

Balkan Dilemmas in the 1970s and 1980s: A Point of No Return?

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INTRODUCTION

After the Greek civil war the Balkans ceased to be at the forefront of Cold War tensions.¹ The 1950s were marked by the consolidation of American hegemony in Greece and Turkey and Soviet dominance in Albania, Bulgaria and Romania. Yugoslavia followed 'third-way socialism' as an equidistant policy between capitalism and socialism after the Tito–Stalin break-up of 1948.² This division into 'three worlds' was completed by the entry of Greece and Turkey into NATO (1952) and the inclusion of Albania, Bulgaria and Romania in the Warsaw Pact (1955). Yugoslavia retained its place between East and West through the Balkan Pact (1953/4), which connected indirectly Yugoslav defense with NATO members Greece and Turkey.³ Rapprochement with Moscow after Stalin's death let Belgrade take a leading position in the Non-Aligned Movement (1961). Albania's choice for China after the Sino-Soviet split (1960–89) completed the colorful political map of the Balkans as a miniature of the international division of power politics.⁴

This chapter deals with the ways that political and economic change in the socialist Balkan countries caused a crisis of orientation in the final

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decades of the Cold War. The historiographical approach used here was deemed necessary for presenting also the various themes that attracted the attention of research, thus the evaluation of Balkan realities, from one period to the other. A main argument is that increasing Western influence put socialism on a path of irreversible decline that was only accelerated by the nuclear pressure of the Reagan administration. This applied not only to Soviet satellite states, but also to Yugoslavia and Albania. Even though the historical sub-terrain of political cultures and nationalism permits cross-bloc research, a broader study would go far beyond the scope of the chapter in this book. Accordingly, the West-oriented Balkan countries, Greece and Turkey, are considered only in relation to the challenges faced by socialist regimes. For similar reasons, Western influences are explored mainly through the lens of American-Soviet interaction in the Balkans as the main field of change. The relations of the EEC with certain socialist countries are not dealt with separately, although research on this topic is rapidly growing.⁵

THE BALKANS BETWEEN DIVERSITY AND OBSCURITY

Even though the Balkans constituted a potentially significant theater in case of total war, they never came close in strategic importance to Central or Eastern Europe. For this reason they held a marginal position in the nuclear map of the Cold War.⁶ Neither Washington nor Moscow wished to risk a nuclear escalation for the sake of the region. Yet, they both desired a stable Balkan region for securing safe passage from Europe to the Mediterranean Sea and the Middle East.

Cold War bipolarity disrupted local political conditions, above all nationalism, a major political force in the post-Ottoman Balkans.⁷ Nationalistic conflicts were muted in the name of international security, political stability and economic development: these became new 'great ideas' on both sides of the Iron Curtain. Leaving behind a long period of wars, civil wars, political weakness and economic backwardness, the Balkan states sought to make the best out of foreign intervention. Despite resentments against the dominant role of the superpowers in the organization of postwar regimes, they realized that external protection was a guarantee against domestic instability and foreign aggression. The departure from 'old politics' generated a revitalizing feeling of all-out modernization in the first two postwar decades.⁸

However, national identities or national aspirations were not buried forever. Ecumenical ideological principles of liberalism/capitalism and Marxism/communism absorbed 'petty' nationalistic ideas as long as the Balkan states were under the close surveillance of their respective bloc leaders, the USA and the Soviet Union. The first relapses occurred in the mid-1950s. Khrushchev's doctrine of 'peaceful coexistence' enabled latent discontent to resurface. Different countries raised different issues. Demands for democratization were high on the agenda in countries familiar with industrialization, like Czechoslovakia, Hungary, East Germany (German Democratic Republic, GDR) and, to a certain extent, Poland. The uprisings of 1953 and 1956 in those countries called for economic and political liberalization with the aim of national improvement. That reformist wave was decisively crushed by the Soviet Union, as it would happen again later, in 1968, with the Prague Spring.⁹ In contrast, Balkan nations, haunted by incomplete nationalist programs and slow industrialization, attached more importance to matters of ethnic and national identity, minority issues and borders. This tendency grew stronger in the 1960s, when 'national communism' emerged as a hybrid of socialist organization with the promise to consider more carefully local needs in the realization of socialism.

Détente was also differently exploited in East and Central Europe, on the one hand, and the Balkans, on the other. Whereas Poland, Czechoslovakia, Hungary and the GDR benefitted from Basket II (economic, environmental and scientific cooperation) and Basket III policies (human rights, humanitarian and cultural issues) of the Helsinki Final Act (1975), Romania and Bulgaria became absorbed with issues of nationalism, identities and state control rather than strategies for economic development and fairer political participation.¹⁰ Albania was no exception, even though it followed China and later the doctrine of self-reliance.¹¹ Yugoslavia's federal organization (Yugoslavism) prevented domestic tensions only as long as Tito was in power.

The mixture of communism and nationalism that ultimately prevailed did little to redirect the historical path of anti-liberal regimes that perpetuated inequalities between ethnic majorities and minorities, cities and villages, patrons and clients, and youth and older generations. The formalistic adoption of communist norms and canons left traditional values and deep-seated patterns of political behavior virtually intact. The imperial nature of modern bureaucracy continued to mismatch with the familiar ways of small communities (parish, village, neighborhood): family

patronage, incapacity for long-term planning, Orthodox morality, amoral familism¹² and ambivalence towards modern state mechanisms.¹³

THE TRANSITION FROM STALINISM TO 'NATIONAL COMMUNISM'

Until the 1970s, the Balkan satellites were utterly dependent on Soviet economic support and political guidance in order to survive and pursue modernization. Tremendous suffering, material destruction and, in some cases, also defeat in the Second World War were undermining confidence in a national path of peace and growth.¹⁴ Chronic weaknesses such as economic underdevelopment and stillborn democratic institutions were further eroding opposition to Moscow.

An additional disincentive was American reluctance to confront the Soviet Union for Eastern Europe after the Greek Civil War and the Korean War. The uprisings of 1953 in East Germany and 1956 in Poland ('Polish October') and Hungary had produced only lukewarm verbal statements in the West. Rifts in Western unity were also responsible for Washington's lessened emphasis on the strategy of 'breaking the monolith'.¹⁵ The Suez Crisis that placed the USA opposite to Britain and France over decolonization broke out almost simultaneously with revolts in Poland and Hungary (October–November 1956).¹⁶ Moreover, since 1954 NATO had had to deal with the thorny Cyprus question that brought repeatedly Greece and Turkey to the brink of war and disturbed NATO unity.¹⁷ The quarrel between John F. Kennedy and Charles de Gaulle over NATO's nuclear strategy (1958–62) triggered the withdrawal of France from the military planning of NATO (1966), followed by the denial of EEC membership to Britain in both 1963 and 1967.¹⁸ Conflicting Western plans over defense pacts in the Near and Middle East,¹⁹ but also American political interventions in Latin America,²⁰ made it even more difficult for the USA to undertake campaigns for the support of Eastern Europe. Realizing that a confrontation in Europe was unthinkable, the two superpowers preferred to transfer their antagonism to the regions that had emerged from decolonization since the mid-1950s. Their priority was to complete decolonization and to compete for influence in the Third World without risking a general war.²¹ In this context, the Balkans were of secondary importance in the immobile Central European front.

The centrally planned economies of Eastern Europe were shaped under the strict supervision of Moscow, which, apart from military security, provided

raw materials, energy, basic industries and know-how for enabling satellites to industrialize and manufacture for national needs as well as for the 'integrational' needs of the CMEA (Council for Mutual Economic Assistance). In the 1950s the production of oil, coal, steel and electricity in the East was doubled. Czechoslovakia and East Germany worked as engines of industrial growth. East Germany, traditionally less developed than the territories that constituted West Germany, became the ninth industrial power in the world in the 1960s.²² The annual growth rate in the socialist East reached 3.1 percent between 1951 and 1987. In the same period the annual industrial growth rate in Hungary, Romania and Yugoslavia was running at 9 percent with Bulgaria climbing to 12.7 percent.²³

Socialist states experienced the benefits of economic growth: employment was universal permitting decent wages and unprecedentedly satisfactory standards of living to the many, the rate of illiteracy was drastically curtailed, agricultural production was mechanized and urbanization created an expanding middle class of workers. Most peasants and workers had now the chance to send their children to university, a privilege previously reserved for local elites. This was a powerful tool of social mobility, as the new elites, mostly party members, substituted the old ones (Ersatz-Klasse) without genuinely changing the dependence of farmers and villagers on powerful groups.²⁴

As has been amply shown, communism served the historic desire of East European countries to catch up with the more developed industrial West European countries.²⁵ In spite of the enormous cost of economic transformation through industrialization, East European countries indeed approached the level of economic development that historically characterized the other part of the continent. Some of them surpassed South European economies until the early 1960s. Socialist countries in the Balkans saw themselves as equals with their neighbors Greece and Turkey. Catching-up in the economic and military sphere entailed an important dimension of international respectability that weighed heavily, especially in countries that had suffered territorial and political losses in the Second World War (e.g. Romania and Bulgaria). The period of rapid economic growth lasted almost 25 years, between 1950 and 1973.²⁶ Intensive modernization offered Moscow and state socialism a high degree of legitimacy in the first postwar period.²⁷ Regarding the Balkan satellites, noticeable differences existed between Bulgaria and Romania.

Bulgaria

Bulgaria entered a radical industrialization and urbanization process under the first Five-Year Plan (1949–53). About 700,000 farmers became industrial workers until the early 1960s. Yet, agriculture continued to account for a large part of national production and more than half of the total labor force.²⁸ The head of the communist party Valko Chervenkov (1950–6) combined absolute loyalty to Moscow with aversion towards the USA.²⁹ His political withdrawal in 1956 permitted the young Todor Zhivkov, a representative of the 'national' approach to communism, to stand out from the collective leadership that had emerged during the de-Stalinization process. Zhivkov's power was consolidated in the early 1960s with a series of measures for the slowing down of Soviet-led collectivization and industrialization. Bulgaria exported mainly agricultural and lightly manufactured goods—food and tobacco, for example—in exchange for machinery and raw materials from the Soviet Union and more industrialized satellites. Over one quarter of exports were sent to the Soviet Union. Following the improvement of trade relations with the West in the 1970s, about 15–20 percent of Bulgarian exports reached Western markets.³⁰

The relative success of the Five-Year Plans was reflected in mass unemployment—10,000 workers were sent to the Soviet Union in the early 1960s.³¹ Despite persistent investments in industry and technical education, Bulgaria failed to compete with Czechoslovakia or Hungary in output and quality of industrial exports. Permission for the cultivation of small private land plots in the 1970s did not change that reality. Foreign debt, as a main source of credit for such investments, rose from \$3.2 billion to \$9.2 billion between 1985 and 1989.³²

Zhivkov exploited détente to take full control of both the Communist Party and the State Council which held legislative and executive powers under the 1971 Constitution. The creation of a cult dictatorship was confirmed through the appointment of family members in key positions—prominent among them the appointment of Zhivkov's daughter, Lyudmila Zhivkova who took charge of the state's cultural and media policy between 1975 and 1980.³³ Minorities became a favorite target of the regime. In the mid-1980s the so-called Rebirth (or Revival) Process was aimed against the predominantly rural Muslim and Turkish minorities with the purpose of assimilating them into the Bulgarian urban industrial labor force.³⁴ Other 'enemies of the state', like the Orthodox Church, students and intellectuals were systematically disabled. Only after 1985 did they react forcefully,

starting with the internationalization of nuclear or environmental problems (the Chernobyl and Kozloduy nuclear accidents, for example).

Romania

The Romanian experience with communism was similarly irrigated by local historical conditions. Romania was Stalin's first priority regarding the Balkans in 1944–5. A strategy of popular fronts kept out British intervention, which, in turn, focused on the maintenance of civil war-ridden Greece in the Western orbit. The regime of George Gheorghiu-Dej, actual leader of the Communist Party since 1952, consolidated communist power through the expansion of membership in the Communist Party of Romania. Its 250,000 members in 1945 equaled the strength of its much older Bulgarian counterpart; between 1964 and 1975 members increased from 1.2 million to 2.6 million.³⁵ The powerful security police, *securitate*, was the main instrument of intimidation, responsible for massive detentions of regime opponents until the end of the 1950s.³⁶

Collectivization was undermined by anti-Russian feelings and failing economic planning. Urbanization was promoted for the sake of industrialization and for controlling the big, scattered agricultural populations. Romanian industry yielded mainly light industrial products and manufactured items. Thanks to local reserves, it was less dependent on Soviet oil than Bulgarian and Albanian production. When the international trade embargo receded in the mid-1950s, Bucharest opened trade with Western countries. Assuming leadership in 1965, Nicolae Ceaușescu intensified trade ties with the West. The USA granted Romania most favored nation treatment in 1975. Romania had previously entered the General Agreement on Tariffs and Trade (GATT) in 1971 and the International Monetary Fund (IMF) in 1972. In 1971, Ceaușescu made a trip to China and North Korea that was meant to stress emancipation from Moscow and, at the same time, attract attention and financial support from the West.³⁷

In the first half of the 1970s annual growth rate was equivalent to 5 percent by Western standards. Access to Western markets and loans gave Romania the opportunity to stand out as a second 'maverick' in the Balkans next to Yugoslavia.³⁸ The picture deteriorated in the second half of the decade with industrial growth falling to half, compared with the period 1970–5, and the unemployment rate growing rapidly. To deal with indebtedness in the 1980s, the Ceaușescu regime cut imports and introduced an industrialization program of autarky that removed thousands of villagers to

industrial centers (*sistematizarea/systematization*). In parallel, state reproduction policies aimed to create a population of 30 million within a few years, but this only resulted instead in thousands of abandoned children.³⁹ The political dark side of Romanian self-reliance included a dearth of basic goods and the violent suppression of opposition, especially of young intellectuals. Family patronage was a salient feature of this regime, too. Many members of the Ceauşescu family were appointed to important party and state positions to exclude others who might question Ceauşescu's authority.⁴⁰ All in all, the regime owed its longevity more to political maneuver within bipolarity rather than to genuine political dissension or economic achievement. This proved a nemesis for Romania and the Ceauşescu regime when the socialist camp collapsed.⁴¹

Albania

Albania felt from the outset uncomfortable with the division of power within the socialist bloc. Owing much to Tito's contribution in building up a wartime resistance movement, the communist regime that prevailed in 1946–7 sought refuge in Soviet protection. This was also a way out of the simultaneous Anglo-American pressure to carve Albania out of the Eastern bloc. Enver Hoxha followed Moscow after the Tito–Stalin split in order to block Tito's plan for a Balkan federation that would unite all Albanians under Yugoslav leadership.⁴² Yet Albania could not catch up with the needs of industrialization and collectivization. Blaming it on her dependence on imported Soviet oil, Hoxha distanced the regime from the Soviet Union after Stalin's death and finally joined China in 1960.⁴³

The Chinese card paid out. Up to 1975 financial assistance amounted to \$838 million, compared to only \$300 million of previously received Soviet assistance. Peking satisfied Albanian demands, providing an oil refinery in 1969 (Fieri) along with other industrial investments. Hence, Albania became a significant market for Chinese economic and political interests.⁴⁴ But the rapprochement of China with the West turned Albania away from Peking, mainly out of fear of a potential Sino-Yugoslav understanding. The worsening of Sino-Albanian relations stimulated the improvement of relations with neighboring countries in an effort to alleviate Tirana's new doctrine of self-reliance. The same policy was pursued by Hoxha's successor Ramiz Alia until the end of the Cold War.⁴⁵

Yugoslavia

Yugoslavia stands out as a unique case. Here, a reformist spirit was already reflected in the constitution of 1952 in terms of protection of personal rights and decentralization. But central power remained in the hands of Tito and the merciless security police forces that restricted freedom and public opinion.⁴⁶ A more genuine liberalization started in the 1960s through amendments to the 1952 constitution regarding the rights of Muslims and the autonomy of Kosovo and Vojvodina. Worthy of note was the establishment of an Albanian-language University in Pristina (1969) and the cultivation of educational and cultural ties between Albania and Kosovo.⁴⁷

In general, third-way socialism as a special genre of national communism could not balance economic performance with federal arrangements. Slovenia produced in the 1970s and 1980s 20 percent of gross national product and 25 percent of hard currency exports, but represented only 8 percent of the population. The People's (then Socialist) Republic of Macedonia (PRM/SRM) and the province of Kosovo, on the other end of the spectrum, belonged to the poorest regions, but also to the fastest growing ones in terms of population and, therefore, representation, in federal institutions. The PRM/SRM and Bosnia-Herzegovina, with almost 2 million and 4 million inhabitants, respectively, outnumbered Slovenia (1.8 million) and Montenegro (610,000) and were partly equal with Croatia (4.7 million).⁴⁸

Calls for decentralization became loud in the 1970s, culminating in a mass protest Croat movement in 1971 ('Croat Spring'), leading to the introduction of a new SFRY federal constitution in 1974.⁴⁹ Two autonomous provinces, Kosovo and Vojvodina, were redefined as constituent members of the Yugoslav federation and, hence, gained extensive rights in legislative, police, educational and economic matters. However, autonomy provided fertile ground for the revival of nationalism, both on the Serbian side, as well as among Albanians and Croats who sharpened their identity knives on long-standing anti-Serbian resentment.⁵⁰

Tito's death was a critical turning point. Serbian policies were reversed in favor of re-centralization and suppression of minorities.⁵¹ Since the Soviet–Yugoslav rapprochement of the 1950s, relations with Albania, Bulgaria and Greece remained also volatile with open issues regarding Kosovo and PR/SR Macedonia.⁵² All in all, Yugoslavia became the 'sick man' of the Balkans long before Western economic and political pressure accelerated the end of communist Europe.

ILLUSIONS AND OPPORTUNITIES UNDER 'NATIONAL COMMUNISM'

National communism flourished in the Eastern bloc thanks to the lessening of direct Soviet control in the organization of state and economy. It was initiated gradually in the course of the 1970s as a child of Soviet strategy towards détente. The Brezhnev administration sought to take advantage of détente in order to shift economic resources from financing bloc modernization to the improvement of its own strategic arsenal after the (Strategic Arms Limitation Talks SALT I) Treaty in 1972.⁵³

National communism offered political advantages after the embarrassing crashing of the Prague Spring.⁵⁴ An obvious complication had been Romania's vehement refusal to participate in the Soviet-led invasion, a decision that actually inaugurated its autonomization and the consolidation of the Ceauşescu regime.⁵⁵ West of the Iron Curtain, Soviet policies also alienated orthodox communist parties: new splinter parties embraced alternative socialist doctrines (Titoism, Maoism, Castroism, etc.) or they joined the reformist movement of Eurocommunism which curbed the appeal of communism to West European middle-class workers.

Soviet disengagement allowed communist states to breathe more freely. But it deprived them gradually of valuable economic and political resources. A major challenge for those countries was to preserve the high growth rate of previous years and to maintain their role in the Soviet system of economic integration. Both were crucial for retaining the advantages of socialism, namely economic safety, employment, social cohesion and ideological unity. That challenge involved a further dilemma: whether the socialist regimes would stick to the inherited socialist model of import-substituted industrialization or if they would give in to the appealing sirens of import-driven consumerism.⁵⁶

Abundant Western credit favored the latter. In the 1970s, good economic conditions continued only thanks to loans from Western banks. These were awash with investible money when the 1973 oil crisis arrested development in Western economies and inflicted a serious blow on the stagflation-hit American economy. Western credit permitted East European economies to maintain growth with a strong consumerist element.⁵⁷ Prosperity, in turn, offered more legitimacy to the regimes of the national communist sort.⁵⁸

Similarly, European détente substituted any attempt for domestic reform.⁵⁹ Massive imports of Western capital and technology enabled socialist countries to preserve their manufacturing function within the

CMEA, thus satisfying also Moscow's needs in manufactured goods. The switch from import-substitution to export-led growth made up for the financial disengagement of the Soviet Union from East European economies. Additionally, the Soviet Union benefitted greatly from the 1973 oil crisis, as it secured her higher oil prices for almost a decade. Across the socialist Balkans, debts were served through new debts and economic optimism was reinforced by the gradual initiation of socialist countries in international organizations. Yugoslavia became a member of the GATT in 1966, Romania in 1971 (whereas Bulgaria only in 1996 and Albania in 2000). Yugoslavia signed a Cooperation Agreement with the EEC in 1980 after a decade of trade agreements.⁶⁰ On its part, Yugoslavia, already more open to the international capitalist economy, relied heavily on Western loans to subsidize economic improvement, redistribute wealth to all federal entities and ease interethnic tensions.⁶¹ Until the end of the 1970s, 75 percent of Yugoslav exports went to Western countries.⁶² East-West trade—a dead zone in the 1950s⁶³—became now a flourishing sector for Balkan countries.⁶⁴

East European borders opened for Western money, products, ideas and lifestyles.⁶⁵ The young generation of baby-boomer students fertilized the idea of national communism with past national struggles for independence and identity. Young people, yearning for better jobs, living standards and more personal and regional freedom, became an explosive material in the 1970s. They demanded better access to decision-making and a sharper national identity next to socialist solidarity.⁶⁶ Older party elites not only tolerated, but also encouraged this attitude, as nationalism offered an ersatz to 'more dangerous' liberalizing reforms and democratization. The same trend occurred in 'maverick' Yugoslavia. Serbian nationalism wore the veil of Yugoslavism, which was destined to fade away after Tito's eclipse. In a way, internal democratization, nevertheless, under the 1974 constitution, actually facilitated disintegration and, consequently, intensification of Serbian nationalism.

Human rights activism, culminating between 1975 and 1989, 'contaminated' socialist countries with Western ideas of freedom, democracy and personal opportunity.⁶⁷ Transcending national borders, the international mobilization for human rights activism helped open East European borders to Western ideas and products. Western lifestyle arrived, too, in a subtle way.⁶⁸ The young generation acquired access to products of Western mass culture and lifestyle (cinema, television series, festivals, etc.) and icons of the 'affluent society' from art, science, politics and other fields of

life. Various rights movements (women, youth, etc.) exerted an irresistible appeal.⁶⁹ A number of international organizations (e.g. Transparency International, Helsinki Watch, Amnesty International) 'intervened' with fact-finding missions and special reports that raised awareness and inspired local human rights activism.⁷⁰ The human rights dimension of the Helsinki Final Act exposed the Soviet system as an anti-paradigm at a time when democratization was acquiring top priority in the developed and developing world.⁷¹

Political optimism was brutally hit by the energy crisis of 1979. Between 1979 and 1982 Western credit banks refocused on the American economy which became loan-thirsty after the introduction of Reaganite neoliberalism. The disarming of the Keynesian economy, originating in the late Carter administration, opened the way for massive privatization and globalized financial speculation.⁷² As financial interest was shifting from the socialist and the Third World (Latin America, Asia, Africa) to the West, banks demanded repayment of their loans in order to play in the new lucrative, globalized version of capitalism in the West. To that effect, interest rates were acutely raised, thus rendering the return of loans by the indebted Balkan countries, very costly and in the end impossible.⁷³

A direct complication was the inability of socialist countries to pay their loan obligations. First liquidity, then insolvency crises set in. Unable to get manufactured goods from Eastern Europe, Moscow increased her imports from the West and demanded more imports of Soviet raw materials by the satellites. A second consequence was widespread economic dislocation expressed in decreasing production, rising unemployment, runaway inflation, breakdown of the supply and demand system, high commodity prices and basic commodity scarcities, falling standards of living, proliferation of diseases and a rise in mortality—most noticeably the high child mortality rate towards the end of the 1980s.⁷⁴

Under the conditions of liberalized and dollarized national economies, hard-currency debt rose immensely. In Yugoslavia, foreign debt was \$18.6 billion in 1983. Inflation rose to 2,000 percent and unemployment ran at 20 percent for most of the 1980s. Romania's foreign debt reached \$8.4 billion in 1982. Unemployment caused serious miners' strikes that were crushed by the security police of the Ceausescu regime. His policy of nullifying foreign debt started yielding fruit in 1983. In effect, it put Romania on a path of utter social suffering and economic destruction that left it practically bankrupt at the end of the Cold War.⁷⁵ Bulgaria avoided excessive foreign debt, but was still hit by economic anomalies because of its close connection with the Soviet economy.

The Soviet Union was neither flexible nor 'Stalinist' enough to bring the satellites back in orbit. Foreign indebtedness and insolvency was one side of the coin. The other, historically more important, was the incapacity of national communism to move autonomously in the world economy, particularly in an increasingly globalized economy that shifted emphasis from state-led industrialization to volatile financial services. National communist regimes proved incapable of producing genuine social and economic change, blocked as they were in games of domestic power and old-fashioned nationalism with a strongly anti-democratic bias.

DEAD-END DILEMMAS

The 1970s and 1980s marked a turning point in the Cold War. Détente became an umbrella concept for East-West rapprochement in various fields. Beneath the calm surface, an escalation of the arms race caused new rifts between *and within* the blocs.

The allies of both superpowers felt abandoned by the continuing shift of priorities to the Third World. This was equally true for both East and West. In 1974 Greece became the second NATO member to withdraw from the military planning of the organization following its inaction over the Turkish invasion in Cyprus.⁷⁶ Britain managed finally to enter the EEC in 1973 with a weakened economy after a double French veto baptized in de Gaulle's skepticism towards its 'special relationship' with the USA.⁷⁷ Anti-Americanism ran high due to the Vietnam War and to Washington's tolerance or support of dictatorial regimes in the Third World.⁷⁸ More and more West European countries elected social democratic governments that promised economic reforms and lessening of East-West tension.⁷⁹ At the same time, terrorist organizations challenged the democratic-capitalist order of the postwar *Pax Americana*.⁸⁰

Détente was further damaged by economic problems. The two energy crises of the 1970s brought Western economies to a halt. Western Europe became ambivalent as to the advisability of a continuous confrontation with the Soviet Union at the peak of the 'Euromissile crisis' (1977–87). François Mitterrand sought to renationalize French economic policies, leaving aside the targets of the Common Market.⁸¹ As a new member of the EEC, Greece renegotiated the conditions of membership in 1981–82 to protect its fragile economy and democracy. Democratization was more feasible than growth in Spain and Portugal, too.⁸² At the dawn of the 1980s, European integration seemed to reach an impasse ('Euroclerosis'). It was only in the mid-1980s, when the nuclear race subsided and the

Soviet Union turned to structural reform under Mikhail Gorbachev, that European integration and transatlantic relations could celebrate a return to political and economic normality.⁸³

On the other side of the coin, the Eastern bloc began to shatter. It found it impossible to interact with capitalism and maintain socialism. Cheap Western credit had allowed socialist economies to survive but not to thrive, to sustain cheap exports but not to produce a better economic structure. Huge foreign debts brought socialist economies to their knees as they could not raise enough money, despite their desperate 'export offensives'. Long-term economic deprivation, political oppression and nationalism made the Balkans a theatre of intense political violence when the Iron Curtain finally fell, quite in contrast with the 'velvet' ending in the rest of the communist countries. Outright war would soon prove the end of communist Yugoslavia in the most traumatic way of all.⁸⁴

The gap between disintegrating Eastern Europe and integrating Western Europe could not be deeper and the comparison could not be more toxic for the future of communism. The hard-won battle of catching up with the developed West, a reality in the 1950s and in the 1960s, was lost again. The transformation of the world economy in the *zeitgeist* of neoliberalism was exerting enormous additional pressure.⁸⁵

But the fate of the communist model had been decided earlier, in the political and economic dilemmas of the 1970s and early 1980s. It was then that socialist states proved unable to offer alternative paths to modernization, to conciliate financial freedom with economic discipline and political reform. National communism had proved an equally oppressive and counterproductive system of governance with Soviet-controlled state socialism and, moreover, unable to produce modernization and legitimacy beyond political/cultural path-dependency.

The Soviet Union had a great share of responsibility in the collapse of Eastern Europe that led finally to its own disintegration. First, it failed to move away from geopolitical to geo-economic priorities in the framework of détente; second, it failed to propose an economic alternative to the transitional capitalism that emerged in the 1970s; and last, but not least, it was wrong in the calculation that it could use the advantages of Western capital without putting its own system to the test.

Making that choice, in obvious connection with the self-fulfilling élan of their huge industrial-military establishment, the Soviets entered a self-destructive race that was destined to exhaust their economy if an economic crisis occurred. This did occur painfully in the 1980s. When

the Intermediate-Range Nuclear Forces Treaty was signed in 1987 for the termination of the last fierce nuclear arms race between Moscow and Washington,⁸⁶ it was too late for Gorbachev to win back control and political legitimacy. For the socialist countries, a full turn to the West was the ultimate, obvious choice out of the old dilemmas.

NOTES

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