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**European Review**



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**4 July 1986**

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4 July 1986

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**Yugoslavia: The Public Mood**

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Recent public opinion polls suggest that the Yugoslavs are unsure about the future, preoccupied by falling living standards, and alienated from a complex, inefficient, Communist political system. The polls also signal implicit recognition that the unorthodox system—designed in theory to be one of the most responsive in the world—often has not done its job.

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*Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views. Comments may be directed to the authors.*

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**European Review** [Redacted]

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**Briefs**

**France-West Germany**

**Turbulence Ahead for the Eurocopter?** [Redacted]

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Despite press reports that West German Chancellor Kohl and French President Mitterrand have reaffirmed their commitment to the joint Franco-German PAH 2 combat helicopter program, the project continues to falter over differing priorities, which, if not resolved soon, may lead to its termination. From the project's inception in the mid-1970s, disagreements between the two nations over design and mission requirements, overall program management, and prime contractorship, as well as difficulties with funding, have delayed the program and resulted in cost overruns. [Redacted] development and production costs have risen by 19 percent and 13 percent, respectively, since 1983. If the program continues, [Redacted] expect costs to rise an additional 40 percent. French Defense Minister Giraud has issued an urgent ultimatum to the Eurocopter consortium to significantly reduce the cost of the program or risk a French pullout. [Redacted]

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Failure of the two governments to agree on a common mission for the helicopter and their decision to develop three models are the prime factors behind the program's delay and cost escalation [Redacted]

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[Redacted] originally were seeking both an air-to-air combat model and an advanced antiarmor version equipped with third-generation antitank guided missiles—helicopters potentially marketable in Third World countries. Bonn, on the other hand, was primarily interested in an all-weather antiarmor model, initially equipped with current-generation missiles, to replace as soon as possible its inventory of the much less capable PAH 1 helicopters. Bonn eventually hoped to retrofit the PAH 2 with new-generation antitank guided missiles. The West German Army, which had wanted a new helicopter by the end of this year, has seen delivery dates slip first to 1992 and now to 1995. [Redacted]

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Eurocopter has been asked to present a final proposal to Defense Ministers Giraud and Woerner by early July before they make a decision on whether to continue the program. Both the French and West Germans are skeptical that this program, in its present form, will succeed. In fact, several alternatives apparently are being considered. Under one option, the Germans would produce the Leopard tank for both countries and the French would produce the helicopter. Under another option, only two versions of the helicopter would be developed, an antitank model and an air-to-air model, which could make the program a less complex and expensive endeavor for both countries. A final option would be for both countries simply to purchase off-the-shelf models, such as the US-made AH-64 Apache or the Italian-made A-129 Mangusta. [Redacted]

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**Spain**

**Four More Years for Gonzalez**

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Prime Minister Gonzalez almost certainly will view his reelection on 22 June as a mandate to continue moderate domestic and foreign policies. His Socialist Party received approximately the same share of the national vote—44 percent—as it did in its landslide victory in the last election in 1982. Gonzalez did not win as many seats this time, but he retains an absolute parliamentary majority. The Socialist Party's tight discipline means that Gonzalez will have little trouble serving out another four-year term.

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Spanish conservatives are frustrated because they had hoped that Spain's 22 percent unemployment and recent surge in drug trafficking and street crime would bring them gains at the polls. Instead, they actually lost a seat, and their distant second-place finish could trigger a challenge to the leadership position of Manuel Fraga. Former Prime Minister Suarez's center-left Social Democratic Center Party nearly tripled its share of the vote and emerged as the third-largest party behind the Socialists and Fraga's Popular Coalition—a finish that makes Suarez the undisputed leader of the political center. The Communists staged a more

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limited comeback. Both they and Suarez featured anti-US themes in their campaigns, and their gains are likely to reinforce Gonzalez's desire to negotiate a cutback in US forces in the bilateral security talks that begin in Madrid on 10 July.

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**Poland**

**Financial Problems To Continue**

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The Polish financial situation will improve little despite new credits from several Western governments, a new rescheduling agreement with Western banks, and Poland's formal acceptance into the IMF in mid-June. Western banks have agreed

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to provide about \$2 billion in debt relief this year and next. Commercial bankers hope that settling on more generous terms than they originally offered will give them an advantage over Western government creditors in any future negotiations on debt relief [redacted]. Even so, the bankers believe that Poland will reopen discussions with commercial creditors on new loans next year. Warsaw is also counting on obtaining credits soon from the IMF and has applied for membership in the World Bank. [redacted]

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Two recent loans from the United Kingdom and Belgium, together with credits previously pledged by Austria, France, and West Germany, bring new government-backed loans offered in the past year to about \$120 million. These credits depend on Poland's repayment of arrears due under existing rescheduling agreements and timely debt payments in the future. [redacted] however, West German officials have withdrawn approval for export credit guarantees because Poland failed to make payments due under past agreements. [redacted]

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Warsaw will cite these developments as improvements in its financial relations with the West, but its financial situation is not bright. The new credits cover little of the \$1 billion financing gap Poland still faces this year, and Warsaw probably will be unable to meet all the conditions necessary to receive them. New loans from the IMF will be limited until the Poles negotiate an economic adjustment program. Negotiations will probably be lengthy because the IMF is likely to demand tougher austerity policies than Warsaw will accept. In the meantime, bankers and Western governments probably will base their decisions about major new credits for Poland on Warsaw's progress in negotiations with the IMF. [redacted]

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**Poland-Austria**

**Steadily Improving Relations** [redacted]

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Poland's efforts to improve relations with the West have probably been most successful with Austria as demonstrated by increasing economic ties and recent contacts with the Polish Government-sponsored trade unions. Traditionally neutral, Austria was the first Western nation to reestablish contacts with Poland after the imposition of martial law, when Foreign Minister Gratz visited Warsaw in late 1984. It also was the first Western country to resume lending to Poland, granting \$40 million in trade credits in 1985. This year Austrian and Polish firms have concluded automotive and construction agreements, including a \$200 million contract to build hotels in Poland. Government officials on both sides probably also back meetings such as those earlier this year between the President of the Austrian Trade Union Federation and Warsaw's government-sponsored unions; the Austrian official recently told a US official that he considered Solidarity "finished" as a trade union. [redacted]

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Austria's pragmatic Polish policy is influenced by several factors. Vienna is keenly interested in easing East-West tensions in light of Poland's geographic location and membership in the Warsaw Pact. Austria believes Poland should be allowed to resolve its own problems and sees economic and political sanctions as interference

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in its internal affairs. Warsaw probably sees good political and economic relations with Austria as a useful first step in regaining Western markets, acquiring trade credits, and demonstrating that the country's normalization program is on track.



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## Austria: Cleaning Up in the Wake of Waldheim

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The election of Kurt Waldheim as Federal President has had repercussions within Austria beyond the ill will occasioned by the bitter and divisive campaign rhetoric. His victory has already brought about the resignation of the country's Chancellor, Foreign Minister, and Agricultural Minister. It also threatens to burden Austria's foreign relations and may even affect the country's role as an international mediator.

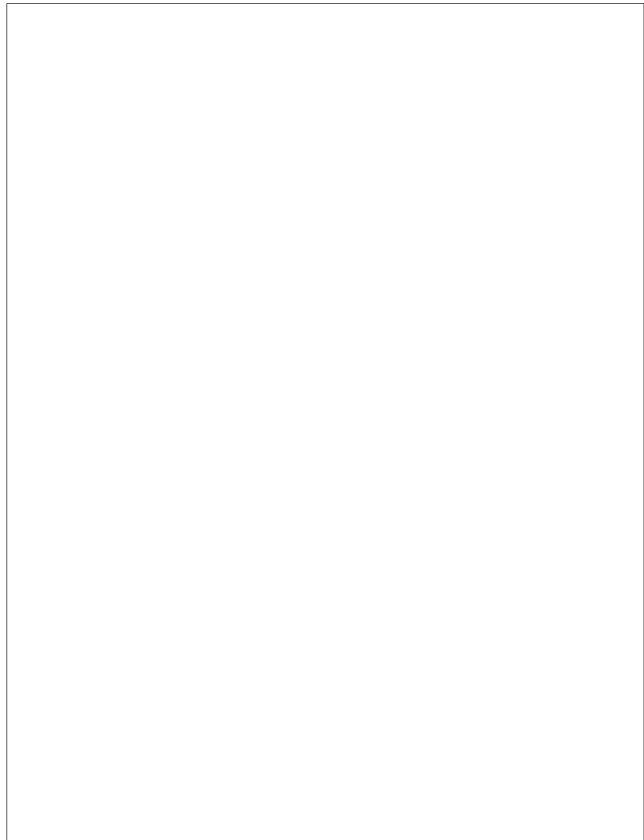
### The Election

Waldheim's election on 8 June as the first non-Socialist President of the Second Republic was convincing by Austrian standards. He was able to build on his strong showing in the initial balloting of 4 May (49.6 percent) by capturing 53.9 percent of the vote, while his opponent, the Socialist Kurt Steyrer, garnered only 46.1 percent, just 2.4 percentage points more than he won in May. Waldheim's tally was the best ever by a nonincumbent and the third best since World War II.

### Domestic Repercussions

Most observers have viewed Waldheim's election as the product of two emotions. On the one hand, Austrians of all political camps reacted strongly to the steady stream of accusations that, during his World War II service in the Balkans, Waldheim participated in Nazi atrocities. Few Austrians, however, saw the campaign against the former UN Secretary General as an attempt to shed light on the man's past. Instead, US Embassy reporting and press commentaries suggest that most of the public interpreted the entire affair as an attempt by foreigners to dictate the country's choice as president. This patriotic backlash, in our view, contributed importantly to Waldheim's triumph.

Observers also agree that Waldheim's victory represents a protest against the Socialist Party. According to this reasoning, many Austrians believe the Socialists have become too comfortable and too corrupt after 16 years in power. Nor had the Socialist-led government of Chancellor Fred Sinowatz inspired much confidence as it stumbled from one scandal and gaffe to another.



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There were indeed signs of voter dissatisfaction with the Socialists. In both rounds of balloting, Waldheim made serious inroads into Socialist voting groups; according to US Embassy reporting, he captured approximately 7 percent of their votes on 4 May and approximately 11 percent on 8 June. The press also noted that in May Waldheim did surprisingly well in Vienna—historically a Socialist bastion—and that in June he took over 55 percent of the vote in Lower Austria, a province with industrial areas that are postmortems point to a strong showing by Waldheim among younger voters, whose idealism normally propels them to the left.

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**New Members of the Austrian Government**



OVP Press ©

**Kurt Waldheim, President**  
67 years old . . . career diplomat and former UN Secretary General . . . independent, supported by conservative Austrian People's Party (OVP) . . . first OVP-nominated president in postwar era . . . has stated he will exercise full powers of largely ceremonial post . . . cautious, takes pride in compromise and consensus



Profil ©

**Franz Vranitzky, Chancellor**  
48 years old . . . excellent manager . . . Socialist Party moderate . . . enjoys wide public support . . . seeking to present image of dynamic leadership . . . good connections with opposition OVP . . . could be laying groundwork for grand coalition in 1987 . . . holds conservative economic views . . . desires closer cooperation with EC . . . favorably disposed toward United States . . . sensitive to US concerns on technology transfer.



**Peter Jankowitsch, Minister for Foreign Affairs**  
52 years old . . . confirmed socialist but foreign policy moderate . . . expert on Third World issues . . . party's chief delegate to Socialist International . . . friendly toward United States . . . skeptical of SDI and of US policies toward Nicaragua . . . advocates tougher sanctions against South Africa . . . favors closer cooperation with EC . . . urbane, articulate, hard working.

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Camera Press ©

**Ferdinand Lacina, Minister for Finance**  
43 years old . . . moderate socialist but well regarded by party left wing . . . dedicated technocrat . . . more interested in Austria's economic health than in scoring political points . . . appointment reflects Socialist Party's continued confidence in his abilities . . . well disposed toward United States . . . sympathetic to US technology-transfer concerns . . . soft-spoken negotiator . . . precise, principled.

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Austrian Photographer ©

**Erich Schmidt, Minister for Agriculture**  
*42 years old . . . lawyer, economist . . . convinced socialist . . . hard-driving politician . . . former state secretary in Ministry for Trade, Commerce, and Industry . . . has traveled extensively to promote Austrian exports . . . favorably disposed toward United States but protective of national interests.*



Wide World ©

**Rudolf Streicher, Minister for Nationalized Industries**  
*47 years old . . . widely regarded as one of Austria's top business managers . . . former director of Steyr-Daimler-Puch industrial conglomerate . . . revitalized debt-ridden Austria Metall Company . . . considered uncompromising by trade unions . . . will attempt to streamline inefficient state-owned industries.*



Clearly hoping to reverse this voter disaffection, the Socialists have shuffled their Cabinet. Chancellor Sinowatz resigned the day after the presidential election and was followed shortly thereafter by Foreign Minister Gratz and Agricultural Minister Haiden. In a hastily called meeting of the Presidium and Executive Committee, the party agreed that Finance Minister Franz Vranitzky should replace Sinowatz. Haiden undoubtedly fell victim to farmer dissatisfaction over the government's management of the Chernobyl fallout and the wine scandal. When Ferdinand Lacina moved from the Ministry for Transport and Nationalized Industries to replace Vranitzky, Rudolf Streicher became the new Minister responsible for the nationalized industries, probably because of his reputation as a capable administrator at Austrian Metall and Steyr-Daimler-Puch. For his part, Gratz, a former mayor of Vienna, has agreed to focus his energies on his job as party leader in the capital, presumably in hopes of reversing the trend in that important center of Socialist support.

The selection of Vranitzky, in our view, was a shrewd one. A party moderate with a reputation as a technocrat, Vranitzky was appointed Finance Minister in 1984 in a Cabinet shakeup intended to replace party ideologues and allies of former Chancellor Kreisky with competent men at the center. The changes were also supposed to revitalize the image of the Sinowatz government. That it failed is hardly the fault of Vranitzky, as he is one of the few Cabinet members untouched by scandal or mishap. US diplomats also note that he is popularly viewed as someone partly responsible for the economy's recent modest upturn.

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It remains to be seen whether these changes will be able to reverse the party's electoral slide. Opinion polls have shown a steady decline in the popularity of both the Socialists and the coalition government, a trend evident in regional elections over the last few years as well. Most polls this year have shown the Socialists backed by approximately 44 percent of the respondents, generally a point or two behind the opposition People's Party. This is well below the Socialist tally of nearly 48 percent in the 1983 federal election.

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Leaders of the conservative People's Party have already celebrated the Waldheim victory as signifying a sea change in Austrian voting behavior and as the harbinger of a conservative trend in Austrian politics that will sweep them back into power next spring, a position they have not occupied since Bruno Kreisky led the Socialists to a parliamentary majority in 1970. We expect the People's Party to spend much of the next nine months attempting to consolidate its hold on the voters who supported Waldheim. It remains unclear at this point if party leaders will rely on the xenophobic themes they exploited so well during the recent campaign or if they will turn instead to such domestic issues as the budget deficit and the plight of the nationalized industries.

#### **Consequences for Austria's Foreign Relations**

The People's Party undoubtedly will have numerous opportunities to appeal to the Austrians' sense of wounded pride over the next few months. Initial foreign reactions to Waldheim's victory suggest that the debate over his wartime past will continue. Negative commentary on the character of Austria's new President—and the judgment of Austrian voters—emanated shortly after the election, for example, from Jewish leaders in the United States, the influential *Le Monde* in France, and Labor Party leaders in Britain. The most critical reaction, not surprisingly, appeared in Israel; that country's leaders expressed regret over the outcome and recalled the Israeli Ambassador in Vienna for consultation.

These reactions are unlikely to be the last, and Austria's foreign relations are bound to be affected. The World Jewish Congress and the Israeli Justice Minister have announced their intentions to continue their investigations into Waldheim's past. According to press reports, the latter even referred to the theoretical possibility of an extradition request, and the World Jewish Congress promised "to make life uncomfortable for Austrians." Pressure is also likely to mount on Yugoslavia to open its archives to permit inspections of files pertaining to Waldheim's case, a move Belgrade has resisted thus far to avoid burdening its own relations with Vienna.

The Austrian response could take a variety of forms, some of them with distinctly negative implications for relations with the United States and Israel. Official steps in this direction are unlikely, however, at least

for the present. The most overtly negative possibility—but one we view as the least likely—would be for the government to close the refugee camp at Traiskirchen near Vienna that serves as a processing center for Jewish emigres from the Soviet Union. Negative repercussions are more likely to develop on the popular level with the emergence of an anti-Israeli and anti-American undertone in Austrian political discourse. There were already signs of this during the election campaign. Both of the major parties, for example, responded to the accusations against Waldheim by objecting to "foreign interference," with Conservative spokesmen expressing themselves in a more vituperative vein. And one poll showed that a full 25 percent of the Austrian public expressed some anti-American sentiment as a result of the charges. Some Austrian journalists even attributed calls for an investigation of Waldheim's war record to a US political leadership desirous of courting Jewish votes in upcoming Congressional elections; nearly all commentaries pointed to supposed US ignorance of Austrian history. The next few months will show just how strongly this will influence official Austrian policy.

#### **Immediate Prospects**

For now, however, we expect a more positive response from the current government, as it works to restore Austria's tarnished image and attempts to prevent a diminished role for the country in international affairs. Austrians of all parties approve of the country's policy of active neutrality, a policy that has permitted the country to play an active role as intermediary in East-West and Middle Eastern affairs. Socialist Party leaders expressed concern over the potential threat a Waldheim presidency would pose to that role, and they can be expected to work to preserve it. In particular, they will press to preserve Vienna's place as a neutral meeting ground for international conferences and summits. In fact, we believe one of Chancellor Vranitzky's first steps will be to request visits to Moscow and Washington, not only to enhance his own image as Chancellor but also to argue his government's case for protecting Austria's special place in the global community.



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## Spain: Increasing Integration Into NATO

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Since Spain's accession to the North Atlantic Treaty Organization four years ago, the process of integration into the Alliance's military and civilian agencies has been inconsistent and subject to the vagaries of Spanish politics. The former right-of-center Union of the Democratic Center (UCD) government took concrete steps immediately upon accession, but with the subsequent rise to power of Prime Minister Gonzalez's center-left Socialist Party, Spanish participation in NATO was "frozen" at a level significantly below full integration into the Alliance's military wing. In the wake of the recent NATO referendum, however, Madrid's ties to the Alliance are once again under active review, and officials now state that "almost anything is possible." Indeed, after the lengthy delay, Madrid finally appears prepared to define what its past pledges to participate fully in Western Europe's defense will mean in practice.

### Progress Under the UCD Government

US Embassy reporting indicates that, from the time of its admittance to NATO in May 1982 until the inauguration of Gonzalez's Socialist government in December 1982, Spain sought to integrate rapidly into NATO civilian and military structures. By November 1982, despite differences between Spanish and NATO officials over Madrid's share of the NATO budget, Spain was participating actively in a multitude of NATO civil bodies and had established representation in several military committees, such as the Defense Review Committee and the Nuclear Planning Group.

Despite the best efforts of the UCD government, however, Spanish participation in other salient areas of the Alliance was only partial or lacking when Gonzalez's Socialist Party (PSOE) swept into power. Most notably, Madrid had no representation in key military groups, such as the SHAPE staff and the Integrated Military Structure, and it had not agreed on contributions to the military budget. Moreover, Spain had neither committed military forces to NATO nor allocated funds for its delegations.

Spain's absence from key military committees, its lack of committed forces, and its neglect of budget contributions indicated in late 1982 that full integration would be a slow and arduous process. Moreover, with the inauguration of a new Socialist government, which had been elected on an anti-NATO plank and was committed to a national referendum on NATO membership, Spain's continued integration seemed in jeopardy.

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### Integration Under the Socialists

While Gonzalez and the Socialists initially kept to the letter of their anti-NATO campaign promises, the new PSOE administration quickly realized the potential for damage to its diplomatic and economic relations should Spain withdraw from NATO. Specifically, Madrid feared that its European allies would look unfavorably on the Spanish application to join the European Community (EC), then under consideration. EC rejection of Spain's petition would cost Madrid both politically and economically and would ensure Spanish isolation from the rest of Europe for years to come. As a result, the Socialist government sought to finesse the issue of the promised referendum on NATO membership, while maintaining Spanish participation in numerous NATO forums. Reporting from our NATO Ambassador indicates, however, that Madrid focused primarily on, and was manifestly vocal in, NATO's political and economic groups, rather than its military bodies. As a result, by the time of the referendum—over three years after the Socialists came to power—Spanish integration into NATO had increased only slightly beyond its pre-Gonzalez level, especially with respect to military activity.

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### Post-referendum Movement

Following the successful 12 March referendum on NATO membership, Spanish officials proposed steps to end Spain's ambivalent status in NATO, while

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Accession to the Present**

Activity	1982	1986	
		Pre-referendum	Post-referendum <sup>a</sup>
Committed military forces	N	N	N
North Atlantic Council	Y	Y	Y
Senior Political Committee	Y	Y	Y
Political advisers	Y	Y	Y
Economic advisers	Y	Y	Y
Regional experts	Y	Y	Y
Ad Hoc Group on Mediterranean	Y	Y	Y
Science Committee	Y	Y	Y
Civil emergency planning	Y	Y	Y
International/military staffs	Y <sup>b</sup>	Y	Y
Defense Planning Committee	Y	Y	Y
Military Committee	Y <sup>c</sup>	Y	Y
Military Headquarters	N	N	?
Defense Review Committee	Y	Y	Y <sup>d</sup>
Liaison to commands	N	N	Y
Armaments groups	Y <sup>c</sup>	Y	Y
Ad Hoc Group on Military Assistance to Portugal and Turkey	Y	Y	Y
Executive Working Group	Y	Y	Y
Nuclear Planning Group	Y	Y	Y <sup>c</sup>
Infrastructure Committee	N	Y <sup>f</sup>	Y
Infrastructure program	N	N	Y <sup>g</sup>
NATO Air Defense Committee	Y	Y	Y
NATO Air Defense Ground	Y	Y	Y
<b>Environment (NADGE)</b>			
NATO Electronic Warfare Advisory Committee	N	Y	Y
Conference of National Armaments Directors	Y	Y	Y
Military budget	Y	Y <sup>h</sup>	Y <sup>i</sup>
Civil budget	Y <sup>b</sup>	Y	Y
SHAPE Technical Center	N	N	N
SACLANT ASW Center	N	N	N
ACE high communications system	N	N	N
NATO Maintenance and Supply Organization	N	Y	Y
NATO HAWK Production and Logistics Organization	Y	Y	Y
NATO Patriot Steering Committee	Y	Y	Y
Military Agency for Standardization	N	Y <sup>f</sup>	Y
Various committees and working groups on electronics, communications, oceanography, meteorology, and information	Y	Y	Y

<sup>a</sup> All activities listed in the post-referendum column are projections based on statements made by Spanish Government officials.

<sup>b</sup> Only one officer was appointed (to the Information Directorate).

<sup>c</sup> No officers had been appointed to the Integrated Military Staff.

<sup>d</sup> In these two cases, Spanish officials indicated that Spain would initiate an undefined "higher level" of participation.

<sup>e</sup> Spanish attendance was sporadic at best.

<sup>f</sup> Spain participated only in "observer" status.

<sup>g</sup> Spanish officials have stated that infrastructure contributions will be commensurate with Spanish involvement in NATO military missions and roles.

<sup>h</sup> Spain attended committee meetings but made no contribution to the budget.

<sup>i</sup> Spanish officials have agreed to fund the "relevant" parts of the military budget, in keeping with Spain's nonintegrated status.

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remaining outside the integrated military command structure. Some key steps that would substantially increase Spanish military involvement in the Alliance, while retaining Spanish forces under national control, include:

- Appointment of liaison officials to three major commands and the assignment of personnel to NATO's Secretariat and its International and Military Staffs.
- Fuller participation in a host of committees dealing with force planning, logistics, armaments, and infrastructure.
- A firm commitment to funding Madrid's share of the civil budget and all applicable areas of the military budget. [redacted]

The Spanish Ambassador to NATO has indicated to his US counterpart that Madrid will abide by the conditions of the referendum and will not place military forces and assets under existing NATO commands. Nonetheless, he said Spain is prepared to coordinate its national military plans with NATO's Military Committee, and Spanish officials continue to proclaim both their wish to participate in Alliance defense planning and their willingness to modify their national defense plans to complement NATO missions. In addition, Spain hopes to reach bilateral "coordination agreements" with other NATO nations regarding the roles and missions of Spanish armed forces within NATO. [redacted]

Specifically, Spain's Ambassador claimed that the Spanish Air Force could be most easily oriented toward NATO missions and proposed that its role be negotiated directly with the major NATO commands. He made a similar offer for Spanish naval roles but stressed that Spain did not wish to reopen the sensitive issue of command areas. Consequently, he suggested that the Spanish Navy might assume roles in keeping with its mission to defend the Canaries-Gibraltar-Balaeric Islands axis. Commitment of Spanish ground forces is more sensitive. Although the military is prepared to contribute to NATO rapid reinforcement missions, Madrid wants its ground forces to retain a role geared primarily toward defense of Spanish territory. [redacted]

### Outlook

In military terms, Spanish participation in NATO—even short of full integration—will strengthen Allied capabilities in several ways. According to US Embassy reporting, the Spanish Navy is nearly up to NATO standards, and the continuance of its modernization program will increase its effectiveness in antisubmarine warfare and the defense of vital Atlantic sea lanes. The Spanish Air Force is also near NATO standards, and its acquisition of US F/A-18 jet fighter aircraft will substantially augment Allied air defense capabilities. Although the Spanish Army is less well prepared, existing reorganization and modernization programs should improve its ability to defend the Spanish homeland, though modernization recently has been delayed by budget cuts and bureaucratic mismanagement. Overall, any Spanish contribution to NATO's military capacity is beneficial insofar as it buttresses the ability of Alliance forces to conduct existing missions or permits their redeployment to more critical areas. [redacted]

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Politically, the issue of Spanish participation is more problematic. US Embassy reporting indicates that Spanish moves to forge closer ties to NATO generally have been welcomed publicly by the Allies. Some NATO countries, however, are privately concerned about the practical implications of Spain's "a la carte" approach to membership. Several—including the Danes, Dutch, and Canadians—have raised questions on financial issues, while others worry about the mechanics of Spanish participation in the defense planning process. Although Spain's efforts to date have been welcomed, Turkey's representative warned recently that most governments will not agree to give Spain a "blank check." [redacted]

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While Spanish officials have ruled out full integration under the current PSOE government, they concede that a future administration would not be bound by this decision. In any case, according to the US Embassy, existing Spanish plans constitute de facto integration. The extent to which Spanish forces will, under the terms of Spain's current participation, assume roles complementary to or coordinated with

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those of other Alliance forces should become clearer when discussions begin on the "coordination agreements" linking Spanish forces and NATO military roles. The general outlines of those agreements, as yet unknown, will become apparent as negotiations on the renewal of the US-Spanish defense agreement—slated to begin in July—proceed. The Spanish will, as part of their effort to reduce the US military presence in Spain, be forced to define in concrete terms those roles they wish to assume in the defense of Europe.

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## Yugoslavia: The Public Mood

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The jaunty, self-confident Yugoslavs of Tito's day are now unsure about the future, preoccupied by falling living standards, and alienated from a complex, inefficient political system. Opinions vary from region to region, group to group, and no clear consensus emerges on policy prescriptions. These are some of the findings of a spate of public opinion polls that appeared recently in the Belgrade press. On the one hand, the polls suggest that government and party leaders installed recently are unlikely to face massive, organized discontent. On the other, they indicate that Yugoslavs are unlikely to rally around official efforts to promote recovery.

sample of 6,600 interviewees nationwide, accompanied by another sampling by Serbian sociologists of 2,500 youths in that region. The third poll, of 4,500 Yugoslavs across the country, was conducted by a Belgrade polling institute in late 1985 at the behest of a research center within the Communist Party Presidium.

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### The Opinion Polls

While it is unusual for Belgrade to publish several public opinion polls in short order, public opinion research in Yugoslavia has long roots. It is grounded in the liberalization era of the mid- and late-1960s and has become more intensive since Tito's death in 1980. The publication of poll data reflects in part increased openness by both the press and the regime. The polls also signal implicit recognition that the unorthodox Communist political system—designed in theory to be one of the most responsive in the world—often has not done its job.

The methodology used in the polls is weak by Western standards. For instance, the *NIN* telephone poll involved an unacceptably small sample and was weighted toward more advantaged Yugoslavs because it necessarily missed the many households without phone service. The third poll, commissioned by the party, canvassed only people employed in the “social sector”—a sample that excludes millions of unemployed, students, farmers, private businessmen, and retirees. *NIN*, moreover, does not always give the precise wording of questions and answers. No account is made for citizens refusing to respond frankly or at all, especially in regions where suppression of antiregime views still runs strong. And some particularly intriguing and provocative questions were not asked or at least reported.

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The latest polls were released by the leading Belgrade weekly *NIN* in three issues between 20 April and 25 May. They consisted of:

- A survey of national attitudes toward the government cabinet and its premier, Milka Planinc, that finished their four-year term on 15 May.
- Studies of youth attitudes both across Yugoslavia and in the large southern Republic of Serbia.
- A broader survey of national opinion on economic and political problems, relations among the many ethnic groups, and other issues.

Nonetheless, the poll findings are broadly in line with impressions gained from many other sources, including public statements by Yugoslav leaders. They are unflattering enough to the regime to suggest a minimum or absence of official tampering. And the results often track with each other and with previous findings, thus giving at least a crude baseline for analysis.

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### A Dampened Mood

The latest polls tend to confirm signs that the collective malaise that set in following the economic crisis of the early 1980s is continuing and even deepening. The crisis came about after Belgrade realized the country was on the verge of insolvency

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The first poll, conducted by *NIN* in mid-April, involved 100 telephone calls placed proportionately around the country. The second poll, taken in early 1986, was carried out by Zagreb sociologists from a

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caused by a hard currency debt of nearly \$20 billion. With support from the IMF, it imposed an austerity program to cut consumption and redirect investment and took other measures to spur export-led growth. The measures have been only partially implemented.

Faith in the future, once high, is now down. In the *NIN* telephone survey, the share of people believing the economic problems would be overcome within a few years dropped from 53 percent in 1983 to 26 percent currently, and the number of those who say they are uncertain when it will be overcome went up from 40 to 72 percent. In the broader third survey, 60 percent of respondents reported that their "prevailing feelings" were negative or mixed—31 percent of them conveyed "concern and fears," 10 percent "indifference and passivity," and 19 percent "both hope and fear." Only 14 percent believed that "everything will be overcome soon," and, at a time when Belgrade is trying to enlist public support, only 19 percent said they were ready to act to overcome problems.

The third poll gave other evidence of pessimism and preoccupation with daily concerns. It listed 82 percent of respondents saying that falling living standards were the most important problem affecting their families. By contrast, in 1965, a time of somewhat poorer living conditions but of economic growth, less than 15 percent of those surveyed listed low living standards as a main complaint, and far more respondents showed interest in world events than in domestic economic problems. Other polls, of residents of the capital city of Belgrade, have also recorded increasingly downbeat assessments of personal living standards since the boom years of the 1970s.

Apathy or complacency—rather than anger—appears to prevail among many young people. In a survey of young Serbians, two of three claimed to be satisfied with their lives, including a startling 53 percent of those who are unemployed. The *NIN* telephone poll also suggested Yugoslavs are taking joblessness in stride, although the country's unemployed now number more than 1 million, about 14 percent of the labor force. A far greater concern in the *NIN* poll was inflation, which is currently running at an annual rate of over 100 percent.

Disillusionment with the political system ironically seems stronger in the richer northern regions than in the more backward south. Youth from the relatively prosperous Republic of Slovenia, for example, recorded highest disenchantment with the party, the official self-management labor system, and the level of ethnic equality. Yet a majority of youth from less-developed Bosnia, Kosovo, Macedonia, and Montenegro said they wanted to join the party. While such a high response is suspect, it underscores that a party card tends to open more doors in poorer regions where opportunity otherwise is more limited.

#### Who Is To Blame?

Opinion seemed mixed on who was at fault for the crisis, demonstrating in part that the diffused system offers malcontents few easy targets. Confusion seems to exist first of all as to whether the authorities or the people are mostly to blame. In the party-commissioned survey, some 59 percent blamed the crisis on "politicians and businessmen," while only 29 percent said "we are all responsible." Yet in response to another question in the same survey, only one-quarter of the respondents blamed problems on leadership ineffectiveness while nearly half pointed to chronically poor Yugoslav work habits—"negligence, irresponsibility, lack of discipline."

Of those blaming the leadership, differences emerge as to exactly what bodies are at fault. The results bear out other evidence that Yugoslavs tend to view officialdom as a kind of undifferentiated mass, despite different roles and rivalries among top bodies. The Communist Party clearly showed lost prestige, a fact also reflected in its growing problem of attracting new members. Yet respect for other political institutions is hardly greater. In the above survey, the "state" and "leadership" received about as much criticism as the party. Likewise, in the *NIN* survey, more than half of those polled blamed the Assembly, party, government cabinet, and regions as a group—and not any one body alone—for failing to implement the economic stabilization program.

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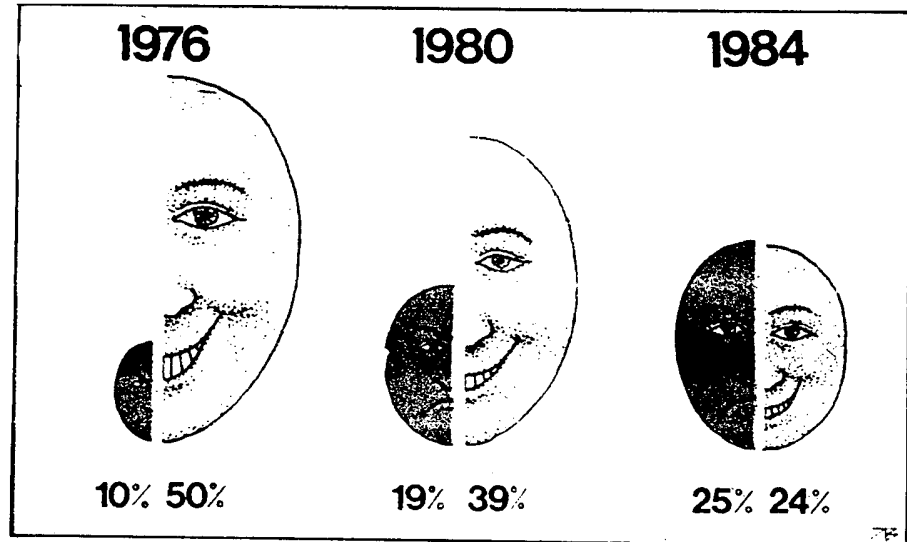
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Shifting attitudes toward personal living standards were reflected in surveys of Belgrade residents reported last year by *NIN*.



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#### Finding a Way Out

Yugoslavs seem to have few clear ideas on ways to emerge from the crisis, although tolerance for authoritarian, as opposed to Western-style, solutions appears high. Despite official support for introducing more market measures into the economy, a free market came in only 14th in the order of possible solutions, garnering support from less than 2 percent of respondents. Meanwhile, 42 percent saw the need for a "firm hand," an open-ended expression that *NIN* interpreted as meaning "increased state control and intervention."

Data suggest public support for strong, dynamic leaders at a time when the country is being run by a faceless collective leadership. Outgoing Premier Milka Planinc, a tough, candid woman, won high marks in the *NIN* phone survey this year, as she did in similar *NIN* polls in 1983 and 1984, despite lower marks for her cabinet. Charismatic, though ideologically diverse, foreign leaders rank highest with Yugoslav youth; this year's top choices included in no specified order President Reagan, Gorbachev, Qadhafi, and Arafat.

Yet Yugoslavs, on the whole, appear increasingly attracted by democratic practices and wary of the authoritarianism of Soviet Bloc countries. A large

majority believe the public still has too little influence in electing officials. Some 79 percent believe that the holding of competitive elections with multiple candidates should be mandatory. The practice has been introduced recently but applied only sporadically. And few people see a greater role for the Communist Party, one of the less democratic institutions, as key to overcoming the crisis.

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#### The Serbia Problem

The polls bear out other evidence that frustrations are building among the Serbs, a once-dominant ethnic group that believes its interests have been neglected. Long leaning toward centralist solutions, Serbians registered strong discontent with the slow process of national consensus seeking, with two of three Serbians voicing dissatisfaction. Serbians also recorded unusually high concern about the lack of national cohesion, with only 4 percent saying that unity is unthreatened.

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Concerns were also strong on ethnic relations in Kosovo, an autonomous province of Serbia where Serbs are now a small minority beleaguered by the Albanian majority. In a 1983 survey of residents of

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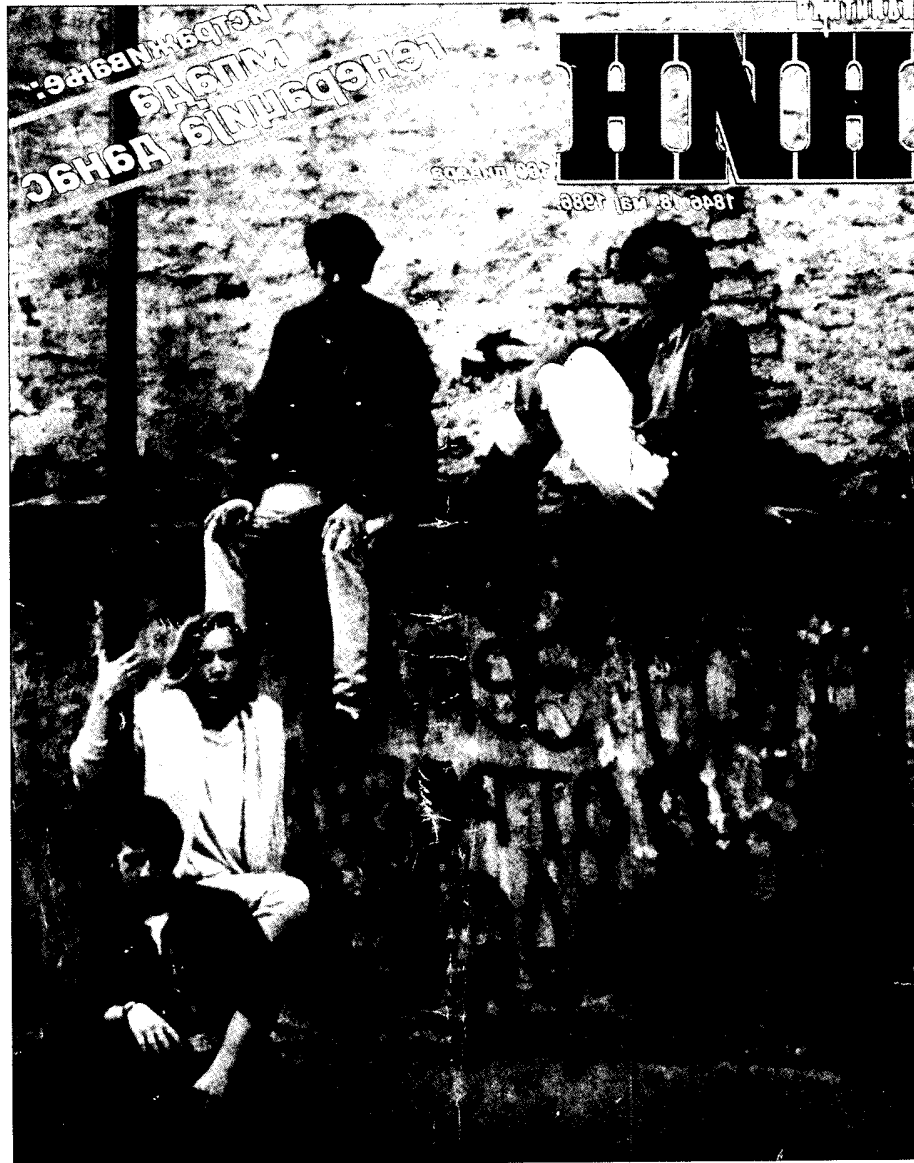
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Young Yugoslavs generally are too alienated to help improve the system but too complacent to revolt, this NIN cover story on youth was reported in May. The graffiti on the wall reads: "This country needs youth!"

[redacted]



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Belgrade, the Serbian as well as national capital, 65 percent had positive views on interethnic relations, while the figure was exactly the opposite only a year later. While such a quick turnabout is suspect, a separate survey of Serbian youth attitudes showed nearly three-quarters believing that the Kosovo situation would either never be "normalized"—that

is, resolved to Serbia's advantage—or that they could not say when it would be. Interviewers also noted increasing identification by Serbian youth with pre-Communist Serbian national heroes. [redacted]

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**Conclusions**

The polls bear mixed tidings for the new government and party leaders who have come into office in recent weeks. On the one hand, they suggest that the Yugoslav public is too self-absorbed, demoralized, accepting, or divided to stage the kind of nationwide protests that have rocked some other Communist states, such as Poland. Nationalist outbursts in individual regions—Serbia now being a prime candidate—cannot be ruled out.

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On the other hand, these same traits suggest the public is unlikely to develop the sense of duty and national purpose that could lead to a sustained economic and political recovery. An energetic, decisive leader such as the new Premier Branko Mikulic could make incremental improvements both in the economy and public mood. But the fractiousness, divisions, and differing interests that have long marked Yugoslav politics will undoubtedly continue no matter who is in charge.

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**Economic News in Brief****Western Europe**

**According to reliable defense attache source, strictly West European consortium will produce Eurofighter's all-new engine . . . details expected to be worked out in next two months . . . reduces likelihood of US participation in engine development.**

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**West German Finance Minister ordering ministries to cut 1986 spending by \$450 million . . . offsets compensation paid farmers resulting from Chernobyl and EC farm policy changes . . . further evidence Bonn resisting moves to stimulate economy.**

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**West German Putzmeister firm to deliver at least five special cement mixer trucks to USSR . . . probably for use in sealing area around Chernobyl reactor core . . . truck cabs heavily shielded with lead.**

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**Norwegian parliament approved \$420 million austerity package . . . minority Labor government reversed position, accepted opposition proposals to avoid showdown . . . package insufficient to resolve fiscal crisis caused by falling oil revenues.**

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**Eastern Europe**

**CEMA has discussed new aid products with Nicaragua, including gold mining, hydroelectric, textile projects . . . will add to \$1.9 billion in Soviet Bloc economic aid since 1979 . . . proposals could be signed in October.**

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**Czechoslovakia to receive syndicated loan of \$100 million from Western banks this month . . . because of favorable terms, Prague likely to borrow another \$100 million this fall . . . will use loans to finance imports, cover debt service payments.**

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## **Looking Ahead**

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*July*

*Western Europe*

West German Foreign Minister Genscher has accepted invitation to visit USSR in late July . . . plans to meet Gorbachev, Foreign Minister Shevardnadze . . . arms control almost certain to be main discussion topic.

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