

## THE WHITE HOUSE

WASHINGTON

February 15, 1989

NATIONAL SECURITY REVIEW - 4

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
DIRECTOR OF CENTRAL INTELLIGENCE  
THE ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS  
CHAIRMAN, JOINT CHIEFS OF STAFF  
DIRECTOR, ARMS CONTROL AND DISARMAMENT AGENCY  
DIRECTOR, U.S. INFORMATION AGENCY

SUBJECT: Comprehensive Review of US-East European  
Relations (S)

The potential for real and sustained change in Eastern Europe is greater now than at any time in the post-war period. Our objectives in that region, to see popular aspirations for liberty, prosperity and self-determination met, are still valid. And we are sure that those aspirations cannot be realized as long as the Soviet occupation of East-Central Europe continues. (S)

The time may have come when creative American policies can make a more significant difference. As Western neighbors prosper, grow and aim for economic integration, and their Eastern neighbor tries to shake off the legacies of its history and its failures, the states of Eastern Europe face unprecedented economic and political pressures from within and without. Economic problems have become so severe that some of the leaders now seek to revise the outmoded socialist principles on which they have relied for forty years. And the peoples of Eastern Europe are sending a message to their rulers; political freedom is a precondition for economic improvement. That desire for liberty is reinforced by the growing identification of the East Europeans with their cultural ties to the West. Most importantly, these trends coincide with changes in the Soviet Union itself. Gorbachev will have difficulty denying to his clients that which he

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sanctions at home. He says that he respects the right of self-determination for the East Europeans. The peoples of Eastern Europe should have the opportunity to test that proposition. How can we help them to do this without bringing a strong and counterproductive reaction either from the USSR or the governments involved? (S)

We often speak of Eastern Europe as a whole but, of course, we must treat the countries individually. The policies that we design must take discriminating account of the pace and direction of reform in each of these nations. The road to peaceful change in Eastern Europe is narrow, but the region is alive with possibilities and we must take advantage of the opportunities before us. (S)

I direct the NSC to prepare a review of US-East European relations and recommend new policy initiatives that the U.S. might undertake in relation to Eastern Europe. The review should be completed by March 15, 1989, for consideration by the National Security Council. Any differences of view or recommendation among agencies should be noted in the paper. (S)

The review should address the following issues:

- (1) Assessment of Current Situation in Eastern Europe: An assessment of how the situation in Eastern Europe has changed since the last comprehensive U.S. policy review in 1982, and particularly since the advent of Mikhail Gorbachev as General Secretary of the CPSU. Emphasis should be put on identifying new trends which the United States should encourage or discourage. The assessment should include developments in the region as a whole, as well as internal and external developments in the individual countries: Bulgaria, Czechoslovakia, the GDR, Hungary, Poland and Romania. Special attention should be focused on the implications of current Soviet policy toward the region, the economic difficulties facing East European countries, the growing split between party leaderships and rank and file, as well as the perceived popular bankruptcy of the regimes, and -- in the case of the GDR -- developments regarding inner-German relations and Berlin. The assessment should address the likelihood and implications of present trends toward autonomy and reform in Eastern Europe continuing. Describe the effect on West European attitudes of continuation of these trends; assess the implications for US-West European relations. The assessment also should specifically examine the likelihood of serious instability or open political conflict in each of the states of Eastern Europe -- and the effect of such developments on Western Europe and on US-European relations. (S)

(2) U.S. Policy Objectives in Eastern Europe: This section should review U.S. policy toward Eastern European countries since 1982 and determine if it requires revision or updating in present circumstances. Emphasis should be put on influencing any new trends identified in Section 1. Has the concept of differentiation worked, and does the U.S. have adequate means of leverage to implement it effectively in the future? What adjustments are needed as a result of recent developments? The section should include consideration of the effect on Eastern Europe of Soviet troop withdrawals. What opportunities does continuation of current trends toward autonomy and reform in Eastern Europe present to the U.S.? What, if any, different policies are called for? (S)

(3) Sources of U.S. Leverage: This section should examine the sources of U.S. leverage in Eastern Europe and determine if they should be revised and expanded in view of the objectives described in Section 2. Categories of leverage to consider include: (S)

Economic relations -- MFN, credits, IMF membership or support, OPIC guarantees, technology transfer, loan rescheduling, concessional sales of foodstuffs, etc.; (S)

Political relations -- public diplomacy, high level visits, consular and diplomatic restrictions, overall bilateral cooperation, etc.; (S)

Cultural relations -- scientific exchanges, nature of radio broadcasts beamed to a country, USIA activities, etc.; (S)

Regional relations -- should the U.S. initiate a dialogue with the Soviet Union regarding Eastern Europe bilaterally or in negotiating fora such as CSCE, CFE, etc.; (S)

Arms control aspects -- how our arms control policies in the CFE talks and elsewhere might impact on the region. (S)

(4) Challenges to U.S. Interests: This section should examine the role of East European states in acting as a source of high technology leakage to the USSR. It should also address the extensive clandestine operations of the GDR, the Czechs and Bulgarians, among others, conducted against U.S. interests. The role of certain of the East European states acting as a haven for terrorists or a weapons source for radical states also

needs to be addressed. Sources of leverage assessed in Section 3 should be considered not only in terms of forwarding U.S. interests, but also in limiting threats to them. (S)

- (5) Policy Recommendations: This section should suggest U.S. strategy toward the countries of Eastern Europe in the short (3-5 years) and long term (10 years), contingent upon developments in a given country and focusing in particular on new or modified policy initiatives that the U.S. might undertake to implement our strategy. The strategy should take into account variables such as whether Gorbachev's Soviet reform efforts succeed or not, and what effect this has upon Eastern Europe. Other variables include likely succession contingencies (e.g., Romania) and social instability (Poland, Hungary, etc.). Recommended changes in U.S. policy toward the Soviet Union which would enhance our policy objectives in Eastern Europe should be included. This strategy also should address how to balance encouraging pluralism and greater popular participation on the one hand and the potential for dangerous unrest and instability on the other. How should the U.S. respond to serious instability, a political explosion and/or repression in Eastern Europe? This section should also examine the compatibility of U.S. policy with the policies of other major Western countries and determine what, if any, actions are required to enhance the coordination of Western policy toward Eastern Europe. (S)

