East Germany profits greatly from its unique economic ties with West Germany and through them with the European Community, whose founding treaties make East Germany a "silent member" by granting freedom from tariffs to its exports to West Germany, and therefore throughout the Community. East Berlin probably receives between $1 and $2 billion per year from Bonn in various forms: a West German interest-free "swing credit," effectively an East German hard currency reserve; annual West German payments for Western transit traffic en route to West Berlin; compulsory, official-rate currency exchanges for West German and West Berlin visitors to East Germany; West German currency which East German citizens receive from West German friends and relatives; and undisclosed but high sums paid by West Germany for East German humanitarian concessions such as the release of political prisoners.5

Hungary, overwhelmingly dependent on exports, has increased its economic ties with Western Europe and wants to increase them more. Since 1982 Hungary has been negotiating with the European Community to reduce import restrictions on its agricultural
products. In 1983 35% of Hungary's imports came from non-communist developed and developing countries, and 40% in the first half of 1984. Seven of Hungary's sixteen largest trading partners are developed Western countries. In 1983-84 Hungarian trade with the Federal Republic made up a little under 10% of Hungary's total foreign trade and had a value of $1,500 million.6

This trade is so important because modern industrial growth, including raw material production, is founded on highly technical, specialized processes. The East German and Hungarian elites at first hoped that because Moscow profited enough from their access to West German technology that it would not limit it.

The Soviet decision to improve political relations with the Federal Republic began in 1969, when, and in part because, the USSR began to try to reorient the Soviet and East European economies from extensive to intensive development in order to keep economic growth high. Moscow therefore needed to import more Western technology. All this would be favored, Moscow hoped, by Soviet detente with the United States and West German acceptance of the status quo in Europe.

Most East European countries responded to their slowing economic growth, and after 1973 to the great rise in energy prices, by trying to get higher growth rates, consumer gratification, and industrial modernization through heavy borrowing from the West, which was overloaded with Arab oil money. They planned to repay with exports produced by the Western technology they purchased. However, by the mid-1970s it
became clear that their reach had exceeded their grasp. Declining population growth, industrial inefficiency, inability to match Western product quality, and higher prices caused a significant decline in growth and productivity in all of Eastern Europe, while in the West the higher price of oil and the resultant recession made them less attractive borrowers and less competitive as exporters in a shrunken West European market.  

Indeed, the East European economies seem trapped in a long-term low growth trajectory. This is the first overall synchronized East European economic crisis, accentuated by decline in its global terms of trade and protectionism. It has led to major cuts in investment and in imports from the West. The East European realization of this, and of the growing high technology backwardness of the Soviet Union and Eastern Europe, has seriously eroded the authority and prestige of the Soviet Union in Eastern Europe.

The technological gap between East and West continued to widen. Eastern Europe therefore had to keep borrowing from the West to subsidize living standards, raise prices, and also to rely on much greater Soviet subsidies. Between 1974 and 1978 these subsidies rose from $800 million to $5.8 billion. This enormous figure doubled and tripled between 1978 and 1980, when it reached $17.8 billion per year.

Eastern Europe was thus squeezed between West and East. By the late 1970s its debt repayment crisis threatened to cut off Western loans. Moscow's exports of energy and raw materials to Eastern Europe were a double loss: the Soviets not only lost the
hard currency these resources would bring in Western markets but also they received poor quality East European exports which they could not themselves sell for hard currency. The Soviet Union therefore refused to continue subsidizing East European energy consumption so highly. 10

This led the Soviet Union to demand in CMEA in 1975 and again in 1984 that member countries reduce fuel consumption, upgrade industrial efficiency and product quality, improve research and development in computers, industrial robots, and other microelectronic equipment, and specialize, coordinate, and integrate their economies to produce an even pace of technological development and to ship more advanced, better quality products to the Soviet Union. 11

However, this decision did not, and could not, surmount the varying rates of economic recovery among East European countries and the great reliance of Hungary and East Germany on West German trade and technology transfer. Because it improved management and got more loans from West Germany, on which it reluctantly had to rely at the height of its debt crisis, East Germany overcame these problems. 12 While it got one-third of all Soviet subsidies during the oil crisis, its advanced industrial capacity makes it hope that it can lower raw material consumption and improve product quality. Hungary's major economic reforms and banking skills enabled it to survive as well. East Germany and Hungary want to use their hard currency and regained credit-worthiness in the West to upgrade their own industrial systems by importing Western technology and with it supplying improved goods to the
Soviet Union.

The other East European nations and the Soviet Union, however, prefer to build up their own industrial and technological strength through cooperation with East German and Hungarian enterprises. The Soviet Union does not want to remain only a supplier of energy and raw materials to East Germany and Hungary. Rather, it wants them to contribute more to its modernization and that of the other economically weaker and inefficient East European countries.

Those other East European countries, Czechoslovakia, Bulgaria, and Rumania, have limited Western economic contacts and indigenous technological capacity, rigid economic systems, large foreign debts, and little ability to reduce them through increased production of quality goods marketable in the West. They therefore have nothing to lose in the short run and much to gain in the long run if East Germany and Hungary were to turn from technological cooperation and trade with the West to cooperation and economic exchange with the rest of Eastern Europe.

East Germany and Hungary are naturally less enthusiastic over these CMEA integrative plans. They understandably fear that reduced financial and technological cooperation with the West will widen their technological gap, reduce their ability to export their products to the West, and therefore their hard-currency export earnings.

These different views probably accounted for the contradictory declaration of the 1984 CMEA summit that East-West...
trade ties should be restored and the East become economically more independent. In the summit's aftermath, "integration," "deepening production cooperation," and "consolidation" were hailed in the Czechoslovak, Bulgarian, Polish, and Romanian press because they would lead to economic and ideological benefits, including the "technical-economic independence of our community from the capitalist world."¹³

Subsequent Hungarian and East German press statements did not share the enthusiasm for increased CMEA cooperation. The Hungarian press wrote in 1984-85 that Hungarian cooperation and economic integration with CMEA countries had been occurring "over decades" already and that further areas of cooperation must first be extensively studied.¹⁴

Moreover, Hungarian news articles hardly ever referred to the goals of the CMEA summit, but gave great statistical detail on existing Hungarian-CMEA economic development projects and discussed economic contacts with the West as an already determined policy, the barriers to which lay solely in limited Hungarian financial and technical capacity.

East German press statements spent little time justifying the desirability of East-West economic contacts. Even at the height of the Soviet "revanchism" campaign against West German conservatives in the fall of 1984, the East German press praised the SPD's contribution to Eastern trade, emphasized technical and scientific cooperation between the two Germanies, and wrote positively about economic cooperation with other West European nations as well.¹⁵ This approach was a part of East Germany's
attempt to diversify its Western economic contacts after it had recovered economically, so that it would not become so dependent on West Germany.

With respect to nationalism, East Germany is German; Hungary has been historically pro-German; and neither, unlike Bulgaria or Czechoslovakia, has been historically pro-Russian. Most East German and Hungarian elites, underneath their public pro-Soviet postures, feel superior to Slavs in general and to Soviet technological backwardness in particular. (The Soviet empire is historically rare in one respect: its developed East European satellites are technologically and culturally more developed than itself and therefore resent Soviet domination the more.) Moreover, East Berlin and Budapest know that their subjects will be less discontented if they believe that their rulers not only are not totally pro-Soviet but on some issues push their own national, economic, and consumerist interests even against Soviet pressure.

Finally, by 1984 East Berlin and Budapest had become more self-confident vis-a-vis the Soviet Union. They had first gone through a period of cutting off almost all contacts, except trade, with the West, Hungary after its 1956 revolution and East Germany after the 1961 Berlin Wall stopped massive flight to the West. Thereafter they carried out consumerist-oriented economic reforms which, coupled with political apathy, helped stabilize their rule and made them assert their own interests, even indirectly in public, against Moscow's.

Hungary had greeted the German treaties of the 1970s and the
resultant cementing of detente in Europe. Walter Ulbricht, Honecker's predecessor, had initially been able to prevent West German influence in East Germany by profiting from Bonn's boycott of East Berlin. But he was removed by Brezhnev because, fearing that Brandt's Ostpolitik threatened to infect East Germany, he tried to sabotage the 1971 Berlin Agreement. Forced by Moscow to accept Brandt's de facto but not de jure recognition of East Germany, thereby in theory keeping open the German question, Honecker first tried to ward off West German infection through a policy of delimitation (Abgrenzung). However, he soon realized that Ulbricht's drive to get East Germany technological parity with West Germany had failed. The West German treaties with the East brought him much more West German hard currency. Dissidence in East Germany, even its small peace movement, were no real danger to him and its leaders could be forcibly "exported" to West Germany. Solidarity made him more important for Moscow than Jaruzelski. Finally, his cultivation of consumerism, in part via Western imports, plus some East German symbols of "Germanness" successfully warded off destabilization of East Germany from the Federal Republic.

East Germany has recently been something of an economic success story, in part because West German payments to East Berlin were greatly increased by its de facto recognition by Bonn. They enabled Honecker to raise economic growth, productivity, and living standards through imports from the West, primarily from West Germany, of technology and agricultural products. When East Germany was hit in the early 1980s by
economic and debt crises, it successfully surmounted them by improved management and internal allocations, by lowering the living standard, but in a perceived fair fashion, and by borrowing from abroad. Unlike Hungary, East Germany fears economic dependence on West Germany, although not as much as the Soviet Union fears the same, so it only borrowed exclusively from West Germany, even though it had to make political concessions to get West German credits, when it could not borrow enough elsewhere. By 1985 it was again able to diversify its foreign borrowing and had more Western offers of credit than it needed.

Hungary did much the same but with fewer problems. The crushing of the Revolution and the flight to the West thereafter of the cream of Hungarian revolutionary youth immunized a generation against revolt and helped it accept Kadar's version of the 1867 Austro-Hungarian compromise (Ausgleich). He had realized after the Revolution that he could only retain power if he made sure that such a revolution would never again occur in Hungary. To do so he had to come to an agreement with the Hungarian intelligentsia and masses, just as Ferenc Deák and Franz Josef II had in 1867. This was the predominant, political cause of the Hungarian economic reforms, for without the political will of the party elite to carry them forward, their Hungarian economist authors could never have implemented them.

One of their key aims was to make Hungarian exports competitive internationally. While international trade remains a state monopoly, 217 Hungarian producing and manufacturing firms can conduct foreign trade independently. Enterprises have been
encouraged to "go out into the market and observe consumer behavior." This "direct relationship between producer and consumer" is considered an "important factor for more efficient foreign economic activity and for more favorable sales." 17 All this required increasing economic, technological, and financial ties with the West, while retaining close ties with the Soviet Union in order to import its energy and raw materials and export to it non-competitive Hungarian goods. For these reasons Hungary joined GATT in 1973 and the IMF and the World Bank in 1982, while faithfully following Soviet foreign policy, until Kadar feared that Moscow's turn against Bonn endangered his overall economic strategy and Hungarian political stability.

The relative stagnation of Hungarian economic growth over the last five years, the result of its austerity program to redress its trade and payments balance, made Hungary more anxious to continue Western technological imports, especially after Hungary surmounted its debt crisis in the early 1980s by raising loans in New York and Western Europe. Moreover, because Hungary has been considered the most creditworthy East European nation by western bankers, it has kept its country's debt at an acceptable level rather than sacrificing economic growth to reduce it rapidly.18

Budapest had adjusted earlier and much more rapidly to detente than East Berlin. However, by 1980 the stabilization of both regimes limited their own choices, for it made them think that abandonment of consumerism and national gestures because of Soviet pressure was too high a price to pay.
Poland

After he declared martial law in December 1981 General Jaruzelski gradually realized that he could not get credits from Bonn or Washington, or much from Moscow, for the former thought his "normalization" too repressive and the latter not repressive enough. The Polish economy was little better; Solidarity was still alive; communist party rule had not yet really been reestablished; neither the workers nor the intellectuals were cowed; but Moscow had no better candidate and the West had few cards in the game. By 1984 Warsaw realized that it had lost its former position as a major player in East-West detente in Europe to East Germany, over which Bonn's influence was, in the Polish as well as in the Soviet view, dangerously rising, but about which Poland could do little.

The West German Background

There has developed close to a national consensus in West Germany for a primary security relationship with the West, above all with the United States, combined with detente with the East, most of all with East Germany, in order, as Brandt put it, to "maintain the substance of the nation." West Germany, in its own perception, therefore has strong reasons to get political dividends out of increased trade and technology transfer, through West German credits, with the Soviet Union, Hungary, and most of all East Germany.

West German economic interests in the East are not crucial but they are substantial and politically essential. West
Germany, like Japan, is an export nation: exports are 30% of its GNP. Its exports to the East make up only 8 per cent of its total exports, but these account directly for at least 100,000 jobs, especially in declining industries. Moreover, West Germany increasingly imports energy and raw materials from the East, especially from the Soviet Union.

West Germany uses its Eastern economic relations to benefit both its own firms and Eastern enterprises. It has actively worked with East European firms to help them market their products in East and West. Through Export-Import Bank-type export insurance, it indirectly subsidizes trading with the East. It has only limited import restrictions on East European goods and has cooperation agreements with Eastern firms in import-restricted sectors. Bonn encourages long-term cooperation between West German firms and their Eastern counterparts, including production in the East in West German-built plants. East European countries prefer this because it provides long-term West German participation in technology absorption, personnel training, and finance, often through guaranteed exports to West Germany.

The Germans have engaged each other politically as well as economically in unique ways. Honecker (and Moscow) initially feared that the NATO INF decision and Kohl's replacing Schmidt would cut back their possibilities of influence in West Germany. But Kohl intensified Schmidt's Ostpolitik, with much less domestic opposition, and simultaneously improved relations with Washington. Bonn influenced and tried to control its relations
with East Berlin through massive credits, while East Berlin 
influenced and tried to control its relations with Bonn by 
concessions on travel and by threatening to block any new 
Ostpolitik successes. Most Germans, East and West, had come to 
think of the gains of Ostpolitik, more West German human contacts 
with East Germany and the near-universal East German reception of 
West German television, as national gains which they were 
determined to keep. Thus although East Germany had not seen 
domestic "change through rapprochement" (Wandel durch Annäherung) 
through Ostpolitik as Brandt had hoped for, its leaders had like 
Hungary's become more self-assertive vis-a-vis Moscow, which they 
probably would not have so much without Ostpolitik.

East Germany, Hungary, and West Germany have thus been 
reasserting their historic roles in Europe in general and Central 
Europe in particular, as European states which accept, indeed 
have no realistic alternative but to stay in their alliances, but 
which want to increase their autonomy and influence within them. 
This they can only do by preserving their gains from detente in 
Central Europe. Kohl did this and consolidated his position with 
Reagan, despite the latter's harder line toward Moscow. Honecker 
and Kádár, however, facing Moscow's attempt to cut back their 
relations with Bonn, resisted it indirectly but clearly, probably 
calculating that even if Moscow later forced them to retreat, 
they would reap popularity at home for at least having tried.

East German and Hungarian motives, like the earlier Romanian 
one, were not the result of a reformist push from below like 
Nagy, Dubček, and Wałęsa. The strategic although no longer the
tactical interests of Moscow, Budapest, and East Berlin have remained the same: to maintain themselves and their communist systems in power and to practice detente with the West and with West Germany in particular primarily to compete better with the West. Their purpose continues to be to get maximum economic, financial, and technological advantages from the West while also working against NATO unity, the ties between the United States and West Germany, the aims of Bonn with respect to German reunification, the juridical status of the German question and of East Germany, and the destabilization which West Germany, they still fear, threatens to produce in East Germany.

East Berlin and Budapest do not want to withdraw from or weaken the military aspects of the Warsaw Pact, for their legitimacy is still too limited and their importance too great for Moscow to allow it. Nor do they want to withdraw from CMEA, for they need Soviet petroleum, raw materials, and markets. In January 1985, the leader of the Hungarian trade mission in Moscow reaffirmed that Hungary would buy significant amounts of mineral oil, oil, gas, electrical energy from the Soviet Union. The East German press has also declared that Soviet energy and raw material sources are necessary for expansion of East German industries. Under the arrangements worked out at the October 1984 CMEA summit East German equipment will aid Soviet raw material and energy extraction.

The differences between Moscow on the one hand and East Berlin and Budapest on the other are therefore tactical: what mixture of these aims should be applied, with what priorities,
when, where, and how. They became serious in part because East German and Hungarian policies were tactically out of phase with Soviet policies. Budapest had moved toward detente two decades before; East Berlin had done the same five years or more before; Bonn had done so gradually since the 1960s; but Moscow turned against detente in Central Europe once INF deployment began.

There has been one indication that these differences have already spilled over into other aspects of international politics. East German and Hungarian reactions to the recent Chinese economic reforms have been remarkably favorable, almost as much so as Yugoslav and Italian communist ones, and far more so than the Polish, Czechoslovak, Bulgarian, or Soviet ones.27

These differences menace Soviet domestic stability less than Polish and Czechoslovak reformism from below or Romanian nationalism from above. However, East Berlin and Budapest want what Moscow will so far not accept: somewhat less Soviet political and economic control over their foreign policies, especially with respect to detente in Europe and their political and economic ties with West Germany.

Soviet Policy

The Soviet Union is even more threatened technologically and militarily than East Germany or Hungary by the high-technology rush forward of the United States and Japan. Moscow fears (correctly) that the global correlation of forces is moving against it and that it may lose nuclear parity with the United States. For this reason it tries to block or reverse INF and SDI
and to loosen US-West German and West German-East German ties.

Moscow is so concerned about its differences with East Berlin and Budapest because they involve West Germany, whose power, intentions, and danger Russian history and communist ideology make Moscow exaggerate. The Soviets fear that close relations between Bonn and East Berlin will threaten one of their principal gains from World War II: the division of Germany, Soviet hegemony over its eastern part, and thereby the decisive lowering of German power in Europe. Although the overwhelming majority of West Germans well know that German reunification is not in the cards in the near future, Moscow refuses to take any chances.

Moscow also has serious economic, ideological, and military reasons to be concerned about its position in Eastern Europe. It sees itself torn between improving East European viability by giving it partial autonomy and fearing that this will menace bloc cohesion. (Moscow's preferred vision for Western Europe, including West Germany—a group of "fragmented, submissive" states—is lower in Soviet priorities.)

The Course of the Differences

When after 1975 global Soviet-U.S. detente began to erode, Moscow continued to accept East Berlin's pro-detente policy toward Bonn because it provided West German technology, such as machine tools, chemical products, and iron and steel (i.e. not only high technology) which the Soviet Union needed, because Moscow hoped to profit from U.S. opposition to West European
desires to be an island of detente, and because it thought East Berlin useful to influence Bonn against INF.

Since 1980, immediately after the Soviet invasion of Afghanistan, experts and propagandists in Moscow and in East Berlin differed on policy toward West Germany, within each country and cross-wise in both, that is, different experts in both countries held similar views. History shows that differences among communist experts usually reflect differences among their leaderships.

Some Soviet and East German experts maintained that West Germany remained loyal to the U.S. and that therefore Moscow and East Berlin should increase their military potential and East Berlin should follow the Soviet lead. Others declared that Bonn differed seriously with Washington about the Soviet Union, East Germany, and INF deployment, and therefore East-West, East Berlin-Bonn, and Moscow-Bonn detente should be maintained.

A second difference was about foreign economic relations. Should the Soviet Union, East Germany, and CMEA practice autarky or should they encourage trade and economic cooperation with the West i.e. mostly the Federal Republic?

Third, differences were hinted at concerning security policy, particularly with respect to SS-20 and IMF deployment. Should the Soviet Union and East Germany arm more intensively or should they turn toward arms control? These also intermeshed with differences about the Federal Republic. 30

At first the Soviet experts were less strongly opposed to West Germany than the East Germans were, but by 1984 the contrary
was the case, for Soviet policy toward the Germanies had changed. After INF deployment and Soviet counter-deployments the differences became public. Honecker endorsed the Soviet counter-deployment but added that it "did not evoke jubilation in our country" and "we are in favor of limiting the damage as much as possible," thus indicating his differences with Moscow on this issue.

Hungarian differences with Moscow were clearer, stronger, and more ideological than East German ones. Budapest could risk this more easily because Hungary is on the margin while East Germany is in the center of Soviet strategic interests in central Europe.

In January 1984 the Hungarian party secretary for international affairs, Mátýás Szűrös, wrote that there must be a reevaluation of international and national factors in foreign policy in favor of the latter; that "national interests can be subordinate to common interests only in an extraordinary situation"; that the role of small countries in preserving detente is growing; that historical and economic (i.e. German and hitech) factors make possible the flourishing of relations between some small socialist and capitalist countries (i.e. Hungary and West Germany), even though East-West relations are deteriorating and despite capitalist attempts to divide the socialist countries (i.e. Reagan's policy of "differentiation"); that the (Soviet-proclaimed) "general laws" of socialism (i.e. the requirement to follow the Soviet model) must be "creatively" reinterpreted, that "questioning the correctness of disparate...
methods of others" and "publicly formulating reservations about and suspicions of them" and "presenting them as some singularly correct model" (i.e. by the USSR about Hungary), which "have intensified following almost all our more significant new steps," are negative factors.\textsuperscript{32} Budapest thus revealed and defended its differences with Moscow to its own elite and to the communist and non-communist world.

Szűrös soon provoked a strong Soviet counter-attack. In April 1984 an authoritative pseudonymous article by a high Soviet party official dealing with bloc affairs, O. B. Rakhmanin, violently criticized the Szűros article without naming it or him. Rakhmanin declared that the "present stage...is characterized by the imperialists' counting on export of counterrevolution and direct intervention" in the socialist states (i.e. not by detente) and that "rightist opportunistss" (i.e. Budapest) refute the existence of "general laws" because of "nationalist tendencies" disguised as "creative interpretation" and unfoundedly define the role of small and medium countries outside the class struggle. The article also criticized the Chinese and proponents of "new internationalism", i.e. Eurocommunism.\textsuperscript{33} A Czech article set forth the same themes.

East German reaffirmation of its own position and reprinting of Hungarian autonomist statements and endorsements of East German policies favorable to West Germany soon made clear that a new East Berlin-Budapest axis existed, which alarmed Moscow even more.

Moscow and East Berlin had tried to link Bonn's stopping INF
deployment with political detente between Bonn and East Berlin. In June 1983 Chancellor Kohl and Bavarian CSU leader Franz Josef Strauss had arranged a one billion deutschmark credit to East Berlin, an attempt to forestall this linkage. Shortly thereafter Honecker allowed over thirty thousand East Germans to emigrate to West Germany, a far greater number than at any time since the Berlin Wall had been built in 1961 and a clear example of linkage in Kohl's favor.

In February 1984 Volkswagen concluded an eight hundred million deutschmark joint production agreement with East Germany. In May Moscow began a new campaign against West German "revanchism." Then on July 25, 1984 Bonn guaranteed a new 509 million deutschmark credit to East Berlin, in return for which East Berlin eased travel restrictions for West Germans to East Germany. This triggered an all-out Pravda attack on West German "revanchism," of which Honecker was an implicit target. Some right-wing West German Christian Democrats criticized the pending Honecker visit, which was grist for the Moscow and East Berlin hard-liners' mill.

Although there were a few indications in the Soviet press that the SED position had some support in Moscow, the Soviet line hardened further. East Berlin and Budapest began reluctantly to adjust to it. Although Honecker resisted remarkably long, another indication that the final decision had not yet been taken in Moscow, he finally "postponed" his visit to West Germany in early September, because he sensed that in Moscow the negative political, military, and ideological voices had overcome the
positive economic ones.

Soviet opponents of his visit and his policy toward Bonn had two reinforcing concerns. First, they feared that Honecker (and Kadar) would drift too far away from Soviet foreign policy on an issue, Soviet counter-moves against INF deployment, which they regarded as vital. Second, they felt that the Federal Republic was dangerously increasing its power and influence, particularly in East Germany. A third, probably secondary reason may have been that the Soviet leadership was already then moving toward renewing arms control negotiations with the United States. Once INF deployment began, and the West German peace movement had failed, going easy on Bonn was less attractive to Moscow. Conversely, Reagan's SDI and his approaching reelection convinced Moscow that it had no more to gain by boycotting Soviet-U.S. arms control negotiations but that it might influence Western Europe and Congress to block or at least slow down SDI by resuming them. Moscow also probably concluded that intimidation was better than cultivation vis-a-vis the Federal Republic, or at least vis-a-vis the SPD, whose left wing, Moscow probably (and correctly) thought, would respond by calling for more concessions to Soviet and East German demands.

After the Postponement of the Honecker Visit

Thereafter not too much changed initially in Bonn-East Berlin and Bonn-Budapest relations except the postponement itself. Indeed, at first they seemed to be improving again. Economic relations between the two German states and between
West Germany and Hungary continued substantially as before. A new substantial West German bank credit, and later an American one, were negotiated with East Germany.

The esoteric polemics on relations with West Germany between Moscow and East Berlin and Budapest at first almost ceased, presumably because of the Soviet-East Berlin detente which followed the visit's postponement. But this armistice proved short-lived and indeed deceptive. Pravda deleted parts of a Honecker statement concerning the Federal Republic. Szuros published another article. Although this time he stressed that Hungary had no desire to be a mediator between East and West, he again defended support of detente by "middle-sized and small states" in Eastern and Western Europe. Although his tone was far less different from Soviet orthodoxy than his previous article, that his second article appeared at all showed that Hungarian views had not decisively changed. Conversely, at the Hungarian fourteenth communist party congress, Romanov, the chief Soviet delegate, spoke of the "general laws" of socialist construction (i.e. following the Soviet model) but Kádár did not. Later, at the Hungarian celebration of the fortieth anniversary of the liberation of Hungary from the Nazis, Kuznetsov, the chief Soviet delegate, denounced the United States furiously but neither Kádár nor any other Hungarian spokesman did the same.

It became clear in June 1985, however, that Gorbachev was increasing his pressure for conformity in Eastern Europe. A pseudonymous Pravda article was stronger in content, and more authoritative because pseudonymous and because of where it
appeared, than the April 1984 Rakhmanin article. (Indeed, some of its formulations were so similar to the latter and so clearly directed against Hungary, and particularly against Szűrős, that Rakhmanin may well have inspired or even written the article.) Some of its themes repeated his previous ones: stress on "objective," unchangeable general laws (i.e. Soviet hegemony) and rejection of any specific role for small countries, particularly mediating between the two superpowers. Far from criticizing China, the article took a positive attitude toward Peking. But it stressed the necessity of " stricter criteria of allied solidarity and coordination of action vis-a-vis the class adversary" (i.e., a stronger, Soviet-imposed East European propaganda line against the West.) Moreover, the article denounced nationalist tendencies and (Hungarian) attempts to interpret from a revisionist [Rakhmanin had written "controversial" the year before] standpoint the problems of socialist ownership and of the correlation between social and private production," including "weakening.....centralized planning, propagating market competition, and increasing the size of the private sector."39

This article made clear what earlier evidence had hinted. Gorbachev seems to plan not only to meet Reagan as a step towards some arms control to lower Soviet military expenditures, but also to crack down in Eastern Europe, especially on Hungary, East Germany, and probably Poland. (The chances of more economic reforms in Hungary do not look good.)

But Gorbachev will not stop SDI. Although he will try, he
will probably not reverse, or much slow down, the recent change 
of the overall global correlation of forces in favor of the 
United States, and his attempts to do so, like Brezhnev's, will 
likely impede the arms control agreements he needs. He probably 
cannot afford the domestic reforms that high technology requires 
because of the blow this would mean to the power and privileges 
of the nomenklatura. His crackdown in Eastern Europe is unlikely 
indefinitely to contain the economic and nationalist pressures 
for change there. On the contrary, it will sooner or later 
intensify them at both elite and mass levels. It will also 
antagonize Western opinion. Insofar as he renews detente with 
the United States, for which he, like Honecker and Kadar, has 
economic as well as political and strategic motives, this will 
encourage these pressures. Thus he can suppress temporarily, but 
not indefinitely, the economic and nationalist causes of the 
differences. Because they will therefore probably reappear, the 
1984 surfacing of the differences was probably a foretaste of 
coming events, not an isolated episode.

West German frustration over Ostpolitik, which the Honecker 
visit's cancellation intensified, made the SPD move closer toward 
accepting SED demands on intra-German relations. Conversely, the 
CDU right wing and the expellee organizations unsuccessfully 
intensified their criticism of Bonn's policies toward the East. 40

Future Prospects

East Germany and Hungary have a motive which the Soviet 
Union does not share: increasing consciousness of being
"European." Their power elites' determination to retain power, their conviction that this requires firm ties with Moscow, and their ideology precludes political democratization. But they are pushed by economic and technological imperatives, and the European desires of their peoples, toward reviving their traditional ties with Western Europe.

East Germany also has other, German motives. The Soviet Union and East German elites share interests: to maintain themselves in power, have East Germany raise its international status and get technology and credits from Bonn. But East Germany, like West Germany, wanted to keep their bilateral relations as unaffected as possible by Soviet-American tension. To try to get Moscow to tolerate this, East Berlin has recently pushed the maximum aim: that Bonn recognize it de jure as another, fully independent German state.

Bonn has given up any near-term expectations of soon changing East Germany internally, although it has achieved more contact with East Germany and gives it a higher priority, albeit less than its adherence to the Western alliance, in its foreign policy. Bonn's gains in the East have been achieved in agreement with, not by opposition to East Berlin. Therefore Bonn does not want to "destabilize" East Germany, lest this interfere with East-West and intra-German detente. Indeed, many West Germans feared Solidarity because they thought its rise would interfere as well.

Intra-German relations now exist on a new, different plane. Each is more dependent on the other. West Germany needs its
humanitarian gains to continue because its public opinion demands it. East Germany needs Bonn's humanitarian gains to continue because its public opinion wants gem but it can use the threat to cut them off to pressure Bonn. East Germany needs West German money so its consumerist economy will help preserve its stability. Finally, West German television is all-pervasive in East Germany, which recently made it possible for the one area which cannot see it, around Dresden, to view it via East German cable. Unprecedently, "German reunification" occurs every evening when almost all East Germans watch West German television news broadcasts. Thus East Germany needs detente with Bonn not only for money but also lest its citizens be turned against it by West German television, the viewing of which they now consider their right.

The rise of nationalism and neutralism, especially among the Greens and the left wing of the Social Democrats, has not endangered West German democracy and adherence to the Western alliance. The educated SPD left wing, sociologically a product of mass university education and a swollen state bureaucracy, has been caught up, with the Greens and some of the far right, in a new, minority climate of opinion: because the two superpowers are equally and dangerously imperial, all Germans should opt out of superpower competition, for the real German problems are nuclear war and ecological disaster. Many leftist intellectuals and some of the educated youth in West Germany are also dissatisfied with "the system," i.e. parliamentary democracy, and see little difference between the two superpowers. But they are
not likely to dominate West German politics.

The recent SPD-SED joint proposal for a chemical warfare-free zone in Central Europe reflects these tendencies, the SPD fear of Reagan's policies, and the hope that the two German states can move toward arms control when superpower confrontation prevents agreement. But the SED's motives are mixed: partly the same but more, with Moscow, to split what remains of the West German Ostpolitik consensus and to split Washington and Bonn. However, any detente in superpower relations would probably ease the West German left's alienation from Washington and the Alliance. The landslide victory of Johannes Rau, an SPD centrist, in the recent North Rhine-Westphalia state elections was not only a defeat for Kohl but also for the SPD left wing. The gradual if slow improvement of the West German economy and the recent state election gains of the Free Democrats, Kohl's vital coalition partner, do not make the SPD's chances to return to power in Bonn, despite Kohl's weakness, look good in the near future.

We should not exaggerate the importance of West (or East) German nationalism and neutralism. In both Germanies the expectation of German reunification has steadily declined. Nor is this surprising. Soviet power and will make it unrealistic. The Bismarck Reich lasted less than a century. The Berlin Wall and the Soviet invasions of Hungary and Czechoslovakia, which cut off hope of German reunification, a new generation in which pride in its German identity is reviving, the decline of the ideal of European unity, and the failure of East Berlin's goal of an East
German "socialist German nation" have brought a common German feeling that detente between the two Germanies and in Europe must be preserved from rising superpower tension, but only, however, on the basis of each German state remaining in its own alliance, albeit both with some more autonomy from their superpower.

Rather, what is reviving in both Germanies is the much older historic sense of a common German cultural heritage, of belonging to the same German Kulturnation. This, not nationalism, neutralism, or reunification is the main common foreign characteristic of most Germans, East and West.43

Soviet hegemony over Eastern Europe has unravelled somewhat around the edges, and Soviet rule is now more indirect, but its core remains solid. The East European economic crisis will probably lead to periodic outbreaks of dissidence and often to violence, which will be suppressed. Thus the East European power elites will remain in power as part of the Great Russian empire but nationalist and economic considerations will modify their policies. Their deviations from above, like Yugoslavia's and Romania's, have lasted far longer, and these new ones will do so also, than those due to explosive pressure from below in Hungary, Czechoslovakia, and Poland. (Yet non-explosive popular pressure is one of the key causes of elite deviations.) These deviations will continue to be supported by Romania, Yugoslavia, some of the Soviet economic and technological elite, and the Federal Republic. Honecker and Kádár are approaching retirement but there is no evidence of serious factional struggles in East Berlin or Budapest, so that their policies will probably
continue.

The recent developments in East Berlin and Budapest occurred during a period of weak Soviet leadership. Gorbachev is reasserting Soviet control. However, because the Soviet Union sees itself less able to help Eastern Europe economically, and is more dependent on East Germany, and through it on the West, especially West Germany, for high technology, and because Gorbachev is committed to economic growth and therefore to some economic reform, he will want the East German and Hungarian economies to flourish.

In West Germany the current domestic consensus for improved relations with East Germany (and with Hungary) is likely to continue. The problem for Bonn, therefore, is primarily external. Will West Germany be able to carry on its present policy without significant opposition from the United States and France, and even more from the Soviet Union?

Bonn's prospects with Washington and Paris seem good. Chancellor Kohl has increased West German credits and trade with East Germany and continued to favor detente with it and with the Soviet Union. Reagan has endorsed this. Because he shares the concern of most French about the danger of West German nationalism and neutralism, so has Mitterand. Renewed Soviet-U.S. arms control negotiations should make Western support for Kohl's policies even easier. The great majority of West Germans want security and prosperity above all else. If the United States and France help provide these, West Germany will remain firmly within the Atlantic alliance. And, paradoxically,
this may be less disturbing to East Germany, and even to the Soviet Union, than the unlikely contingency that United States troops would leave West Germany and be replaced by West German troops. Because East-West relations in Central Europe are in flux, the status quo in West Germany, including the American military presence there, has become more important to all powers concerned.

U.S. Policy

The United States and West Germany want Soviet influence in Eastern Europe to diminish gradually. Bonn gives higher priority to gradualism and to detente than Washington does, because it is a regional, German power, while Washington is a global one, and because public moods differ between the two countries. Bonn prefers incentives while Washington sometimes prefers confrontation when dealing with Moscow. Bonn's incentives toward East Germany and Hungary have worked better than U.S. confrontation, which Washington anyway seems to be moving away from.

Bonn commits more resources and political will to East Germany (and Hungary) than Washington does, but it is also committed to NATO, the EEC, and reconciliation with France. The most important implication of these developments for American foreign policy, therefore, is to continue American engagement in West Germany. Washington must also continue to support four other policy objectives: maintain its military engagement in Europe; support Franco-German reconciliation and therefore not
try to make Bonn choose decisively between Washington and Paris, encourage West European political, military and economic unity; and endorse Bonn's policies on German reunification and intra-German detente.

With respect to Eastern Europe itself, and especially East Germany and Hungary, the U.S. policy of "differentiation," most recently set forth by Vice President Bush in his 1984 Vienna speech, is the more valid in view of these recent developments. American national interest and democratic tradition require that its policy toward Eastern Europe combine Realpolitik and support for democracy and the rule of law there. Not easy, even contradictory, Bismarckians may say. But no other policy will keep American public support. Moscow combines Realpolitik and ideology: why should the U.S. not?

What Zbigniew Brzezinski and I proposed more than two decades ago as such a policy seems to me still valid:

..the United States should adopt a policy of what might be called peaceful engagement in Eastern Europe. This policy should: (1) aim at stimulating further diversity in the Communist bloc; (2) thus increasing the likelihood that the East European states can achieve a greater measure of political independence from Soviet domination; (3) thereby ultimately leading to the creation of a neutral belt of states which, like the Finnish, would enjoy genuine popular freedom of choice in internal policy while not being hostile to the Soviet Union and not belonging to Western military alliances...46

The U.S. should privately reciprocate East European initiatives toward differentiation, but rarely publicly applaud them. Nevertheless, Washington should occasionally set forth
this policy publicly in order to ensure U.S. public support for it. The U.S. should understand and accept that Bonn has a special interest in East Germany and therefore in detente in Europe. On the other hand, Washington rightly expects Bonn to consult fully with it on policy toward East Berlin, Eastern Europe, and Moscow, for not only are its policies likely to fail without U.S. support, but U.S. interests in West Berlin and in the Federal Republic itself would be negatively affected by lack of consultation. Fortunately there is at present no reason to be concerned in this respect.

The U.S. should be sure that it understands these developments. It should aid them, discreetly, when it can, always in consultation with its NATO allies, and especially with the Federal Republic. Their future will be neither short, continuous, dramatic, nor necessarily decisive for change in Europe. But insofar as they continue, as sooner or later they probably will, they will be to the advantage of the United States and of the West.


3. Fifty percent of Soviet microelectronic needs are fulfilled by legally or illegally obtained Western equipment and know-how, according to David Buchan, "Western Security and Economic Strategy Towards the East," Adelphi Paper No. 192 (London: International Institute for Strategic Studies, Autumn 1984), p. 15.


21. Angela E. Stent, Technology Transfer to the Soviet Union. A Challenge for the Cohesiveness of the Western Alliance (Bonn: Deutsche Gesellschaft für Auswartige Politik, April


29. Wolfgang Seiffert in Deutschland Archiv, 10/84, p. 1051.

30. Michael J. Sodaro, "In the Shadow of the Missiles: East German and Soviet Perceptions of West German Foreign Policy" (George Washington University, Institute for Sino-Soviet Studies, unpub. MS.)

31. Honecker to the 7th SED CC Plenum, Neues Deutschland, Nov. 26, 27, 1983.


33. O. V. Borisov (pseud. for O. B. Rakhmanin, first deputy chief, CPSU CC Department of Liaison with Communist and Workers Parties), "Soyuz novogo typa," Voprosy istorii KPSS, no. 4, April 1984. (The article would have been even more authoritative if it had appeared without a pseudonym and in Pravda or Kommunist. Rakhmanin has long polemicized against the Chinese under this pseudonym in Problem y dalnego vostoka.)

35. See the symposium in *IPW Berichte* (East Berlin), 6/1984.


37. Mátýás Szűrös, "Active Foreign Policy in the Service of Peace," The New Hungarian Quarterly, Winter 1984 ("went to press on August 3rd 1984. Last proofs read on 29 October 1984", i.e., it was sent to press before Honecker's "postponement" of his visit to West Germany, but the proofs were read and returned after that occurred, thus demonstrating that Budapest's public views were not wholly silenced thereafter.)


46. Zbigniew Brzezinski and William E. Griffith, "Peaceful