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BLUEPRINT FOR A NEUTRALIZATION OF CENTRAL EUROPE

Preamble

The search for a European peace settlement continues despite past failures and limited chances of success in the near future. The dilemma persists: on the one hand it is too expensive both in human and material terms to maintain the present status quo of confrontation, yet on the other hand the stakes involved are enormously high and the military balance could easily be shifted by mistaken diplomatic concessions.

For differently from Southeast Asia, a stance of confrontation between NATO and Warsaw Pact forces takes place in Central Europe in an area where both blocs concentrate their largest percentage of their destructive weaponry and where localized wars had not been considered possible for the past two decades either by Western or Soviet strategic planners.

It is also true that subterranean, yet substantive and dynamic, forces of change are at work in Europe, particularly in the Soviet-controlled regions. The Communist leadership may be able to balance by an application of both police terror and economic concessions these forces but they cannot be completely eradicated and could create later on an international crisis which could no longer be controlled despite the wishes of the superpowers.

Therefore, despite the inadequacies of Soviet and East Central European proposals in this regard, the need for a European Security

persists and should be answered in a constructive manner which means not only pointing out the positions which divide us, but advancing new proposals designed to overcome the present deadlock.

The Present NATO and Warsaw Pact Positions

The proposal for a European Security Conference has come originally from the Soviet side, ~~and~~ was launched by the Communist Hungarian Government and approved by several of the meetings of the Warsaw Pact countries between 1966 and 1971. The main impetus is the desire of the Soviet Union and to a certain degree also of the Communist governments of the East Central European states for a recognition of the present military and political status quo. In 1970, the Warsaw Pact states accepted the participation of the United States and Canada from the outset and gave up their campaign about ousting American troops from Europe as a price of settlement. However, the February 7, 1971 meeting of the Warsaw Pact Foreign Ministers produced a communiqué which again puts in doubt their consent to American participation from the outset.

Most Western European governments are in favor of such a conference, including the Social Democratic-Free Democratic coalition of the Federal Republic of Germany. The NATO Council, at its last two meetings in 1970 accepted the idea in principle, but demanded that certain preconditions be met beforehand, especially in regard to a settlement in Berlin and that the mutual balanced reduction of

forces be included among the topics to be negotiated upon before and during the conference.

While the formal calling of the conference has not been decided upon, its ultimate chances <sup>(of convocation)</sup> are better than fifty-fifty and, therefore, comprehensive and alternate plans <sup>(counter)</sup> to those of the Soviet Union should be prepared by the United States and other Western governments at this time in order to be present for sounding out Soviet reaction before and during such a conference on a bilateral and multilateral basis.

Realizing that this is a pioneer proposal, the Mid-European Research Institute in New York, consisting of political scientists, historians and economists specializing in European affairs, submits for the consideration of the Administration and of the academic world, a plan for a neutralized Central Europe which could be presented at such a European Security Conference.

#### United States Role in European Peace Settlements

Despite its military victories in the First and Second World Wars, American diplomacy remained unsuccessful both at Paris in 1919 and at Yalta and Potsdam in 1945, and failed to ensure guarantees for a stable and secure peace based on the self-determination of nations in Middle (Central) Europe. Yet many of our leaders seemed to be aware of the deficiencies. On May 31, 1919 President Wilson declared at a session of the Paris Peace Conference in response of the refusal of the newly created Mid-European nations to

sign treaties guaranteeing human and national rights to their minorities:

How can a power like the United States, for example, after the signing of this Treaty, if it contains elements which they do not believe will be permanent, go three thousand miles away across the sea and report to its people that it has made a settlement of peace of the world? It cannot do so, and yet there underlies all of these transactions the expectation ... that if any covenants of this settlement are not observed, the United States will send their armies to see that they are observed. In these circumstances is it unreasonable that the United States should insist on being satisfied that the settlements are correct? ... We are entitled to say: 'If we agree to these additions of territory, we have the right to insist upon certain guarantees of the peace.'

Yet despite this eloquent statement of the President, the United States decided upon isolationism and withdrew all his forces in <sup>of</sup> ~~despite~~ the obviousness that the seeds of a second world war were being sown by French Premier Clemanceau at the Peace Conference. <sup>Nonwithstanding</sup> ~~Nonwithstanding~~ an even more comprehensive military victory, stable peace was not achieved in 1945 either rather the area between Germany and Russia, and even parts of Germany fell under Soviet domination, in part through the failures of Western diplomacy. The remaining half <sup>of</sup> ~~of~~ Europe must still be defended in 1971 by 285,000 American soldiers assisted by the NATO organization comprising almost all European states west of the East-West dividing line. The military expenses incurred by the United States through its

NATO membership, amounts to 2.9 to 14 billion dollars annually according to Assistant Secretary Martin Hillenbrand testifying before the House Committee on Foreign Affairs in 1970.

At this juncture, the United States has the moral obligation to present proposals which could create the requirements for a stable peace with freedom in Mid-Europe as we are entering an era of negotiations instead of confrontation, to quote President Nixon.

#### The Role of Germany in a European Settlement

Past German governments helped to provoke the world wars of 1914 and 1939, although the Russian Tsarist Government and Stalin cannot be acquitted about their responsibility in unleashing<sup>PA 5</sup> the holocausts. Following its establishment in 1949, the governments of the Federal Republic of Germany tried to follow the rules of democracy in internal affairs, <sup>(to)</sup> respect international law and <sup>(to)</sup> undertake efforts to arrive at a peace treaty based on the principle of self-determination. Yet there is insufficient attention paid or responsibility felt in West Germany toward the eventual fate and freedom of the smaller nations of mid-Europe despite the unquestionable fact that the miscarriage of German imperialistic plans in World War II contributed substantially to their present plight. West Germany today has a living standard much higher than before 1939 but little responsibility is admitted toward other nations.

Lately, the new Ostpolitik of the Brandt government is following a course of (probably misunderstood) sacro egoismo. The concept of present German Ostpolitik demands that it be military protected by the nuclear umbrella of United States power but that it should be permitted to extend long term loans and investments to the Soviet Union and East Central Europe both for trading purposes and for helping the Communist powers to add to their potential military power and that it be allowed to accept the military and political status quo.

We believe that neither a united Europe centered around Germany (a highly unlikely prospect), or the freezing of the present military and political status quo can bring around a stable peace. Rather the restoration of a Mid-Europe based on <sup>the</sup> security and self-determination of all nations of the region should be the goal of West German statesmen as well. There are several dangers in the not yet ratified German-Soviet Treaty of August 13, 1970 but not the least of them is the freezing of the frontiers in all of Europe while preserving some degree of self-determination for the Germans. Neither the German nor the Soviet governments have any rights to dispose of the right to self-determination of other nations in Europe.

The Perils of Bilateral Agreements between the Soviet Union and European NATO Members

While at the SALT conferences in Helsinki and Vienna the participants, the United States and the Soviet <sup>Union</sup>, are of roughly equal stand-

ing, the same situation <sup>has</sup> ~~can~~ not exist<sup>ed</sup> in the course of the West German-Soviet negotiations of 1970. Similar considerations must be mentioned in regard to past French-Soviet talks as well.

The result of German-Soviet negotiations of 1970 was a treaty (not yet ratified) in which the West German Government accepted the conditions of the stronger partner without any immediate counterconcessions. The West German Government accepted the Oder-Neisse line as the definitive border between Germany and Poland and also the de facto existence of the German Democratic Republic. Both parties to the treaty also promised to "refrain from the threat or the use of force." They overstepped their competency, however, when they undertook "to respect (mutually) without restriction the territorial integrity of all states in Europe in their present frontiers." (Article 3). The only concession of the Soviet Union was the acceptance of a not legally binding letter by the West German Foreign Minister that his state may work "for a peaceful order in Europe in which the German nation would recover its unity in free self-determination."

The treaty would sacrifice the right of all other European nations to self-determination and accept the present military status quo frontiers dictated by Stalin at the close of World War II. The Treaty would not prevent the Soviet Union to interfere into the affairs of any European country should peoples or nations undertake future territorial changes by peaceful means, e.g., by plebiscites. These

terms must be unacceptable to democratic governments and nations and small wonder that the Treaty is also polarizing West German political opinion and parties.

In the West voices are also heard pointing out that the Treaty represents "a bit of linguistic horse-trading but it is not peace." (London Economist, August 15, 1970) or the statement of former Secretary of State Dean Acheson, supported in substance also by John J. McCloy, Lucius D. Clay and the late Thomas E. Dewey on December 9, 1970 that Chancellor Willy Brandt should be "cooled" as part of an effort to slow down "the mad race to Moscow."

Planned and Actual European Contribution to Soviet  
Industrial and War-making Potential

At the present it is a combination of American nuclear might and the presence of sizeable American troop contingents in Europe which keeps the Soviet Union from probing for advance in the region. The West German Government is acutely aware of the situation and reacts nervously whenever some thousands of American soldiers are withdrawn from Europe. Yet, both during and since the Bonn-Moscow negotiations, long range plans were discussed by West German Minister of Finance, Schiller and by German, French and Italian industrialists, to give loans and technical assistance to the Soviet Union for the erection of important industrial complexes which also have potential military values. After the Defense Department dissuaded the Ford

Motor Company from building a large plant for heavy trucks near Kazan, Russia, Daimler-Benz, immediately offered to take over the project of producing 150,000 Diesel trucks annually. Finally, Daimler Benz agreed to offer the assistance with the help of an international consortium including the French Renault, the Dutch DAF and possibly the British Leyland companies to the amount of of 1.2 billion dollars.

Despite the fact the Soviet Union had a \$79 million trade deficit with West Germany in 1969, Daimler Benz, and the Krupp-Thyssen Machine Works were still offering long-term loans to the Soviet Union (Washington Post, August 30, 1970). Almost simultaneously, Deputy Premier Vladimir Kirillin, head of the Soviet delegation to Paris, proposed that the French Renault company should build the Kam river truck plant and demanded further long-term loans in addition to the five-year credit of \$810 million agreed upon in March 1970.

The Soviet Union now hopes to mobilize European capital and technical know-how to exploit the vast copper fields newly discovered in Siberia. These projects would be all in addition to the FIAT contract which resulted in the construction of the Togliatti automobile factory which had recently began its operations.

Should Western Powers Assist the Soviet Union and Eastern Europe Economically?

In principle, the proposition should be welcomed, but not without

a neutralization of Mid-Europe and Europe-wide agreements on economic cooperation.

Only Soviet and East Central-European agreement to a neutralized zone on the Austrian pattern and ~~and~~ including Austria would eliminate one of the major obstacles to a European peace settlement which consists of Soviet insistence that the integrity of what Moscow calls the 'Socialist Commonwealth' transcends any purely national interests of the constituent countries, ~~and~~ <sup>This</sup> ~~is~~ is commonly known <sup>AS</sup> the Brezhnev Doctrine. Therefore, in their declaration at the December 1970 Brussels meeting, the NATO Foreign Ministers set down the following principles:

Ministers recalled that any genuine and lasting improvement in East-West relations in Europe must be based on the respect of the following principles ...: sovereign equality, political independence and territorial integrity of each European state; non-interference and non-intervention in the internal affairs of any State, regardless of its political or social system; and the right of the people of each European state to shape their own destinies free of external constraint.

A neutralization of the countries of Mid-Europe would not only involve their release from military obligations incurred under the Warsaw Pact and the bilateral treaties with the Soviet Union, but also the restrictions placed upon them by the COMECON statutes and practices. The countries of Mid-Europe would face a wide-range of economic problems in case of neutralization.

Therefore, the Western countries would have to assist them in

their efforts to adapt their economies to the changed conditions. More concrete proposals will be found in the second section of this Blueprint. It is suggested that OECD might form the vehicle through which coordinated Western assistance in form of development loans and increased trade and common investment ventures could be channelled to mutual benefit.

#### Basic Features of a Neutralized Mid-Europe

The first requirement for increased trade, technical and financial assistance would be agreement at a European Security Conference on the establishment of a broad neutralized zone and *the* reduction of the present level of forces in Europe. The creation of such a zone would also mean dismantling the present hindrances of communication between the neutralized area and the western part of Europe and the withdrawal of foreign military forces from the area of neutralized states. More concrete proposals will be found in the second part of this Blueprint.

The second requirement would be an international guarantee of the neutrality of these countries both by the European powers, the United States and the Soviet Union. While neutralization might not fit into the present pattern of Soviet European policy, it might still have attraction to the Soviet leaders by allowing the creation of a zone of peace and lower level of force levels on their part in Europe, resources and manpower which might be utilized either fo

the fulfillment of increasing domestic consumer demands and/or for creating the requirements for a diplomatic solution of the conflict with China. It might be mentioned that like former Tsarist Russia and all dictatorships, the military and Party leaders of the Soviet Union greatly overvalue their military strength and undervalue the discontent in their multinational country in which the Russians [form only] a bare majority. They also underestimate the centrifugal forces and the latent revolt of the majority of the peoples in East Central Europe against Soviet control. Yet it would be in their interest, too, to remove the irritants which may lead to more explosive situations than those in Northern Poland in December 1970, the fourth revolt or disaffection they had to counter in the region since 1953.

In view of the above, we believe that an agreement between the superpowers should be sought in regard to European security, but such an agreement must be couched in terms acceptable to Mid-Europe and must be based on the just demands of the population of the area concerned. A European Security Conference, in which both great and small nations participate, could provide a true opportunity to lay down the foundations for security, stable peace and reduction of armaments.

neutralized zone. They may conclude arrangements for mutual defense with the countries located in the neutralized zone if they so desire.

This neutralized zone would not form a cordon sanitaire, nor would it form a self-contained unit with closed borders. It would, on the contrary, act as a catalyst between Western and Eastern ideas and help to improve relations between the Atlantic Community and the Soviet Union. In short, it would be based on the principles of unimpeded self-government, coexistence and good neighbor policies. The example of Austria in the last fifteen years has shown that neutralization of small countries is possible despite existing rivalries <sup>(between)</sup> of the superpowers in Europe. Our proposal would be the extension of the Austrian example to a number of Danubian countries which share common traditions and even common history.

In the maximum case, there would have to be detailed plans made to solve the problem of the two Germanies as well, and, therefore, for the present, the minimum proposal seem to be better suited.

There is little question that the peoples of the area would prefer a neutralization. Whenever they had an opportunity to state their desires relatively freely, they were clamoring for such a solution. (See Appendix for the various Hungarian, Czech and other declarations in the recent past).

Establishment of a neutralized zone would also help to further disarmament plans and reduce military expenditures. The United States Arms Control and Disarmament Agency estimated that in 1969 the two blocs spent \$190 billion for armaments. Even a reduction of 30 to 50 billion dollars would liberate resources on both sides which could solve the problems of education, development of technical and natural resources, <sup>and</sup> environmental improvement.

#### ECONOMIC PROPOSALS IN CASE OF A NEUTRALIZATION OF MID-EUROPE

The present Socialist structure of state planning and public ownership of the means of production could not be changed in the short run in the neutralized countries. The almost non-existent capability of private domestic capital formation would set strict limits to the expansion of the remnants of the private sector in their economies.

However, even under the present system of trade restrictions, which would be abolished in the case of neutralization, considerable efforts are made to find cooperative means with Western governments and firms which do not violate the principles of the Socialist economic system. A limited amount of loans are already allocated to state enterprises by the Western capital market, and Central European governments are already seeking credit allocations from the IMF and the World Bank. We believe that given the abolition of trade and investment restrictions now practiced, a dual system of state owned public

and an overwhelmingly foreign-financed private sector could operate side by side, as is the case in India and Yugoslavia. It would be in the interest of Western Europe and the United States to open up investment markets in these areas which historically formed integral parts of Western European economy.

These measures would not exclude the possibility of further investments by the Soviet Union in the region on strictly equal terms with those of the Western countries.

Neutralization must remove the major obstacle to increased relations with the West: the unconvertibility of local currencies. It would be the task of the IMF and the Central European governments to agree to a correct rate of exchange of their currencies with the dollar and to grant necessary credits to carry out stabilization of Central European currencies.

Convertibility would soon eliminate the second deficiency: the technological gap. At the present, because of COMECON rules, 60 to 70 percent of the member countries' trade must be within the COMECON area. The remaining percentage is insufficient for the purchase of needed high quality capital equipments produced in Western countries. Exports to Western countries consist still mainly of agricultural and raw material products because of the low quality of produced industrial goods. However, the protective tariffs built up in the last decade by the Common Market render even this trade difficult and special arrangements would have to be made following neutralization.

Industrial production in the Central European countries increased greatly through the forceful expansion of heavy industries in the Stalinist period and even thereafter. The creation of a large number of new industrial units cannot be the aim of the neutralized countries seeking economic assistance. Rather the branches of consumer-directed industries should be promoted leading to a higher living standard which today lies far below those <sup>in</sup> ~~of~~ Western Europe.

Another major problem would be to defuse the almost complete dependence of Soviet Russian mineral and energy resources. Expansion of domestic energy resources and finding alternate markets to buy minerals from would be also necessary for the governments of the region.

All these problems would necessitate the creation of a common Western and Common Market policy toward the region in case of neutralization. Such policies would basically differ from a policy of unilateral aid like the Marshall Plan and/or the present policy of foreign aid toward developing nations. In a certain sense, the economies of Central Europe must be classified as developed, but growing in an unhealthy manner, because of Soviet Russian economic pressures exerted at them at the present. The normalization of the economic growth of Central Europe in accordance with patterns of European economic development would integrate this region into the world economy in an efficient manner in a relatively short time, provided proper measures <sup>Were</sup> ~~were~~ taken by the Western governments.