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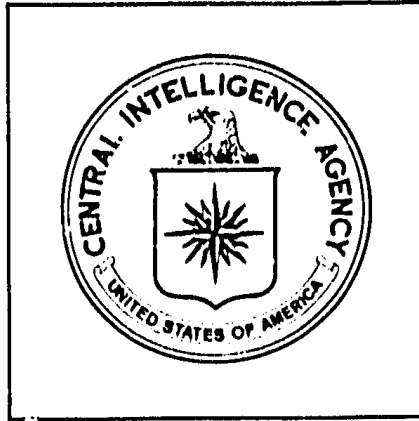
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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Strategic Specialist in USA
Institute Talks About SALT

L. S. Semeyko, a strategic specialist in the USA Institute, has suggested to US officials that the USSR could reduce the aggregate ceilings on its strategic weapons by as much as 30 percent in the aftermath of a SALT II agreement. He said that reductions beyond this level could not be made without taking into account the nuclear forces of China, Great Britain, and France, and that negotiations on the reductions could begin immediately following signature of a SALT II agreement.

These propositions on reductions in central strategic systems go far beyond the present official Soviet position. The latter makes no references to percentage of reductions, envisions reductions only in the post-1980 period, and is heavily hedged with statements regarding the necessity for reductions in nuclear weapons in third countries and in US forward-based systems.

Semeyko made these comments last week in two conversations with US officials involved in arms limitation negotiations. On the second occasion, two other members of the USA Institute were present. All three seemed to be making a special effort to portray the Soviets as both reasonable and interested in additional progress on arms control. For example, Semeyko observed that the USSR would not reach its allowed MIRV ceiling of 1,320 until well into the ten-year SALT II treaty, and could therefore accept a reduction in the MIRV ceiling without having to dismantle existing systems.

He also raised the subject of mobile ICBMs, asserting that the USSR is less interested in them than the US. He quoted the commander of the strategic rocket forces to the effect that the Soviet

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Union does not intend to build mobile ICBMs. When pressed on the discrepancy between this position and the Soviet stance at SALT I, Semeyko replied that "maybe our position has changed." His statement is at variance with evidence that suggests probable Soviet development of a mobile ICBM.

Members of the USA Institute do not hold policy-making positions, nor do their views necessarily reflect those of the leadership. On occasion, opinions similarly expressed to Americans in the past have failed to materialize as official Soviet positions. Nevertheless, the institute appears to have a significant advisory role, and the ideas of its members may be representative of at least one school of informed opinion. (SECRET NO FOREIGN DISSEM/BACKGROUND USE ONLY)

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Brezhnev Proposes Summit-Level
Finale of CSCE

Party chief Brezhnev has sent letters to the leaders of major Western countries proposing that the summit-level finale of the CSCE be held on June 30. This is the first time since the conclusion of the conference became a realistic possibility that the Soviets have suggested a specific date. The timing suggests that Moscow would like to have the security conference out of the way prior to a Brezhnev visit to the US.

The Soviet delegation in Geneva has shown new vigor in pushing the talks along. The delegation chief, who was in Moscow for four days at the beginning of March, fought hard for a short Easter recess and has sought to get the West to begin planning for the final stage of the talks. The Soviets seem to think that a wind-up can be achieved without making any serious concession to the West on the arcane problems that remain to be resolved.

Brezhnev's letter was timed to coincide with a discussion of the security conference by EC leaders at their meeting in Dublin earlier this week. They reportedly reacted very favorably to the letter and had "surprisingly few misgivings" about it. Several of the participants at the Dublin meeting expressed the view that the West should move quickly to take advantage of Brezhnev's personal commitment to detente.

Nevertheless, the statement approved by the Nine on the security conference is cautious. It supports a conclusion "at an early date and at the highest level" only if "balanced and satisfactory results" on all agenda items are achieved.

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The West Europeans are not prepared at this time to pay an exorbitant price to bring the security conference to an end. In Dublin, the EC leaders called for Soviet flexibility and agreed not to cave in entirely if the Soviets continue to be intransigent. At the same time, the heads of government called for further EC study of outstanding conference issues, probably to determine where Western concessions might still ultimately be made. (CONFIDENTIAL NO FOREIGN DISSEM)

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Cracow Leaders Discuss Shortages

At least one Polish provincial leader has already followed Gierek's lead of last Thursday by frankly and publicly discussing the shortages, especially of meat and milk products, that face the Polish worker. (*Staff Notes*, March 11 and 12).

US consular officers in Cracow have reported that, for the second time in a week, provincial party first secretary Jozef Klasa apologized for the shortages to a National Woman's Day gathering on March 8. A consular officer attending the meeting stated that Klasa "nervously" admitted that there are "many still existing shortages" and failures in the trade and service sectors. Klasa singled out the women of Nowa Huta, Cracow's industrial suburb, for special attention, thus lending further credibility to the rumors of growing disenchantment in that area. Klasa promised to do everything possible to reduce shopping lines and to provide bigger, more modern, and better supplied stores, but the consular officer reported that half the audience refrained from applauding at the end of the speech.

Consular officers, who report seeing longer lines than usual in front of meat, grocery, and fabric stores, spoke to Cracow's mayor, who also admitted there were "significant" shortages." He specifically blamed bad weather for the problems, but poor distribution may be a major contributing factors. The mayor claimed that the meat and butter shortages would be under control "in a few weeks," thanks principally to imports from the Soviet Union and East Germany. (CONFIDENTIAL)

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Bulgaria - West Germany:
Strengthening Relations

Foreign Minister Mladenov's visit to West Germany last week highlighted Sofia's interest in placing economic and other relations with Bonn on a firmer footing. The visit was the first to West Germany by a high-ranking Bulgarian since the two countries established diplomatic relations in 1973.

In his talks with the Germans, Mladenov stressed the desirability of expanded cooperation on all fronts--economic, political and cultural--and avoided contentious economic issues. He made it clear that Sofia does not intend to reduce imports of West German goods to redress its unfavorable trade balance with Bonn, which increased sharply in 1974. He steered clear of the sensitive questions of obtaining credits on concessionary terms. West Germany is already Bulgaria's largest Western trading partner, accounting for some 22 percent of Sofia's trade with the non-Communist world; trade with West Germany last year amounted to approximately \$390 million.

Mladenov emphasized that Sofia was not satisfied with trade alone and wanted to establish a "legal and contractual basis" for bilateral relations. Furthermore, he hoped that political contacts would expand and "in the not too distant future will reach the level...of our economic relations."

If Mladenov's remarks are taken at face value, they represent a substantial commitment on the political front. A number of official visits are already being arranged. Foreign Minister Genscher and Trade Minister Friderichs will travel to Bulgaria sometime this year and, to the reported delight of the Bulgarians, President Scheel has invited Bulgarian Party leader Zhivkov to visit Bonn in late 1975 or early 1976.

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Both parties expect to sign soon a long-term cooperation agreement and are actively discussing a cultural agreement. A technical and scientific cooperation agreement is, however, stalled over the status of scientists in West Berlin. This same issue recently blocked similar Romanian - West German discussions.

An interesting sidelight of the visit is the increased prominence in foreign relations of Lyudmila Zhivkova, daughter of the Bulgarian party leader. Zhivkova went to Egypt with Mladenov last month, and also accompanied him to Bonn. (CONFIDENTIAL)

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New Soviet Minister of
Transport Construction

On March 6, *Pravda* announced the appointment of Ivan Dmitriyevich Sosnov as minister of transport construction. Sosnov, who has been the ministry's first deputy minister since 1966, succeeds Ye. F. Kozhevnikov, who at age 69 was retired on pension. Ill health may have forced Kozhevnikov's retirement.

The 66-year-old Sosnov has held top posts in the ministry for over 20 years. He headed administrations responsible for the construction of railroads in the Soviet East (1954-57) and the Urals (1957-58) and served as deputy minister for eight years.

Sosnov is a native Ukrainian. He has traveled outside the Soviet Union occasionally in connection with Soviet transport construction assistance programs. Two of his more recent trips include a visit to the US in October 1971, when he was invited by US Secretary of Transportation Volpe to observe US construction of underwater tunnels, and a trip to Czechoslovakia in May 1973 for the signing of a protocol agreement on Soviet technical assistance for the construction of the Prague subway. (UNCLASSIFIED)

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Soviets Negotiate for Large Purchase
of US Color TV Technology

After several years of intermittent negotiations with two US firms, the USSR appears ready to award contracts for technology and equipment for the production of color television picture tubes. The US firms have submitted bids totaling more than \$130 million--\$25 million for machinery and technology for production of glass parts and \$107 million for machinery and technology for all other aspects of picture tube parts and assembly. The two contracts make up a complete technology package for an annual output of 1.5 million color TV tubes.

Soviet problems with volume production of good quality color picture tubes span many years. Although the USSR currently has plant capacity to produce about a million color picture tubes per year, usable output is only about 500,000 units, many of which are of substandard quality.

Most color TV picture tubes now produced in the USSR are based on an unhappy marriage of Soviet and US technology. The USSR purchased a complete line to make one component part (shadow mask) from the US in 1969 after efforts to produce the French-designed "chromatron" tube failed. Apparently, the Soviets have now decided that only turnkey purchases will make possible efficient large-scale production of quality color tubes for receivers. (CONFIDENTIAL)

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Hungary at the Crossroads - Part III

Today the Staff Note concludes a three-part series on Hungary prior to the party congress that opens on Monday. This installment discusses the probable impact of the congress on the Hungarian party, examines Budapest's foreign relations, and considers developments over the immediate future.

The Party

The party congress will focus directly on the need for a more unified, disciplined, and committed Communist party. A special effort will be made to paper over differences deepened by lengthy policy debates, to upgrade the party's guiding role, and to meet the demand for a united party in the face of detente. Changes in the party rules will limit the right of dissent and facilitate tighter discipline.

The regime has been preoccupied with the party's health since 1972, when lengthy and vituperative policy debates over economic and cultural issues opened many wounds. The continuing debate prompted Kadar to warn party members publicly that there were limits to party democracy. The expulsion of several sociologists in June 1973 was both a commitment to tightening the party ranks and a warning to unruly intellectuals.

Last November the Central Committee reiterated the previous year's call to induct more workers and young people into the party, and initiated a program to weed out the corrupt and incompetent. The resolution apparently stimulated a close screening of party members in 1974. Contrary to rumors at several junctures, however, the program apparently has not led to a political purge or a formal exchange of party cards.

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In fact, Kadar told an audience of older functionaries at the party school last September that the "change of generations" under way was a gradual process, and not something to be done "at the sound of a whistle."

The congress will approve a new party program to replace one drawn up in 1948. Drafted by a committee headed by Kadar, the program will apparently define in ideological terms where Hungary stands, where it is going, and how it will get there. It will probably brim with orthodoxies, but will also reflect Kadar's continuing policy of moderation.

Foreign Relations

Representatives from a number of Communist parties will attend the congress, but the highest level delegations will come from Hungary's close Warsaw Pact allies. There is growing evidence that Brezhnev will make an appearance and if he does, he will--as he did at the congress in 1970--endorse Kadar's leadership and Hungary's achievements.

Moscow is no doubt pleased with its Hungarian ties. Kadar's Hungary has been responsive, stable, and loyal in foreign affairs. Moreover, the Soviets can be confident that Budapest will continue to cooperate. Hungary is overwhelmingly dependent on Soviet raw materials, and more than 50,000 Soviet ground troops are in the country.

Moscow's role in Budapest's policy debates has been most apparent in the cultural/ideological area. Never comfortable with what it perceived as Hungarian permissiveness, by 1972 Moscow was reportedly urging a stricter hand. At the same time, the Soviets launched efforts to construct a web of ideological cooperation agreements among the East Europeans. Hungary initially resisted the Soviet move, but the network of agreements--minus Romania--was completed

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the next year. Soon came calls from the Soviets for another international Communist conference. In December, Kadar and Bulgarian leader Zhivkov became the first East European leaders to publicly endorse a conference. A Soviet-inspired round of bloc meetings on cultural and ideological matters also was initiated. These meetings--the most recent session was held last week in Prague--provide the most direct evidence of Moscow's concern that detente not erode Communism in Eastern Europe.

A direct Soviet hand in the economic debate is less visible. Nonetheless, domestic critics may have taken special encouragement from Moscow's expressed unhappiness in 1972 over excessive investment by Hungarian enterprises. These difficulties may have led Moscow to conclude that a decentralized Hungarian economy could not mesh well with its more central-minded allies within CEMA. East Germany and Czechoslovakia apparently were also pressing for more central controls in Hungary.

Budapest has been similarly responsive to Moscow in foreign policy. Earlier hints of moderation toward China have been superseded by vituperative attacks on Maoism and strong support for an international Communist conference that will have at least a latent anti-Chinese tone. Hungary expected to be a direct participant in European force reduction talks, but the Soviets decided otherwise. Budapest's eager advance work on European security--indicative of good ties with Western Europe that have made Moscow nervous--has yielded to a more docile stance.

Hungary continues to be on generally good terms with its East European allies. Budapest still finds the greatest kinship with Gierek's Poland, the least with Honecker's East Germany and Husak's Czechoslovakia. Hungary's relations with maverick Romania are complicated by a traditional antipathy and a large Hungarian minority in Romania.

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Kadar's personal friendship with Tito has generally kept Hungarian-Yugoslav relations on an even keel, despite past modifications dictated by Moscow and some anti-Yugoslav feeling among elements within the regime. In 1974, the two leaders resumed the personal contacts that had been frequent and regular in the mid-1960s, and economic relations have flourished in recent years.

Despite its loyalty to the Soviets, Budapest has at times cultivated ties with some West Europeans that go beyond the Soviet lead. Recently, it has perceptibly improved its relations with Austria, Finland, the Vatican, and--in the economic sphere--West Germany. In each case, Budapest has special reasons. Ties with Austria and Germany have a certain historical basis; relations with the Vatican are an extension of its domestic policy toward religion; the Finns are one of the Hungarians' few ethnic brothers.

Although US-Hungarian relations have not progressed beyond the Soviet-US warming, Budapest likely attaches extra importance to its ties with Washington because of the large Hungarian-American minority and because the US still holds the Crown of St. Stephen--a traditional Hungarian symbol of political legitimacy.

Outlook

At least as long as Kadar remains in charge, Hungary seems likely to follow its present moderate course. Kadar favors conciliation and persuasion as the way to weld national unity and invigorate national energies. He is not given to sharp turns in policy, although he recognizes that in politics, as in chess, it is sometimes necessary to sacrifice a pawn or two along the way.

The tightening of economic and ideological controls over the past few years represents such a

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sacrifice, but it does not signal the end of the game. In the economy, Kadar will continue to root out malfeasance, improve worker-management relations, and strengthen party controls. He will, however, try not to inhibit managerial competence, initiative, and willingness to take risks. He seems even less willing to respond to calls for greater cultural orthodoxy.

How successful Kadar will be in pursuing the middle course will depend mainly on developments beyond his control. Moscow appears relatively satisfied with the trend of events in Hungary, but if it should insist on tougher ideological controls and a significant recentralization of the economy, Kadar would be in trouble.

For the present, Moscow's demands will continue to be tempered by memories of 1956 and a persistent Hungarian nationalism, which has a strong anti-Soviet strain and a traditional Westward look. Although the Soviets undoubtedly desire to change this outlook--it may be the real aim of their calls for more orthodoxy--they must allow Hungary a certain interplay with the West and some domestic novelties to avoid fueling further anti-Soviet sentiment. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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