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TITLE: RESPONSES TO INTERDEPENDENCE: THE IMPACT
OF INTERNATIONAL CHANGE ON ROMANIA AND
YUGOSLAVIA

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EXECUTIVE SUMMARY

This paper examines the impact of international change on Romania and Yugoslavia. The two Balkan communist states have over the past two decades maintained extensive political and economic contacts with noncommunist countries, both developed and developing, and have therefore been the most vulnerable of the European communist states to the effects of a changing international environment. Changes in the capitalist economic, energy-producing, East-West, nonaligned, and Soviet/East European environments made the international milieu less favorable by the beginning of the 1980s than it had been at the beginning of the 1970s. By that time Romania and Yugoslavia already had established substantial relations with each of these environments, though the nature and levels of these differed between them and over time. Hence, these two states offer an excellent opportunity for comparative study because of both similarities and differences in their postwar histories.

This analysis examines each state at the two time periods, the beginning of the 1970s and the beginning of the 1980s, in terms of domestic political and economic structure; political and economic dynamics; policies relating to mobilization, development and control; international relations structure, i.e., membership and participation patterns; the dynamics of their international relations; the fundamental international relations philosophy and certain specific policies. Links are drawn between the changes which occurred in these states and the changes in the international environment, followed by a discussion of the findings of the research in light of initial expectations. Finally, the implications for United States policy are considered.

The contribution of the international environment to the changes in Romania over this period has been extensive. The changing capitalist economic and energy-producing environments contributed to the increased centralization of the governmental and economic dynamic. As Romania's economic and energy-producing position became more difficult the leadership's response was to increase centralization and increase social penetration while promulgating formally decentralized economic structures. This deterioration also contributed to shifts in the economic mobilization and development strategy, shifting them toward consolidation, sacrifice and slower growth, and toward greater social control in order to achieve these results. Changes in the Soviet/East European environment, i.e., the events in Poland, similarly contributed to increased communist party and elite dominance and to a political mobilization strategy of expanded participation. They also spurred increased state control of society, as the regime sought to minimize the possibility of Polish-type events occurring in Romania. The domestic impact of changes in the East-West and nonaligned environment was more sparse. On the international level, changes in the capitalist economic and energy producing environments contributed to growing Romanian participation in CMEA and its attempt to expand its trade and overall cooperation with this organization, while those changes also limited its economic involvement with the West. Both of these environments also contributed to Romania's expanding involvement with less developed and nonaligned countries, as did the deterioration in East-West relations. The events in Poland (changes in the Soviet/East European environment) tested the Romanian commitment to party and state autonomy but, on balance, did not stifle the assertion of Romania's overall foreign policy philosophy.
In Yugoslavia the changes in the domestic structure, dynamics and policies were also responses in part to changes in the international environment, in particular the changes in the capitalist economic and energy-producing environments. Changes in these two environments contributed to the modest recentralization of the governing and economic structure, to the reassertion of the center vis a vis the periphery and to increasing the state's role in limiting the behavior of its citizens. Yugoslavia's need to respond to severe economic pressure underlay these changes and reversed the longstanding movement toward decentralization. Similarly, the economic slowdown and shifting in economic policy toward intensive and selective expansion was a product, in part, of changes in these two crucial international environments. Economic mobilization was still based on self-management, but the goals of sacrifice and stabilization were forced on Yugoslavia by its increasingly unfavorable international economic situation. The impact of the other-- essentially political-- environments on the country's domestic situation appears negligible.

However, the impact of the changes in the East-West and nonaligned environments on Yugoslavia's international relations was more substantial. The deterioration in East-West relations contributed to keeping the structure of Yugoslavia's international relations relatively balanced and its involvement with the nonaligned and, more recently, European neutral and nonaligned, high. This was spurred also by the fragmentation in the nonaligned movement which Yugoslavia sought to overcome, in part, by appealing to its traditional goals of hostility to blocs and superpower manipulation. The change in both of these environments contributed to a reassertion of the traditional aims of nonalignment combined with a renewed campaign against the arms race. These did not, however, prove sufficient to reestablish Yugoslavia's position in the movement itself, a shift which occurred in part due to the fragmentation of the movement and the death of Tito. The impact of the Polish events on Yugoslavia's international relations was chiefly to solidify its position between East and West, both in Europe and globally, as well as its autonomy in the world communist movement. Those events also served as further evidence, from the Yugoslav point of view, of the need to eliminate bloc policies and prevent smaller countries from becoming pawns in superpower politics. Overall, changes in international political environments contributed to a reemergence of the traditional norms of nonalignment voiced by Yugoslavia during the early days of the movement.

A comparison of the impact of international change on these two states indicates that the impact was broader on Romania and included more cross-sectoral (political-economic) and cross-boundary (international-domestic) impacts than was the case in Yugoslavia. On the other hand, the changes in Yugoslavia-- especially the trend toward recentralization-- reversed decades of movement in the other direction. The impact on Yugoslav standard of living also represented a reversal of trends, i.e., toward improvement, and produced a degree of relative deprivation greater than that in Romania, though the latter's standard of living was lower. The impact on Yugoslavia was more compartmentalized, with international economic energy and supply changes affecting the domestic governmental and economic structure and dynamics, and the international political changes have little domestic impact. But in Romania the impact of changes was more pervasive across the domestic polity, economy and society, and the impact from changes in the international economic and energy-producing environments also affected the country's international relations more than was the case in Yugoslavia. The differing impact of international change on the two states reflects the segmented nature of the Yugoslav political and economic system, in contrast to the totalist,
penetrative nature of the Romanian system. In the latter case, the government used more of the international environment for domestic purposes and had a more malleable domestic situation to manipulate in response to international needs.

The deterioration in East-West relations and the fragmentation in the nonaligned environment had greater impact on Yugoslavia than Romania, affecting the former’s role in the movement and its orientation toward the goals of non-alignment. Deterioration in the movement itself also spurred this shift, as expected, but in the Romanian case the expected reconsideration of the usefulness of the movement as a lobby was less clear. Some evidence, such as its attempt to improve cooperation with CMEA, support this expectation, while its continued pronouncements and increased trade and contacts with the less developed countries indicate little erosion of this orientation. In both cases, as expected, a narrowing of the parameters of behavior occurred, but it was more a result of the need to respond to changes in the international economic and energy situation than as a response to changes in the East-West or nonaligned environments.

The implications for U.S. policy involve its longstanding "differentiation" between European communist states. The U.S. has an important stake in the continued independence and economic and political health of Yugoslavia. While the country's domestic and foreign policy are obviously designed to serve its own goals, they have benefited the U.S. and the West by establishing an alternative model of socialist development which does not lead inevitably to domestic tyranny or reflexive hostility to Western noncommunist countries. As such, its existence weakens Soviet claims to hegemony in East Europe and international distinction among either communist or noncommunist developing countries. The impact of international change in the last decade has been costly to Yugoslavia and has threatened the economic, though not yet the political, viability of the country. It is in American interests to demonstrate both its symbolic and practical support for the Yugoslavs. Through the use of various economic policy instruments the United States should seek to help Yugoslavia maintain its balance in international economic relations--by limiting the necessity for it to reorient its trade to the East--and to prosper domestically--by such actions as will allow it to resume moderate growth and reduce unemployment and inflation. Moreover, such policies can be executed without embarrassment to the United States, as Yugoslavia's record on human rights compares favorably with those of most countries of the world.

It is similarly in U.S. interests for Romania to be able to pursue its deviating foreign policy, as this policy undermines Soviet claims to hegemony among the world's communist parties, erodes Warsaw Pact foreign policy unity and at least keeps open the question of Pact reliability on the southern tier. In some cases, such as the Middle East, Romania's deviant response has been particularly useful to American foreign policy goals. Over the last decade, Romania's ability to continue pursuing this policy has eroded as it has suffered from the vicissitudes of involvement with international capitalist economic and energy-producing environments. The United States has a stake, beyond a financial one, in supporting Romania's economic health.

But the gains are more limited in the Romanian than in the Yugoslav case. Romania remains a member of the WTO and in certain particularly troubling situations, such as the events in Poland, showed that when the dominance of a fraternal communist party is threatened its commitment to noninterference might waver.
Moreover, the last decade has also seen an increase in centralization and social control by the Romanian regime and its leader, which most recently led to the virtual ending of the possibility of emigration, to which the extension of MFN by the U.S. is tied. Because of this overall tightening-up and this most recent change in policy, the cost of this convenient relationship has begun to approach the benefits, which themselves are not unlimited. In part this has become a test of U.S. trade policy with communist states. If the emigration policy is not relaxed and if the U.S. still desires to link this issue to MFN, then such treatment should not be extended. However, overall relations, including U.S. support for Romania's independent policies, should continue and a general freezing of relations need not result. Viewed in terms of the gains to the United States and the compatibility with stated American values, U.S. policy toward Yugoslavia should be strongly supportive and specifically helpful in its present difficulties while being generally supportive but more exacting in its dealing with Romania.
INTRODUCTION

The last decade has seen extensive changes in several key aspects of international political and economic relations, affecting both superpowers and smaller states, aligned and unaffiliated countries, those developed and developing. For years communist states, especially those in Soviet-dominated East Europe, have been considered relatively immune to the impact of such changes. They were seen as isolated from and less dependent on the noncommunist world. While some communist states, such as Yugoslavia, were recognized as separate cases owing to their greater involvement with noncommunist states, it is only more recently—and especially since recent events in Poland—that the vulnerability of the Warsaw Pact states to international change has begun to be examined. The research which this report discusses is aimed at a comparative assessment of the effect of international change, using as cases one allied East European state, Romania, and one nonaligned communist state, Yugoslavia.

The present report will begin with a description of the research project. The original research design will be briefly reviewed and adjustments which were made to it will be noted.¹ Then the domestic and international structure, dynamics and essential policies of each state will be analyzed for the period of the early seventies and again for the beginning of the eighties. This will allow an assessment of the nature and direction of the changes which have occurred in the two states. A comparison will then link these changes to changes in five key international environments and the findings will be considered in light of research expectations. Finally, some implications for public policy, that is, United States foreign policy, will be drawn.

PROJECT DESCRIPTION

Purpose. The purpose of this project is to assess the impact on Romania and Yugoslavia of recent changes in key aspects of their international environment.
Changes in four noncommunist environments will be examined.

A. The East-West Environment. The decade began with the signing of the Soviet-German and Polish-German normalization treaties, the inter-German Basic Treaty, the end of the Vietnam war, the acceptance of SALT I and culmination of CSCE negotiations in the Helsinki agreement. It ended with rising defense budgets in and tension between the United States and the Soviet Union, build-ups in manpower and weaponry in NATO and the Warsaw Pact, acrimony over CSCE, the Soviet invasion of Afghanistan and the scuttling of SALT II.

B. The Capitalist Economic Environment. The economies of the developed capitalist world underwent several severe fluctuations during the nineteen seventies, including a substantial recession in mid-decade and persistent inflation since then. These and other problems produced in the industrialized noncommunist states a strong orientation toward restrained growth strategies, greater coordination of inter-capitalist economic policies and, conversely, further erosion of the relative free trade regime which has existed since World War II.

C. The Energy-Producing Environment. At the beginning of 1971 the average price of a barrel of crude oil on the international market was $1.80. By the end of the decade the price approached $35.00. Moreover, disruptions and uncertainties in supply occurred for other reasons such as the revolution in Iran and war in oil producing regions.

D. The Nonaligned Environment. During the past decade the nonaligned movement suffered serious erosion as an international political lobby, due essentially to three factors. First was the turning of attention of the world's less developed countries toward questions of domestic economic development and international economic structure, as articulated in various demands for the establishment of a New International Economic Order. Concern over the division of the world into "East" and "West" was replaced by concern over its
division into developed "North" and undeveloped "South." Though many of these goals were first put forth in a nonaligned setting, i.e., the Fourth Nonaligned Summit Conference in Algiers in September 1973, the aim and thrust of Third World lobbying efforts shifted to other goals, e.g., the fundamental restructuring of the world's economy; to other negotiating fora, such as UNCTAD, CIEC, and the U.N. General Assembly; and to other lobbying groups, like the Group of 77. Second, fragmentation of the movement occurred between those states who favor a more aggressive assertion of an "anti-imperialist" line, e.g., Cuba, and those who oppose such a shift, such as Yugoslavia. Finally, the invasion by the Soviet Union of Afghanistan, a nonaligned state, seemed to demonstrate starkly how limited the protective influence of this group was when circumstances, opportunities and perceived dangers provoke great power intervention.

In addition, an adjustment in the original research design added a fifth environment:

E. The Soviet/East European Environment. After the events in Czechoslovakia in 1968 and Poland in 1970, the situation in East Europe returned to a certain stability, with the regimes there pursuing strategies of economic growth and consumer satisfaction. With the blossoming of detente with the West and the apparent Soviet accommodation to "separate roads" to socialism at the Berlin conference of European communist parties in 1976, tension in the region seemed to recede. But at the beginning of the 1980s, the collapse of the Polish economy, the rise of the independent trade union "Solidarity," and the upheaval and fragmentation of the Polish communist party produced repercussions throughout East Europe.

This adjustment to the original research design was necessary in order, first, to acknowledge significant developments in a key international environment of the states under study and, second, to establish an analytical category for linking
these developments, as necessary, to changes in their domestic and international orientation.

These countries' ties to these environments can be outlined as follows:

A. **East-West Environment.** Both Yugoslavia and Romania were early and active proponents of East-West detente in Europe and globally; both responded to and offered initiatives with the West well before the other East European states, though at widely different times. Both took advantage of such opportunities as a favorable international milieu produced for establishing broad contacts with West Europe and the United States. Both Presidents Tito and Ceausescu traveled extensively in the West, placing great value in high visibility summitry, and both received various heads of state, including successive U.S. presidents, from the West.

B. **Capitalist Economic Environment.** Both Romania and Yugoslavia were eager partners of the developed capitalist countries, as measured by trade, investment and credit. Yugoslav trade with the developed West consistently accounted for more than half of its trade turnover, and often more than 60%. For Romania, this figure hovered at the one-third mark, making it annually first or second (after Poland) among Comecon countries, though it was much higher in certain crucial commodity areas such as machines and equipment. Both encouraged Western joint ventures in their countries. But the two states' chronic balance of trade deficits, need for modern technology, raw materials and fuel, combined with rather elastic demand for their exports also led to substantial hard currency indebtedness and increasing involvement with commercial, governmental and intergovernmental financial institutions in the West.

C. **Energy-Producing Environment.** In 1969 Romania was a net exporter of all types of energy (coal, oil and electricity) and imported no oil at all. By 1978 domestic production had peaked and Romanian oil imports, growing slowly since the beginning of the decade, reached roughly half the country's oil needs.
Since they did not until 1979 import Soviet oil, the Romanians became the most vulnerable of the Comecon states to dislocation of OPEC price and supply. Yugoslavia's imports of oil reached three-fourths of its needs during the last decade, with 60% of that coming from non-Soviet suppliers. Moreover both countries were particularly dependent on Iran and Iraq as suppliers.

D. Nonaligned Environment. Yugoslavia was a founder and leader of this movement and in recent years a key protagonist, especially through the person of Tito, in the struggle over the movement's direction. Romania, a member of the Warsaw Pact and Comecon, asserted since the beginning of the decade values and specific positions often indistinguishable from those of a nonaligned state. In addition, it strengthened its institutional association with this movement, securing "guest" status at the Nonaligned Conference in 1976, for example. Romanian self-definition underwent a transformation from that of a socialist country to a socialist developing country and Bucharest broadened its ties throughout the nonaligned and less developed world.

E. Soviet/East European Environment. Though extensively involved with the West and other noncommunist states, domestically Romania retained its faith in orthodox communist party domination. Events in fraternal Poland, judging by the reaction of the Soviet Union and other East European states, had the potential to undermine such domination region-wide—particularly in countries (such as Romania) where the work force had on occasion shown its willingness to take oppositional action. But Romanian concern with the fate of allied parties collided with its effusive commitment to nonintervention in the affairs of others and its rejection of any notion of "limited sovereignty" for socialist states. Yugoslavia, the first heretic, had a long tradition of denying its role as a model for other socialist states, but an equally strong stake in seeing separate roads to socialism develop. Like Poland, both states' economic ties with the west gave it an interest in mitigating ancillary damage from a Polish collapse.
Why Romania and Yugoslavia? In addition to being attractive units for investigation due to their extensive ties with the noncommunist world, Romania and Yugoslavia together form an intriguing comparative case for examination due both to their similarities and their differences.

The two are roughly the same size Balkan states and both are relative late-comers to independence and statehood. In both, postwar communist rule had to compete not only with conflictual regional, ethnic and linguistic fissures, but with a legacy of educational, social and economic backwardness more comparable to present-day Third World states than to their comrades in East Europe (especially the northern tier). In both, significant internal ethnic tensions and potential external patrons for disaffected groups complicated the rule and role of the communist party. Both Yugoslavia and Romania experienced long periods of one-man rule during which regional, national and communist party prerogatives were subordinated to the leader's will and desires. Both countries found themselves at one point engaged in dangerous controversy with the Soviet Union, the seriousness of which fluctuated over time but never disappeared entirely. Both sought support directly and indirectly for their positions in this conflict, and more broadly for their national goals, from noncommunist states, especially West Europe and the United States.

On the other hand, while Yugoslavia remained outside the Soviet alliance system since its exile in 1948, Romania retained its position in both CMEA and the WTO, however limited its partnership. This status, plus a less favorable geographic position vis a vis the Soviet Union, served to establish certain limits to both foreign and domestic policies, a situation which has not been operative in the Yugoslav case. Domestically the two regimes evolved in dramatically different directions. The Yugoslav federal system in both government and party is today not only more decentralized than any existing communist state, but it is more so than most noncommunist countries. The parameters of the economic and political system
allow for a greater degree of autonomous initiative, individual expression and local regional and private enterprise than virtually any other communist state. In contrast, Romania's political and economic system retains an orthodoxy of central planning and control unequaled outside Albania. Ceausescu's personal position is as close a modern analog to Stalinism as exists (complete with personality cult), and both individual and group initiative is sharply circumscribed by the state.

Design. While the original research design included questions relating to the transmission of change, e.g., whether the agents were other nations or international organizations, investigation of these questions proved less rewarding than those relating to arena and nature of impact. Thus this report will focus on the links between the changes in these two states and their international environments by discussing:

1) the arena of impact--Did changes in the international environment affect domestic economic or political structure, dynamics or policies, or mainly international relations, or both?

2) the direction of the impact--Did the international changes contribute for example, to greater centralization or less, to greater societal control or less?

3) the ramification of changes--Were changes essentially restricted to certain aspects of the domestic or international situation or was there cross-sectoral change, i.e., between the economic and political structures and dynamics and between the domestic and foreign arenas?

Expectations. While the research is guided by a desire to determine the arena and the nature of changes in Romania and Yugoslavia and to link these to change in the international environment, it is also guided by several hypotheses or, more accurately, research expectations:
1) Changes in the east-west environment will produce in both Romania and Yugoslavia a tendency to reinforce their anti-alliance positions; but Romania will also exhibit a partial concession on the issue of alliance involvement.

2) Changes in the east-west environment will contribute to a narrowing of the parameters of permissible behavior in both, especially among opposition groups at governing or societal levels.

3) Changes in the nonaligned environment will stimulate Romania to reassess the usefulness of this group as a supporting lobby but will push Yugoslavia to reassert this policy as the only alternative to bloc politics.

4) Changes in the capitalist economic and energy-producing environment will tend to spur efforts to improve economic performance while reducing energy and imported goods consumption; also it will contribute to beggar-thy-neighbor trade policies and reduced growth expectations.

4) Changes in these two environments will tend to reinforce political and economic decentralization in Yugoslavia and, conversely, strengthen economic and political centralization in Romania.

6) Finally, two expectations originally posed about the relative effect of international change on Romania and Yugoslavia, were combined to formulate the question of which state overall can be described as having experienced the greater impact from international change in its domestic and international structure, dynamics and policies.

Sources. Change and its impact were determined through policy pronouncements, speeches, directives and government actions, as well as evidence available in budget figures, personnel and structural changes, and domestic and international initiatives and agreements. Information on these was sought in primary sources (newspapers, public bulletins, government and party reports, national statistics) and in such secondary and statistical sources as were appropriate.
CHANGE IN ROMANIA AND YUGOSLAVIA

To determine the nature of the impact of international change, the first task is to draw a broad picture of these two states during each of the two periods across which comparison is being made, the beginning of the 1970s and the beginning of the 1980s. Once such a picture is complete, a chart of the links between changes in these states and their international environment will be offered.

For each state an outline of their salient characteristics at the two historical "moments" will be sketched, including:

1) domestic political and economic structure—that is, the nature of their institutions for political, governmental and economic management;

2) the political and economic dynamics—how does management in these areas actually operate apart from the formal institutional structure;

3) political and economic policies—what is the fundamental orientation of the regime in these areas, especially as it relates to political and economic mobilization, economic development, and social control.

Similarly these two states' international relations will be discussed in terms of:

1) structure—that is, its membership and participation in international institutions representing the Soviet/East European region, the world communist movement, the West, and the less developed or nonaligned countries;

2) dynamics—the patterns of their involvement with these same groups, as indicated by international interaction levels, trade and other economic ties, with international structural arrangements providing the backdrop for comparison;

3) policies—key international orientations as expressed both in the country's underlying foreign policy philosophy and their views on particular aspects of international relations, such as East-West relations, or the role of the nonaligned.

The aim at this point is to determine what changed or stayed the same in the two countries over the last ten years in their domestic and international situations.
Changes are likely to be more of degree than in kind and more evolutionary than dramatic, but they should nevertheless provide the basis for drawing the links between these states and their international environment.

Romania at the Beginning of the 1970s

Domestic Structure. By the time Nicolae Ceausescu became First Secretary of the Romanian Communist Party (RCP) in 1965, government and state bodies in Romania were already subordinate, dependent bodies, at both the national and local levels. This domination of administrative structure increased during the first decade of Ceausescu's rule to the point where national bodies such as the Grand National Assembly (GNA) and local organs like the People's Councils became essentially symbolic and representational bodies, with little political responsibility or authority. Substantial personnel overlap between party and state bodies insured both communist party control of government and central administrative control of regions. Control was strengthened by administrative reforms in local government in 1968 and by Ceausescu's personal appointment of regional party first secretaries, who were simultaneously People's Council presidents. In some sectors the merging of party and state bodies was formalized at the highest level, such as by the creation in 1974 of the Supreme Council of Economic and Social Development.

The party itself went through a similar process of concentration of power at the top. In 1965 Ceausescu established a Political Executive Committee with 15 full and 10 candidate members, designed essentially to circumvent and subordinate the existing party Presidium and Central Committee. In 1974 an even smaller (five members) Permanent Bureau was created made up of those closest to Ceausescu. This solidified his personal control of both the top party organs and, through them, the staffing of key positions throughout the party. By the time of the Twelfth Party Congress in 1974, Ceausescu's position atop the party and state was unchallenged.
He was by then party General Secretary (the title having been changed at the Ninth Congress), Chairman of the Council of State, President of the Republic (an office created for him), Chairman of the National Defense Council (another joint party-state body), and Supreme Commander of the Armed Forces. What opposition there might have been from the old Gheorghiu-Dej regime or among the new cadres was effectively muted, weak or excluded.  

The economy at the beginning of the decade was similarly structured. Communist party domination was insured through cadres, directives and a minimally reformed system of central planning. Both enterprise and worker autonomy were minimal, despite the formal establishment and trumpeting of a system of "industrial centrals" (1969) and workers' councils (1971). In both the industrial and agricultural sectors private enterprise was also minimal, represented by individual artisans and small private plots.

Dynamics. The political and economic dynamics of Romania at the beginning of the last decade could be characterized as top-to-bottom and center-to-periphery. Both the country's overall direction and the parameters for its day-to-day activities were determined by the top party leadership, essentially those around Ceausescu, and implemented through the party to the government and through both to the society at large. Probably spurred by the events in Czechoslovakia in 1968 and Poland in 1970, the regime dutifully went through the motions of "reforming" national political institutions such as the Grand National Assembly and the Socialist Unity Front. But these modifications, plus the growing practice of merging party and state personnel and institutions, were designed in fact to increase rather than decrease the control of the party and especially its executive organs. While there is evidence that local leaders in both the state and party roles held different views on the country's needs and even fought against some aspects of these reforms, Ceausescu's tight hold over party cadres—a hold increased by repeated
"rotation" of these cadres—insured that by 1974 the essential components of an orthodox, highly centralized state were in place.

The period also saw the beginning of the elevation of Ceausescu himself from a position of primus-inter-pares to that of an exalted, omniscient leader of party, state and people, as represented by his election in 1974 to the position of President of the Republic and by the growing deference, adulation and exclusive, effusive praise for Ceausescu, his initiatives, ideas and plans.

State-society dynamics reflected the party's appetite for total control and, as noted below, the mobilization of Romanian society for the purpose of socialist economic development. Organs formally constituted to represent social needs to the top, e.g., trade unions, workers' and people's councils, instead acted as "transmission belts" for the government's mobilization plans. Similarly, the appropriate direction of and limits to minority, cultural and political expression were explicated in detail and subordinated to the RCP's need for mobilization and development. In the economy, plans, quotas and central control of prices, wages and credit—rather than market forces—determined factor and commodity cost and supply, the economy's overall direction, and the population's standard of living.

Policies. The domestic policies of the Ceausescu regime were directed at mobilization, development and control. These aspects intertwined and acted as both a means and an end of RCP domination. The leader and the party were trying during this period to achieve political mobilization in several ways. The RCP sought to create political legitimacy, i.e., a sense of political authority to complement and support its position of dominant power. The leadership's non-Soviet oriented, "Romanianized" foreign policy, for example, was a key part of this effort. Domestically, the formal upgrading of various existing institutions, the establishment of new ones, such as the workers' councils, and the institution of multi-candidate elections (to the GNA) had the double goal of improving the party's
penetration of political organs while at the same time demonstrating its genuine ties to the working class.\textsuperscript{16}

The campaign for the country's "multilateral development" also made the party the prime mover behind (and in front of) the country's advancement into the modern world, while it mobilized the population behind the tasks necessary to achieve this.\textsuperscript{17} At the same time, economic payoffs of a limited sort were both provided and promised as the country moved towards its brighter future.\textsuperscript{18} And at the high point of Romanian-Chinese relations at the end of the 1960s and beginning of the 1970s, Ceausescu launched a "little cultural revolution" designed to inspire and motivate cadres and insure their greater penetration of the society at large by rotating Bucharest-bred loyalists to the countryside.\textsuperscript{19}

Economic development during this period reflected the party's program of rapid and broad development. Targets were set high,\textsuperscript{20} were often revised upward and five-year-plan goals were subject to campaigns for fulfillment in four-and-a-half years.\textsuperscript{21} For the 1970-75 period net material product grew by more than 11\% per year, by 14\% per year in industry and by 11\% per year in transportation and communication.\textsuperscript{22} Investment growth was similarly high (averaging over 11\% annually for 1971-75 and exceeding 15\% in 1975). Industry took the lion's share of investment (57.2\%) to the disadvantage and neglect of agriculture (16.1\%).\textsuperscript{23} Consequently agricultural growth was quite uneven, averaging half the growth rate of industry.

For its rapid expansion the Romanian economy relied mostly on its own resources: for labor, by drawing from the agricultural labor force;\textsuperscript{24} for financing, by restricting domestic consumption and keeping external borrowing modest;\textsuperscript{25} and for energy, by exploiting its own abundant supplies.\textsuperscript{26} But it did require a growing supply of imported machinery and raw materials, both of which came in increasing amounts from capitalist countries.\textsuperscript{27} Still, as Jackson points out, Romanian economic development during this period was essentially self-sufficient. As a share
of total invested equipment, for example, imported and western equipment declined over the period of rapid economic development.\(^\text{28}\)

Despite the unbalanced development picture, the standard of living, by most indicators, did improve during this period, even if, by most indicators, it also remained virtually the lowest in East Europe.\(^\text{29}\) This slow but steady improvement, plus the non-bloc orientation of foreign policy and the mobilization campaign, substituted for the extension of political and economic freedom as sources of regime legitimacy.

International Structure. In contrast to the orthodox centrally-planned rigidities of the domestic structure, Romania's international position at the beginning of the 1970s was innovative, flexible and generally out of step with those of its allies in East Europe. Its participation in the Warsaw Pact (WTO) was limited, as measured by several indices, including: its nonparticipation and condemnation of WTO actions against Czechoslovakia; its extremely limited participation in WTO maneuvers and frequent nonparticipation in WTO efforts at foreign policy coordination; and its consistently low expenditure for national defense.\(^\text{30}\) As regards the Council for Mutual Economic Assistance (CMEA), Romanian hostility to a high level of supranational planning or integration of national economies, formulated forcefully in its famous "Statement" of 1964,\(^\text{31}\) continued to guide its association with the organization at the beginning of the 1970s. The Romanians insisted, for example, that the Comecon "comprehensive program" adopted in 1971 sanction the sovereignty of national economies and the "interested party" approach to involvement in CMEA efforts.\(^\text{32}\) The pattern of the country's foreign trade (see below) reflected its growing involvement with non-socialist partners as did several "firsts" for East European states: it began participating in GATT in 1971; joined the IMF and World Bank in 1972; and in 1973 became the first CMEA country to receive generalized
trade preferences from the EEC. In 1971 it became the first state in the region to allow joint ventures to operate in the country.33

Dynamics. Romania's international interaction patterns in 1970-71 reflected both its growing involvement with nonbloc countries and its autonomous status within the world communist movement.34 As can be seen in Table I, fully 22% of its Interaction Score—a level higher than that for its East European allies (excluding the Soviet Union)—occurred with neutral and nonaligned states, with African states accounting for more than two-thirds of that score. At the same time, its interactions with Yugoslavia, China and Other Communist States totaled over 25% of the Romanian Interaction Score. While its interactions within its own region account for the largest share overall and those with the Soviet Union represent the highest amount for any single country, its overall interaction pattern complemented its broadening trade patterns, despite a relative diminution of interaction levels with the West, compared to the 1965-1969 period.35

Romania's international economic interactions reflected its history of expanding its ties beyond its own economic backyard. From 1960 to 1970 the Soviet/East European share of its foreign trade fell from roughly two-thirds to less than one half, while at the same time the Western share grew from roughly a fifth to more than a third.36 Between 1970 and 1974 Romanian exports and imports to developed capitalist countries both more than tripled in value while the respective increases for CMEA were 57% and 43%. Machinery, raw materials and semi-manufactured products made up the bulk of the imports (95%) and constituted 45 to 46% of Romania's imports of these goods.37 By 1974 trade with the developed capitalist countries surpassed that with CMEA states.38 Also during the early seventies Romania's involvement with less developed countries grew, its exports increasing from 12.3% of its total to 23% and its imports growing from 7.5% to 15.9%.39

Policies. Romanian statements during this period continued to spell out what they saw as the proper basis for relations between themselves and both socialist
Table I

ROMANIAN INTERACTION PATTERN, 1970-71

<table>
<thead>
<tr>
<th>Target</th>
<th>Interaction Score (IS)*</th>
<th>Percentage of Total IS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Other Communist</td>
<td>36</td>
<td>9.4</td>
</tr>
<tr>
<td>China</td>
<td>35</td>
<td>9.1</td>
</tr>
<tr>
<td>East Europe</td>
<td>80</td>
<td>33.0</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>47</td>
<td>12.2</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>28</td>
<td>7.3</td>
</tr>
<tr>
<td>Neutral/Nonaligned</td>
<td>86</td>
<td>22.3</td>
</tr>
<tr>
<td>of which: Europe</td>
<td>--</td>
<td>-</td>
</tr>
<tr>
<td>Middle East</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>57</td>
<td>14.8</td>
</tr>
<tr>
<td>of which: Europe</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Middle East**</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>3</td>
<td>19.0</td>
</tr>
<tr>
<td>FRG</td>
<td>8</td>
<td>2.1</td>
</tr>
<tr>
<td>United States</td>
<td>8</td>
<td>2.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>385</td>
<td>100***</td>
</tr>
</tbody>
</table>

*For the derivation of the Interaction Score, see Appendix.
**Iran
***Percentages may not add to 100 due to rounding.
and nonsocialist states. In sum, these were:

1) The Romanian national state, as part of the full exercise of its sovereignty, is the sole determiner of the nature, pace and direction of Romanian economic development. Economic sovereignty cannot be separated from national sovereignty, which itself cannot be "limited" in theory or practice.40

2) Each communist party—the Yugoslav, the Chinese or the Romanian, has the right and obligation to determine the most appropriate manner of building socialism in accordance with its specific national conditions. There can be no "leading center" or superior and subordinate parties, and no parties can be "expelled" for pursuing distinctive policies.41

3) States, in pursuing their development plans need to take full advantage of the "scientific and technological revolution" and therefore must be free to have relations with all states "regardless of social system" without discrimination. "The socialist international division of labor cannot mean isolation."42

4) The existing military situation, both conventional and nuclear, is detrimental to the security of all states, especially the small and medium-sized states. Hence genuine nuclear disarmament and conventional arms reduction are crucial. In addition, the bifurcation of the European continent into military blocs should be abolished.43

Many of these assertions put Romania at odds with its East European allies and with the Soviet Union, especially when its actions—for example its extensive contacts with China—demonstrated Romanian willingness to pay more than lip service to its stated philosophy.44 Within the world communist movement Romania complemented its support for the autonomy of individual parties by maintaining its contacts with independent ruling parties such as Yugoslavia, as well as non-ruling anathemas to the Soviet Union such as the Communist Party of Italy.45
Probably the most significant new aspect of Romanian international policy was the shift in its self-definition from that of a socialist country to that of a "socialist developing country." In this Romania sought to differentiate itself from its more developed socialist neighbors and at the same time receive preferential treatment from them and from noncommunist countries and organizations (e.g., the European Economic Community). This redefinition, broached by Ceausescu in 1972, gained greater significance for Romanian foreign policy later in the decade—leading for example to its strong support for the idea of establishing a New International Economic Order and a "democratization" of international relations. At this point this orientation intertwined both with the country's growing LDC trade and with its domestic mobilization campaign for development.

The early seventies produced no spectacular conflicts with Romania's allies as had occurred in the late 60s. There were differences of emphasis on questions of European security, and, as noted, the role of CMEA. But compared to the broader divergence of the underlying foreign policy orientation of the country and especially compared to the 1964-1969 period, such differences were small. And, as before, the Romanians did agree with their allies on several issues; for example, United States' actions in Vietnam.

Yugoslavia at the Beginning of the 1970s

Domestic Structure. After the break with the Soviet Union in 1948 the structure of government in Yugoslavia moved slowly away from its essentially Stalinist, centralized form to a system with a high degree of decentralization. Throughout the 1950s and early 1960s power and authority in political and economic life were formally passed to workers councils and "communities of interest," to republican provincial and communal units of the party and government, and to mass organizations
such as the Socialist Alliance of Working People (SAWP) and trade unions. Under the often ambivalent leadership of the League of Communists of Yugoslavia (LCY), the shift of power away from central control toward regional and local control, and away from strictly planned central economic management toward a growing role for enterprises and the market, gradually became functional as well as formal.

The 1963 Constitution, the Eighth Congress of the LCY (1964) and especially the economic reforms of 1965 put into practice the workers' self-management system postulated and debated since 1950. The reforms of 1965, for example, were aimed at increasing the role of the market— including the international market—in the economy, greatly reducing the state's role in both investment and redistribution of income, and greatly enhancing the autonomy and resource base of the country's banks. After the fall of Aleksandr Rankovic in 1966 the movement toward decentralization in the party, government and economy gained greater momentum. A continuing series of constitutional amendments whittled away at the power of federal organs to the benefit of republican and provincial bodies as well as individual enterprises. Moreover, action in those spheres which were left under "central" management, such as overall economic guidance, were limited by measures which increased the participation and influence of increasingly autonomous social, political, economic and regional actors.

In 1969 the party's Ninth Congress adopted structural changes of its own, designed to weaken somewhat the party's center vis a vis the regional and provincial parties. It also reasserted the need for the domestic and international market to play a role in the country's economy and promulgated the notion of sovereignty being vested in the republics. In 1971 constitutional amendments institutionalized this principle as republics gained formal sovereignty in all spheres of activity except, essentially, foreign policy, national defense and certain powers related to ensuring a unitary economy. Other amendments gave constitutional status to the principle of the "ethnic key" for peopling various federal
organs and assemblies, and created the State Presidency, a large and similarly representative body designed to give republics and provinces greater representation in both the existing and post-Tito governments. 55

The "nationalist excesses" in Croatia during 1970-71 represented the ebb tide of the party's decentralization and led to a reassessment and reassertion of the LCY's "leading ideological-political role," in evidence at a party conference in 1972 and the Tenth Party Congress in 1974. 56 But the fundamental structure of decentralized governmental authority and economic management remained. In fact, decentralization in both of these areas was strengthened with the 1974 Constitution and the 1976 Law on Associated Labor.

The new federal system established by the 1974 Constitution included a bicameral assembly in which both Chambers (the Federal Chamber and the Chamber of Republics and Provinces) were indirectly elected in ways designed to maximize worker participation and republican and provincial representation. This was to be insured through a multi-tiered delegate system of elections which began at the very lowest level of the government and economy. 57 While the State Presidency was reduced (from 23 to 9), it retained the stipulation that it have representation from each province and republic. 58

Another change affecting this body reflected the party's determination after 1971 to regain its leading role through policy guidance, staffing of key government and economic organs and, when necessary, arbitration of conflicting interests. In addition to Tito (elected as President of the Republic for life in 1974), the State Presidency now included the LCY President as an ex officio member. The operations of the rest of the system were to be made more unified through greater involvement in the Socialist Alliance, the trade unions and its "active and daily participation" in the work of the various social-political organizations and in the organizations of associated labor. 59 While it was made clear that there was to be no return to the old "dogmatic conservative" centralism, the party resolved
to shake off its defensiveness about intervening in the state and the economy, in order to unify contending interests, guide the country toward the fulfillment of self-managed socialism, and prevent either economic fragmentation or governmental stalemate. 60

The Law on Associated Labor of 1976 was to the economy what the Constitution of 1974 was to the government. It gave legal form and authority to Basic Organizations of Associated Labor (BOALs) and stipulated the mechanisms by which they and their associations form Self-Management Agreements (SMAs) and, with governments, Social Compacts, to plan economic activity. 61 Along with further reform of the banking system, designed to weaken the dominance of central banks (which had profited from the 1965 reform), 62 the institutionalization of BOALs and their agreements as the building blocks of the economy indicated that the momentum toward decentralization of the economy had not yet waned.

Dynamics and Policies. The dynamics of the economic and political system generally reflected this decentralized structure. They were essentially those of contention, negotiation and only occasionally of consensus. The central government's ability to act was determined not by the dictates of its only political party or certainly by the independent power of its own institutions, but by the consent to action of the country's republics and regions. As the economy became increasingly fragmented and the power and representativeness of regions grew, an all-Yugoslav interest became harder to define much less enforce. Representatives of regions were responsible and beholden to their local political bases, a responsibility which had been increased by the constitutional and electoral reforms. The party during this period proved a unifying force only in extremis, the most serious example of which being the Croatian crisis of 1970-71. In fact, it can be argued that what unifying authority the party did possess by this time resided in the capacity and unchallengeable position of its legendary leader, Tito (and to a lesser extent Kardelj).
Economically, the dynamics evolved more slowly but just as inexorably, as the government's macroeconomic instruments, e.g., investment control, planning authority, were diluted. The economic "center" remained strong, due to continued concentration in both banking and industry,\textsuperscript{63} and substantial government control over foreign exchange earnings. But increased regional and enterprise autonomy, reduced government control over foreign trade,\textsuperscript{64} and the party's still limited ability to forge a national interest out of parochial ones, all contributed to an increasingly fragmented rather than unified economy.

Economic performance during the 1971-75 period was characterized by expansive growth which, while higher than immediately after the reforms of 1965, was lower than that experienced during the 1950s and early 1960s. (See Table II.) Investment remained at an exceptionally high level, averaging nearly 30\% of gross social product during 1971-75.\textsuperscript{65} Manufacturing and mining accounted for the largest single share of investment while agriculture's share, which had been more than 12\% in the 1950s and 10\% in the early sixties, fell after the 1965 reforms and returned only to 7.5\% during 1971-75.\textsuperscript{66} Reflecting its dominant absorption of investment, industrial production grew during the period at an average rate of 8.1\%, exceeding both plan targets and the industrial growth rates of more developed countries in both the East and West.\textsuperscript{67} Agriculture grew more slowly, though its rates, too, exceeded the plan.\textsuperscript{68} By 1975 agriculture's share of gross material product had declined to 15.6\%, down from 22\% in 1964, while industry's share (manufacturing and mining) increased from 32.5\% to 37\% in the same period.\textsuperscript{69}

The growth of Yugoslavia's industrial sector stimulated greater reliance on imports, including raw materials and technology, and greater consumption of both domestic and imported energy. While gross energy consumption in Yugoslavia increased by the equivalent of nearly ten million tons of coal between 1970 and 1975, energy production during that period increased by just over 4.2 million tons. Consequently, Yugoslavia's net imports of energy grew by more than 10\% per
Table II
YUGOSLAV ECONOMIC GROWTH

Percentage Growth in Gross Material Product*

<table>
<thead>
<tr>
<th>Years</th>
<th>Aggregate Economy</th>
<th>Socialized Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954-1960</td>
<td>8.0</td>
<td>10.1</td>
<td>3.6</td>
</tr>
<tr>
<td>1961-1964</td>
<td>8.1</td>
<td>10.6</td>
<td>1.1</td>
</tr>
<tr>
<td>1965-1970</td>
<td>5.1</td>
<td>5.6</td>
<td>3.0</td>
</tr>
<tr>
<td>1971-1975</td>
<td>5.9</td>
<td>6.5</td>
<td>3.0</td>
</tr>
<tr>
<td>1976-1980</td>
<td>5.6</td>
<td>6.2</td>
<td>2.3</td>
</tr>
</tbody>
</table>

* 1972 prices

Source: Yugoslav Survey, XXII, 1 (February), 1982, 72.
Overall, Yugoslavia's ability to cover its imports with exports dropped from 69.3% during 1966-1970 to 56.4% in 1971-75. The impact of these deficits was mitigated, however, by consistent surpluses in invisibles (services, tourism, workers' remittances), and Yugoslavia's debt burden remained modest. Debt as a percentage of net material produce even declined from 1971 (22.4%) to 1975 (20.7%).

The fragmentation of the economy was underlined by continued regional disparities, despite overall high growth rates for all regions. Thus, by 1975 gross material product per capita in the less developed regions of Yugoslavia (Bosnia-Herzegovinia, Macedonia, Montenegro and Kosovo) still constituted only 62% of the national average, as compared to 61% in 1970 and to 121% for the more developed regions. Moreover, regional disparities were not overcome despite substantial support provided through the vehicles of the Federal Fund (a pool created by mandatory contributions from the economy) and direct federal budgetary allocations. While this disparity derived from a number of historical and structural factors, e.g., absence of infrastructure, low level of training and education of work force, and population growth, it also reflected the preference of enterprises and banks for investing in their own regions.

Despite these difficulties, overall growth, the decentralized nature of decision-making, and the increasing contact with international markets, allowed the economy to act, on balance, as a stabilizing factor in the Yugoslav equation. Employment grew by an average of 4.4% in the socialized sector during 1971-75. Personal incomes generally kept up with or slightly exceeded price increases, and Yugoslavs generally—though differentially—began to enjoy the benefits of an improved standard of living. Those tangible outputs, combined with the government's evident commitment to the self-management idea contributed to the generation of a sense of legitimacy and popular acceptance. Nevertheless, as part of the LCY's remounting of the political barricades, the period after the Croatian
events did see a crackdown on various forms of expression and dissent, leading, for example, to the dismissal in 1975 of eight outspoken Belgrade philosophy professors and the closing of their controversial journal, *Praxis*. 78

International Structure. After its ostracism from the Soviet camp, Yugoslavia began to stake out a position between East and West that under Tito's personal direction eventually took as its fundamental theme the idea of nonalignment. During the 1950s and early 1960s Tito proselytized the notion, also being voiced in various forms by some Asian and African leaders, of rejecting the division of the world into blocs and spheres of influence and forming a group of states committed to anti-colonialism, disarmament and an erosion of the existing division of the world, with its attendant dangers for all countries and peoples. After extensive personal summitry with like-minded leaders such as Nehru and Nasser, the first nonaligned "summit" took place in Belgrade in 1961, with 2 nations participating. By the time of the 1970 meeting of the nonaligned at Lusaka, the movement had grown to 53 and by 1973 (the Algiers meeting) to 75. It is possible that the early Yugoslav commitment to nonalignment might have softened had a full rapprochement with the Soviet Union been possible. But further disagreement with the USSR in the fifties--over the intervention in Hungary, the LCY's 1958 program, the Moscow conferences of 1957 and 1960--the rapid growth of the movement during the next decade, and the visibility it afforded to Tito and the country, all rendered nonalignment the firm basis of Yugoslav foreign policy as it entered the seventies. 79

But though the idea of nonalignment was the central one for Yugoslavia at this time, the movement itself was beginning a fundamental shift of orientation. With the blossoming of detente, the dwindling number of colonial situations and (its complement) the growing predominance in the movement of poorer, less developed countries, and with a growing truculence being demonstrated by the petroleum exporting countries, the movement which had been founded essentially in opposition
to the division of the world into East and West began increasingly to see the
world as divided into rich North and poor South. \textsuperscript{80} Yugoslavia and some other
nonaligned countries had previously stressed economic issues,\textsuperscript{81} but the Fourth
Summit of Nonaligned Countries in Algiers issued a call for the establishment of
a New International Economic Order (NIEO) and suggested that a special UN General
Assembly session be held to lay out the framework for such an order. At that
session, held in 1974, at several subsequent UN or UN-sponsored meetings, and
at other conferences of the nonaligned, the NIEO became the dominant theme.\textsuperscript{82}
Yugoslav support for this thrust was firm,\textsuperscript{83} but during this period an erosion
began of the structure which Tito had in part founded and carefully nurtured,
and a change of venue to other arenas, e.g. UNCTAD, and other lobbies, e.g. the
Group of 77, occurred. In these, Yugoslavia's position was not only not as pre-
stigious, but somewhat unique, as a more--if not fully--developed country.\textsuperscript{84}
Thus while the guiding orientation of Yugoslav foreign policy during this period
undoubtedly remained nonalignment, the orientation of the nonaligned movement
itself was beginning to move away from Yugoslavia. Perhaps in consequence of
this Yugoslav relations with Europe took on greater significance, indicated by
its trade agreement with the European Economic Community signed in 1970 and
renewed in 1973.\textsuperscript{85}

\textbf{Dynamics.} The dynamics of Yugoslavia's interaction pattern reflected its
position between the blocs. As evident in Table III, nearly 31\% of its total
Interaction Score was accounted for by the West, FRG and the US, while almost 27\%
was represented by the East, including the East European states and the Soviet
Union. As appropriate to its role in the nonaligned movement, over 37\%, the
largest share, of its Interaction Score was accounted for by neutral and non-
aligned countries, with a roughly equal dispersal among the Middle East, Asia
and Africa.

The country's international trade patterns showed relative stability over
1971-73 in terms of geographic orientation, with exports to developed capitalist
Table III
YUGOSLAVIA'S INTERACTION PATTERN, 1970-71

<table>
<thead>
<tr>
<th>Target</th>
<th>Interaction Score (IS)*</th>
<th>Percentage of Total IS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>2</td>
<td>.5</td>
</tr>
<tr>
<td>Other Communist</td>
<td>9</td>
<td>2.1</td>
</tr>
<tr>
<td>China</td>
<td>11</td>
<td>2.6</td>
</tr>
<tr>
<td>East Europe</td>
<td>81</td>
<td>26.7</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>34</td>
<td>7.9</td>
</tr>
<tr>
<td>Neutral/Nonaligned</td>
<td>161</td>
<td>37.4</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>100</td>
<td>23.3</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Middle East**</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Latin America &amp; Canada</td>
<td>17</td>
<td>30.8</td>
</tr>
<tr>
<td>FRG</td>
<td>21</td>
<td>4.9</td>
</tr>
<tr>
<td>United States</td>
<td>11</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>430</td>
<td>100***</td>
</tr>
</tbody>
</table>

*For derivation of Interaction Score, see Appendix.
**Iran
***Percentages may not add to 100 due to rounding.
countries accounting for more than one-half of Yugoslav exports and more than 3/5 of its imports. Trade with the West typically accounted for 3/4 or more of Yugoslavia's trade deficit which, during 1971-73, averaged $1.3 billion. Trade with the socialist countries (including China and Albania) accounted for just over 1/3 of Yugoslavia's exports and 1/4 of its imports during this period, while LDC percentages were usually between 10-12% in each category. As a whole, trade began to play a greater part in the Yugoslav economy, especially in investment, a phenomenon aided by the decentralization of the foreign trade mechanism, by a willingness to take international credits, and by the liberalization of the import regime.

Import dependence grew during this period while import coverage began to decline after 1972. Both the country's overall balance of payments and its net external debt were within manageable bounds, however, at the beginning of the seventies, with a surplus on current account registered in 1972 and 1973 and, as noted, debt burden declining. For Yugoslavia, dramatic and mostly negative changes in its international economic relations were yet to come.

Policies. Yugoslavia's commitment to nonalignment was consistently reaffirmed during this period. An end to the division of the world into blocs and thus the dangers it posed for the nonaligned were seen as even more necessary than ever, given the developments in Southeast Asia and the Middle East, while the exigencies of economic development required full support for a fundamental revision of the world's economic relations. Still, the adoption of the Yugoslav defense law in 1969, designed to provide for an all-points, total defense for the country, the upgrading of regional militias, plus an overall renewed emphasis on the resolution of European problems, seemed to be evidence of the country's recognition of the limitations of the nonaligned movement and its own gains from it. In Europe, Yugoslavia strongly supported non-bloc initiatives, such as holding a conference on security and cooperation, and within the world
communist movements, staunchly asserted the independence of individual communist parties. 95

Romania at the Beginning of the 1980s

Domestic

Structure. By the end of the last decade, RCP dominance of the governmental system and its constituent bodies had increased. Non-party bodies had become virtually marginal actors in the determination of policy. The process of unifying party and state organs continued. 96 And if the Eleventh Congress of the RCP in 1974 represented Ceausescu's domination of the party, the Twelfth Congress in 1979 represented his coronation and sanctification as the person solely responsible for the country's past, present and future successes. 97

The structure of the party itself became more skewed during this period. The Permanent Bureau, originally conceived of as a subunit of the party Executive Committee, had grown to 15 by 1979. This allowed Ceausescu greater personal control over the party and national policy and speeded the elevation of loyal (or related) cadres to the highest levels. 98 The Executive Committee also grew, 99 but like the Central Committee and the party itself, became essentially the ratifier and instrument of Ceausescu's wishes. The RCP itself expanded and added more workers, 100 but its "leading role" in society, like the leading role of its central committee became nearly as symbolic and formal as that of the government and state in relation to the party.

Formal participation in the government and economy were also expanded. In 1979 the number of GNA elections in which more than one candidate stood for election was increased. 101 And in 1978, with substantial fanfare, workers' self-management was introduced, as part of a broad economic reform. The powers of the existing workers' councils were strengthened and through their assemblies, workers were to gain a greater say in financing, planning and distribution of the
profits of enterprises. At the same time, the New Economic Mechanism (NEM) itself was introduced, designed to improve economic performance through a system of financial incentives and penalties. For example, the amount of funds an enterprise could retain under optimal conditions was increased.

Similarly, the role of the individual county was formally upgraded. At the Twelfth Party Congress the idea was suggested that each county should be responsible for its own provisioning (autoprovisionarea), and the appropriate laws were enacted in late 1981.

Thus the Romanian government and economic system began the 1980s formally less centralized than at the beginning of the 1970s. Participation in the party and, through elections, in the government, had grown, membership of top party bodies had expanded, and some administrative responsibilities had nominally devolved upon the counties. In the economy, enterprise discretion, as well as responsibility, had been increased.

Dynamics. But the dynamics of government and economy tell a different story. In each case the granting of formal responsibility was accompanied by an increase in party representation, either through cadres, directives or both. The workers' self-management system, like the earlier reorganization of industrial centrals, increased rather than decreased party involvement in enterprise management. For example, workers' councils, the vehicle of self-management, were headed, since 1978, by the party first secretary for the enterprise. And by law, worker representation on the council was restricted to minority levels. As Alan Smith describes workers' self-management in Romania, "The combination of the principle [self-management] with the single-national plan . . . indicated that it should not in any way be confused with Yugoslav-type self-management." Moreover, since 1973--after the reorganization of the industrial centrals--economic production itself became more concentrated, with locally-based enterprises virtually disappearing and republican-based enterprises growing in both number and size.
In similar fashion, the introduction of autoprovizionarea was not accompanied by any devolution of authority over securing or allocating resources, powers which would have enabled counties to fulfill their new responsibilities. And, needless to say, the party first secretary for the country was simultaneously the head of the county peoples' council. The system of self-provisioning seems, in sum, to act as another mobilization device, while at the same time allowing the central regime to deflect from itself responsibility for the country's deteriorating economic situation.\textsuperscript{109}

Overall the goal of increasing economic performance, efficiency and rationality has been subordinated to the party's requirement for central administrative control. In addition, both the New Economic Mechanism and workers' self-management serve as new hortatory hammers and rationales for intervention by the central leadership.\textsuperscript{110} Evidently even this was insufficient to achieve either improved performance (see below) or satisfactory party control, because in 1982 "public instructors" were appointed to fan out into the country to oversee "political-ideological" as well as educational and cultural activity.\textsuperscript{111}

Ceausescu's policy of "rotating" people in key positions has increased.\textsuperscript{112} This serves multiple purposes. It allows him to blame others for the country's failures, and it has prevented the rise of a Rankovic-like heir-apparent who might become too eager (Ceausescu is 65), while insuring loyal support and control over policy implementation. The only one immune from both rotation and criticism is, of course, Ceausescu himself. The recent past has seen an exploding campaign of adulation and homage to Ceausescu, glorified as the person responsible for and indeed the very personification of the country's domestic advancement and international status.\textsuperscript{113} It may be that the "cult of personality" is a further symbolic "payoff" for the long-suffering Romanian people, or is seen by Ceausescu as something his people "need."\textsuperscript{114} In any case, the exalted public, position and dominant political power serve to protect Ceausescu from public
criticism while allowing him substantial freedom of action in domestic and international policy.

If the dynamics of management and governance maintained their fundamental direction in the latter part of the decade, the economy's performance did not. Gross national product, which had grown at an average of 6.2% for 1971-75 declined to under 5% for 1975-80 and for 1979 and 1980 grew at 4.3% and 0.1% respectively. By 1980 industrial growth had fallen to half its 1970-75 rate, while agriculture turned in consecutive disastrous years in 1979 and 1980. For 1981 all key indicators showed slower growth and failure to meet planned targets. Years of skewed investment produced a huge appetite for Romania's indigenous resources, including labor, finance and raw materials, in addition to leaving agricultural development far behind and a domestic goods and services market almost nonexistent.

The country's ability to maximize its own resources was reached during this period. Despite the material incentives provided by the NEM, as well as special bonuses and wage adjustments, the growth in labor productivity slowed dramatically in 1981. Exhaustion of the country's labor pool, both in terms of its structure and in terms of numbers available, made further drawing on the agricultural labor supply, and indeed expansion itself, difficult. The expansion of the seventies, and especially the huge growth of the oil refining sector, forced Romania to begin importing increasing amounts of crude oil. From 5.1 million tons in 1975—none of it Soviet—Romanian imports grew to 12.5 million tons in 1979 and included for the first time Soviet oil (350,000 tons). At the same time, domestic production declined from over 14.6 million tons in 1977 to 11.6 million tons in 1981. While its refining capacity allowed the country to reexport a substantial amount of that oil, it was insufficient to cover a chronic hard currency deficit in machinery, manufactured foods and raw materials, nor could the weaker agricultural sector compensate. By 1978 Romania's trade
deficit with developed capitalist countries exceeded $800 million, while the modest surplus run with less developed countries at the beginning of the seventies had become a $660 million deficit. Increasingly, the Romanians took advantage of a number of sources of financing, including commercial loans, government-backed credits, and IMF and World Bank loans. Though the debt service ratio remained modest (debt-to-export = 22% in 1981), the total due in 1982 ($2.6 billion) proved more than the country could produce and Bucharest forced a rescheduling on its creditors.

The impact of the slowdown on the standard of living in Romania is difficult to determine from official statistics or pronouncements. But the evidence of real or hidden inflation due to price adjustments, shortages, disappearance or rationing of goods and restrictions on power consumption indicate that exacting the cost of economic adjustment—in this case slowdown—from the population has continued to be the main thrust of the state-society economic dynamic. The overall state-society dynamic during this period was characterized by ever greater party penetration of daily life. The number of laws, policies and directives has increased in order to facilitate the country's adjustment to slower growth and to insure compliance with energy and cost saving measures. In addition, the economic reforms also increased enterprise control over various aspects of workers' lives, e.g., health, recreation, further reducing the sphere of autonomous action, already the smallest in East Europe.

Policies. The policies which this structure and dynamic support still involve mobilization, development and control, but, especially as regards the first two dimensions, the direction of these policies has shifted. Political mobilization now involves, to a greater extent than ever, pointing to the sad conditions of the past or to those unfortunate enough to live in the capitalist countries, and promising a better future in the face of a more difficult present. In addition, the extent and degree of participation in the economy—
through self-management, workers' councils, trade unions--and in the government--through the party, its front organization (the Socialist Unity Front) and the GNA--are widely lauded, a practice which seemed to grow in direct proportion to developments in Poland. Public pronouncements also took a form only rarely seen in the early seventies: criticism of poor performance, waste of resources, lack of discipline, even corruption, became the theme of virtually every speech of Ceausescu's and, in appropriate measure, of his subordinates. The aim was twofold: 1) to spur party activists to greater contributions toward meeting the country's real needs, and 2) to convince the party and the population at large that no Polish-type activities were necessary in Romania because the regime was responsive and responsible.

Sacrifice did become the general watchword, but some sectors received dispensation and even increased incentives for production, e.g., bonuses and salary increases to miners, metal and oil workers, and higher prices and bonuses to farmers. These were provided to head off possible agitation among workers who had troubled the regime in the past (e.g., the miners), to improve production in crucial areas of the economy and, especially in the case of agricultural prices, to rationalize the existing price structure.

Foreign policy remained a key element of the regime's political mobilization strategy, but for the most part the late 1970s did not produce salient issues or crises on which the regime could capitalize. Some issues, such as the dispute with the Soviet Union over the proposed increases in defense spending in late 1978, were exploited for domestic purposes. But on the occasion of more compelling Soviet actions like the invasion of Afghanistan in late 1979, there was no similar display. Most recently the leadership has used the issue of the arms race to mount a visible position and secure its public standing.
In the economic realm, mobilization for growth has been replaced by a campaign for efficiency, reduction in consumption of resources, personal sacrifice, and improved production of key raw materials and exportable goods. As the regime's ability to draw on a continuously growing labor force levels off, it has had to rely on such campaigns, administrative shifting of workers, some economic incentives and the use of the army and "volunteers" to maintain production levels.

Adjustment has been belatedly made in economic strategy. The 1981-85 economic plan, as revised and finally adopted, calls for an annual growth rate in social product of just over 6% and in industry of under 9% (the latter a downward revision from original directives). However agricultural production is to grow at 4.5-5%, which would represent a substantial improvement over recent years. Overall investment is to grow much more slowly than in the past (just over 5%) with a slight increase in agriculture's share. In addition, a separate agricultural plan for the period was adopted, specifying among other things that the largest growth (except for agricultural services) would be in the volume of agricultural trade (9.0%). In the industrial sector, coal production is scheduled to more than triple by 1985 while both natural gas and oil production are to double. The highest growth overall (except for services) will be in foreign trade, expected to increase by nearly 12% per year, a revision upward from plan directives. This growth is to occur, however, while the country achieves a 40% reduction in the consumption of energy by 1990.

The regime's need to convince the population that less is more, or is at least more than it was in the past, has been both a means and a goal of increased party control and management of the society at large. The RCP is determined not only to mobilize support for the economic adjustment but to prevent any untoward developments such as those in Poland which might accompany such adjustments. Thus, an embryonic Free Trade Union movement was crushed,
and dissent of all types has been subject to severe government pressure. In addition, restrictions on minorities—especially the 2.5 million Hungarians—have by most accounts increased.

In sum, while the domestic structure of the country has in some areas moved toward decentralization, the party's dominance of the government, the economy and society, and the General Secretary's dominance of the party itself increased in the last decade.

International

Structure. The structure of Romania's international relations has remained similar though not identical to that in evidence in the early seventies. Romanian participation in the WTO remains limited, as evidenced by the 1978 dispute over contributions to the alliance and Romania's reaction, stressing national control of the armed forces. Romanian participation in WTO exercises has been minimal (no participation at all during 1976-1979), and its contribution (as measured by the ratio of defense spending to GNP) has, in fact, declined, despite a 7% growth in GNP. Moreover, independent arms production and joint or licensed production agreements with France, Yugoslavia and China indicate the regime's desire to rely on its own resources for its national defense. But unlike its response to Warsaw Pact action during the "Prague Spring," the Romanians voiced no direct criticism of Pact efforts to discuss the Polish situation in 1980-81 and even participated in one such meeting in Warsaw in December, 1980.

Participation in CMEA grew during the decade with, for example, Romania becoming a member of 4 of 5 multilateral economic associations formed since 1973. But, as indicated below, the dynamics of Romania's interactions with CMEA continue to be those of an outsider. While Romanian participation in the IMF and World Bank is no longer unique (Hungary joined in 1982), it broadened
substantially in 1981 with the use of an IMF credit line of $1.5 billion and the apparent acceptance of conditions regarding economic reform. In addition Romania remains the only CMEA state with a generalized trade agreement with the EEC. The RCP position as an autonomous actor in the world communist movement was reaffirmed at the 1976 Berlin conference of European communist parties and by their nonparticipation in a 1980 Soviet-sponsored conference of parties in Paris.

Probably the greatest structural development in Romania's international position has been its participation in LDC-dominated or defined organizations. In 1976 Romania obtained "guest" status at the Conference of Nonaligned States, joined the Group of 77, and participated in the U.N. Conference on Trade and Development "side by side with other developing countries."

Dynamics. The dynamics of Romania's non-bloc interactions were somewhat more volatile than in the earlier period. After levelling off during 1975-78, Romanian trade with the West increased. During 1978-79, for example, Romania increased its exports to the West by two-thirds, and its Western imports by more than one-half--figures which were in both cases largest in the region (except for Bulgarian exports which increased faster but remained at a level roughly one-third that of Romania). Romanian imports of machinery from developed capitalist countries more than doubled from 1976-79 while imports of raw materials increased by two-thirds. Deficits in these areas grew accordingly, though they leveled off in machinery and manufactures after 1978 and in raw materials after 1979. Trade with less developed countries also grew but this was accounted for largely by a near quintupling of Romanian imports of fuels. LDC trade, which had been in surplus since the 1950s ran a $227 million deficit in 1978 and by 1980 this had grown to $1.5 billion. In addition to being the most active LDC trading partner in East Europe, the Romanians provided more
capital assistance and committed a greater share of their overall economic assistance to the developing countries than any of their East European allies. 151

The growing hard currency trade deficit necessitated increased borrowing until, by the end of 1981, gross debt reached nearly $10.5 billion, of which $10.0 billion was owed in hard currency. 152 Borrowing then slowed down for a number of reasons. 153 In 1981 Ceausescu began to complain about "new forms of exploitation including those of financial capital," and soon after Romania indicated it would seek no new commercial loans. 154 At the same time, in the aftermath of the Polish events and after several slow Romanian repayments, Western commercial banks and governments declined to grant further loans. 155 Borrowing from the IMF and World Bank continued, however. 156

Romania's interaction pattern reflected its broadening choice of interaction partners, and by the end of the decade resembled that of nonaligned Yugoslavia in substantial measure (see Table IV). Romanian interactions with neutral and nonaligned countries, which had accounted for 22% of its Interaction Score in 1970, reached 34.3% in 1975 and 43% by 1980-81. Romania's redefinition of itself as a developing country was clearly more than rhetorical. Interaction levels with the West increased in mid-decade, then levelled off. Levels with other East European countries and the Soviet Union declined, to 24.9% in 1975-76 and to 21.4% in 1980-81, suggesting that increased Romanian interactions with the developing countries came at the expense of attention to its Warsaw Pact allies. Romania also broadened the range of its interactions within the neutral and nonaligned group, keeping its high level of contacts with African countries and adding increased levels of involvement with the Middle East (the highest in 1975-76) and with Asian and European neutral and nonaligned states.

Romanian contacts with non-Soviet oriented communist states such as Yugoslavia and China were equally salient during this period including a particularly
Table IV

ROMANIAN INTERACTION PATTERN, 1975-76

<table>
<thead>
<tr>
<th>Target</th>
<th>Interaction Score (IS)*</th>
<th>Percentage of Total IS</th>
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<tr>
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<tr>
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<td>2.3</td>
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<td>of which: Europe</td>
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</tr>
<tr>
<td>Middle East</td>
<td>71</td>
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<tr>
<td>Africa</td>
<td>58</td>
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<tr>
<td>Asia</td>
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<td>Israel</td>
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<td>West</td>
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<td>of which: Europe</td>
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<td>TOTAL</td>
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*For the derivation of the Interaction Score, see Appendix.
**Iran
***Percentages may not add to 100 due to rounding.
Table IV (cont.)

ROMANIAN INTERACTION PATTERN, 1980-81

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<th>Target</th>
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<th>Percentage of Total IS</th>
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<td>Neutral/Nonaligned</td>
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<td>of which:</td>
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<tr>
<td>Middle East</td>
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<td>Africa</td>
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<tr>
<td>Latin America</td>
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<tr>
<td>West</td>
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<td>19.6</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>149</td>
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<tr>
<td>Asia</td>
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<tr>
<td>Latin America &amp; Canada</td>
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<tr>
<td>FRG</td>
<td>13</td>
<td>1.2</td>
</tr>
<tr>
<td>United States</td>
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<td>2.4</td>
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<tr>
<td>TOTAL</td>
<td>1065</td>
<td>100**</td>
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*For the derivation of the Interaction Score, see Appendix.

**Percentages may not add to 100 due to rounding.
provocative (from the Soviet point of view) visit of Hua Guofeng to Romania in 1978 and again after Tito's funeral in 1980. In addition Romania continued its full support for Eurocommunists such as Santiago Carrillo, head of the Spanish Communist Party, in the face of Soviet opposition.

**Policies.** Romania's faith in the principles of sovereignty and noninterference in the affairs of other states and parties was tested several times during this period and some wavering was in evidence. In 1979 Bucharest condemned the Vietnamese invasion of Cambodia in terms reminiscent of those used after the invasion of Czechoslovakia. But when China invaded Vietnam the next month, the Romanians confined themselves to a general call for peaceful settlement of international conflicts and the withdrawal of "all foreign troops within national frontiers." Their reaction to the Soviet invasion of Afghanistan, though muted, was distinctive from that of their allies. Bucharest reaffirmed its condemnation of policies of force or "dictat" and called for "the right of each nation to develop itself freely, independently, to choose independently its path of social and economic development, without any kind of interference from outside." Romania did not join its allies in voting against a UN general Assembly resolution calling for the withdrawal of foreign troops from Afghanistan, though by mid-1980 it had accommodated itself to both the WTO position on Afghanistan and the Babrak Karmal regime itself.

But on the events in Poland the Romanian leadership teetered on the brink, and almost visibly fought with itself over the appropriate posture. Ceausescu was clearly disturbed by developments there and critical of the Polish party's handling of these developments. The Romanians did attend the WTO meeting in Warsaw in December, 1980, at which the Polish situation was the key item on the agenda. And in October 1981 during the Solidarity national congress, Scintea blasted the trade union leaders and the "antisocialist elements who dominated" the Congress, while protesting that it "does not want to interfere in Poland's
internal affairs." On balance, though, the Romanian position against outside interference--reiterated both before and after the declaration of martial law in Poland--remained intact, though it is likely that Ceausescu's wishes for success to Jaruzelski were as sincere as any in the region.

Probably the most significant shift of policy in the international arena recently has been the Romanian reassessment of the desirability of expanding economic contacts with the West--especially the advisability of continued borrowing. The mutual interest in slowing down the growth of Romanian debt in 1981 was followed by Romanian demands for a rescheduling of its current obligations, and agreements were reached covering 1981-82 and 1983 obligations. Similarly, in 1982 after a more difficult than usual battle in the US Congress over the extension of Most Favored Nation (MFN) trade status--which included various admonitions to the Romanians to improve their emigration policy--the Romanians adopted a draconian emigration tax policy which virtually ended the possibility of Jewish (or German) emigration, and is likely to result in the cancellation of MFN by the United States in 1983.

At the same time, the Romanians made overtures to the Soviet Union and its CMEA partners indicating their desire to improve cooperation in the areas of raw material and energy trade. Romania currently purchases Soviet oil at world market prices in hard currency--a trade which in 1981 cost them some $700 million. The Romanians' initiative was rebuffed, however, and trade with CMEA--excluding the USSR--has not increased.

This attempt to reinvigorate its trade with CMEA complements the recent attempts to increase exports to the West and cut imports. For 1981, the country did succeed in achieving a convertible currency trade surplus for the first time in twenty years and reduced its overall balance of payments deficit with convertible countries to just over $800 million. Convertible currency exports
increased only marginally but imports declined significantly. Oil imports were also cut, by 3.2 million tons, returning to roughly the levels of 1978.

The conception of Romania as a developing country remains prominent in its pronouncements as does its support for the economic goals of the less developed countries and, more recently, a revived campaign against nuclear arms. As previously, Romania has maintained positions on several issues which diverged from those of its allies; for example, on questions of European security and arms control, and the Middle East. But, as during the earlier period, deviance on foreign policy issues is tempered both by several areas of agreement with its allies, e.g., on the NATO decision to install long-range missiles in Western Europe, and by Romanian diplomatic discretion, as seen in its reaction to the invasion of Afghanistan.

In sum, Romania's international relations structure, dynamics and policies remain generally similar to those of the early seventies, but some shifts are noticeable. Romania's reabsorption into CMEA has proceeded only slowly, evidently as much from Soviet coolness as Romanian hesitation. At the same time, levels of economic interaction with the West have stagnated due both to Romanian and Western desires. Philosophically, the Romanians' assertion of nation-state and communist party prerogatives did not reach the sharp levels of the late 60s and even in some instances seemed to have muted to stillness, but, the broader pattern of its international relations shows that this position is still the main foundation of its foreign policy.
Yugoslavia at the Beginning of the 1980s

**Domestic**

**Structure.** By the beginning of the new decade Yugoslav government and party structure had been adapted somewhat, in preparation for the passing of Tito, but they remained fundamentally those set out in the 1974 constitution. After Tito's death in 1980, the positions of President of the Republic and President of the Party—both held only by Tito—were abolished and leadership of the respective presidencies now rotates annually according to a strict ethnic key. In 1981 several constitutional amendments strengthened both the collective and rotational aspects of various state and government offices, by stipulating terms of office and providing for rotation and balance in all top posts.\(^{178}\)

One significant new federal structure established in 1980 was the Council for Territorial Defense within the Defense Ministry. Though each republic retains its responsibility for organizing its territorial defense, this new body—with a rotating, ethnically keyed chairman—is now responsible for organizing this capacity into a national defense.\(^{179}\) Combined with the institutionalization of the army's representation in the LCY Presidency, and the addition of the Defense Minister as one of seven *ex-officio* members of the State Presidency, this change seems part of a general upgrading and centralizing of the authority of the armed forces.

The party has similarly institutionalized its own collective leadership by updating annually the presidency of its 23 member presidium, according to an ethnic key, and electing one secretary of the presidium for two years. The Executive Committee of the party—a kind of inner sanctum under Tito—was eliminated in 1978 when the presidium was reduced from 48 to 23 members, plus Tito.\(^{180}\) Since then a varying number of "executive secretaries" with responsibility for certain areas have been elected, with terms set for four years.\(^{181}\) And, despite its commitment to leadership and guidance, the central party declined to impose
from the top solutions to a number of party questions. In 1982, for example, the Twelfth Party Congress determined that communal, provincial and republican parties could set the terms of office for their own leadership and that identical terms throughout the party would not be set by the federal party bodies. 182

The country's economic structure at the beginning of the 1980s remained extensively decentralized, with republics and provinces exercising predominate administrative influence, and self-managed enterprises, their constituent BOALs and the self-managing "communities of interest" determining the level of economic activity through their negotiated compacts and agreements. Republican, provincial and central LCY guidance in setting economic goals and establishing desirable practices is evident and both party and government bodies work to try to blend various agreements into a coherent plan. But the initiators of the agreements, the framers of their goals, and the judges of their performance are the economy's core subunits, the enterprises. BOALs and communal organizations. 183 As Laura Tyson characterizes the economic structure at the beginning of this decade:

Overall, these reforms decentralized decision-making power; within the government, they decentralized policy-making authority from the federal to the republican and provincial levels; and within enterprises, they decentralized authority from central management institutions to the BOALs. 184

Dynamics. The dynamics of government at the beginning of the 1980s and especially since Tito's death have shifted toward more collective leadership at the top of both the party and the government, a logical extension of the diffusion of power to the regional and communal bodies. The LCY continues to assert its leading role and the need to act as a guiding and unifying "subjective force" in the face of the country's social and economic difficulties. 185 But the careful attempt to prevent the rule of any one person or particular group has produced a structure and dynamics which suggest that, at least in the party, no one rules at all. During the Twelfth Party Congress, criticism
of virtually all aspects of the party's activities were heard. Nor did the congress itself or its commissions move beyond repeating the urgent need for dealing with the country's severe economic problems, and for LCY members to insure the resolution of these problems through resolute struggle at all levels of the political and economic structure. The party leadership reaffirmed its commitment to self-management and not only rejected a return to "statist and bureaucratic" methods of rule as a solution, but blamed the vestiges of these practices for the country's situation. But, the statism of republics and provinces and the "technocratic" decision-making of banks---institutions which both received increasing power during decentralization---were included as negative aspects of "statist and bureaucratic" phenomena.

The party has found itself just as subject to the fragmentation into republican and regional autarchies as have the government and economic organs, reflecting the similarity of their power bases. In November, 1981, Politika moaned: "... in place of democratic centralism we have bureaucratic policentrism." But at the Twelfth Congress, the party rejected proposals to apply democratic centralism throughout its ranks, i.e., vis a vis the republican and provincial parties, or to establish permanent party organizations within each BOAL and self-managing community of interest to augment or replace the present system of working through socio-political organizations such as the SAWP and trade unions.

The government, on the other hand, has shown a willingness to tackle the serious, especially economic, questions, in ways which functionally, if not formally, tighten control at the center. Moreover it has done so in ways which have forced the compliance of dissenting republics.

At the end of 1979, with the country's balance of payments deficit approaching the two billion dollar mark, the government established for the first time a binding balance of payments deficit target for 1980 (also $2
billion). Republics retained responsibility for meeting this target. But while previously the overall goal had been negotiated, and usually ignored, the target for 1980 was set as part of a group of austerity measures which were passed using a constitutional provision allowing laws to be temporarily enacted without the consensus of all republics and provinces. 193 This procedure has been followed since then to introduce various restrictions, 194 and though it certainly did not represent an independent federal unit riding roughshod over regional institutions, it did constitute a "democratic centralism" which the LCY presidium might have envied.

In 1982 an even more sensitive subject was addressed in a similar, though not identical fashion. With the country facing a huge and growing hard currency deficit, increasing debt obligations, a rapidly depreciating dinar, the inability of certain key banks to meet their obligations, 195 and a growing dual-currency trade internally, the Federal Assembly passed a new law regulating the use of hard currency. It increased the amount of hard currency which enterprises were required to turn over to republican and federal banks, up to 100% in the case of tourist, service and other "unidentified" earnings. It also obliged enterprises to repatriate more quickly their foreign exchange earnings, 196 and it prohibited the "pooling" or reselling of hard currency between enterprises, a widespread practice designed to avoid delays, controls and a weak dinar. 197 There was heated opposition to this measure on both financial and philosophical grounds from Croatia and Slovenia, the main hardcurrency earning republics. 198 It had been just this issue which prompted and intertwined with the "national excesses" in Croatia a decade earlier. 199 On the last day of the session of the Assembly the Slovenian and Croatian delegates agreed to accept this as a temporary (one-year) measure. 200

A third indication of the government's willingness and capacity to act and not be crippled entirely by its own decentralization was its response to the
Kosovo riots of 1981. After two weeks of sporadic demonstrations in the provincial capital of Pristina and other major cities, accompanied by shouts of "Kosovo republic," calls for independence and even for union with Albania, the State Presidency ordered in the army, closed the university, and arrested, tried and sentenced harshly a large number of demonstrators. The provincial government and other institutions, including especially the university, were purged and the extensive cultural contacts with Albania were curbed. The party also moved decisively in this area, purging its own provincial leadership and criticizing their underestimation of and insufficient action against Albanian nationalism. In recognition of the economic nature of the unrest and the long-term nature of the problem, the 1981-85 plan increases the already disproportionate share of federal development funds earmarked for Kosovo, the least developed region of the country.

The actions on the balance of payments, foreign exchange and Kosovo were all taken under varying degrees of emergency conditions and as such represent—especially in the economic areas—overdue responses to serious problems. But the flow of these actions and the willingness they represent to force unpopular measures on republics, does stand in contrast to the party's unwillingness in general to impose greater central control on its own subunits and in contrast, as well, to the main dynamic of policy formation and implementation during the last decade.

The aspect of the economic dynamic showing the most marked contrast with the early seventies was performance. Economic growth (social product) which had been growing at over 6% during 1971-75, and which had been as high as 7% as late as 1979, plummeted to 2.2% in 1980 and 1.7% in 1981. The growth of industrial production was cut in half and in agriculture and construction was flat or even negative. The growth in social sector employment (i.e., excluding private agriculture and a small private business sector), which had
averaged 4.3% per year during 1971-75, was 3.2% for 1980 and fell below 3% for 1981. By 1982 over eight hundred thousand people were officially listed as jobseekers, not counting another eight hundred thousand employed abroad, chiefly in West Europe.

At the same time, prices, which had increased modestly in the early part of the decade, jumped by more than 30% in 1980 and 40% in 1981. While earnings had previously kept ahead of this inflation—while also contributing to it—in the first two years of the eighties real earnings fell by more than 12%.

High fixed investment rates (increasing annually by over 7% during the 1970s and reaching 33% of GNP by 1977), declining labor productivity, the duplication of capacity and growth of "political factories," and the overall difficulties of efficient production and trade in a highly decentralized economy, contributed to this economic stagnation. The united Yugoslav market continued to exist more in the ideal than in reality, and the disparities between regions remained as great as ever. In addition, the fast pace of growth, especially in import dependent areas, had increased dependency on foreign sources of raw materials, equipment, energy, and more recently, financing. While the country continued to turn a surplus on invisibles, its sluggish export sector covered less and less of its increasingly expensive imports (See Table V). This put upward pressure on prices, downward pressure on the dinar and, especially in the aftermath of the Polish debt crisis, undermined international confidence in the Yugoslavs' ability to manage their domestic and international economic relations.

In sum, on almost all performance indicators the Yugoslav economy entered the 1980s in substantially worse shape than it had entered the 1970s.

Policies. Political mobilization, or at least acquiescence, at this time is based on arouses the public against various economic enemies, especially inflation, balance of trade and payments difficulties, and international debt.
By appealing to national interest, attempting to educate for sacrifice, and occasionally casting international forces as the bogeyman, the party and government want to explain the adjustment from good-times-and-better-to-come to hard-times-and-tougher-ahead. They also want to counter the negative reaction to unpopular measures taken to deal with the economic difficulties: gasoline, power and even some food rationing; price increases; restrictions on access to hard currency; and perhaps most painful of all, measures against "shopping tourism." It is not surprising that, given the Polish events and the importance (mentioned earlier) of the material situation to public satisfaction, an additional dimension of the party's pronouncements is a campaign against corruption, privilege, and the "privatization" of social property.

In response to the deteriorating economic situation, Yugoslav economic policy has been reoriented toward selective rather than expansive growth, with export sectors getting special attention. Overall investment has fallen (to negative growth rates in 1980 and 1981). Credit expansion, especially long-term, has been slowed and utilized along with hard-currency controls to encourage exports and to try to induce more investment in the country's less developed regions. The devaluation (in 1980 and 1982) and depreciation (since 1981) of the dinar, along with restrictions on imports and the emphasizing of import "coverage" by exports at both the republican and enterprise level, cut the country's balance of payments deficit to $750 million in 1981 (a $1.4 billion deficit with convertible-currency countries; a $650 million surplus with clearing countries). While the rate of international commercial borrowing slowed recently, debt obligations increased due to the confluence of various debt obligations.

While the plethora of economic measures increased the degree of government control over some aspects of social behavior, in some areas limits have been tested and, judging by the government's response, exceeded. Discussion of
the country's problems has been exceptionally open, frank and pervasive, and has not always restricted itself to questions of supply and demand. While authoritative response has been generally restrained some targets—the Catholic church in Croatia and some Orthodox and Muslim "clerico-nationalists," as well as Albanian nationalists, have been subjected to rhetorical and, in some cases concrete, pressure.

International Structure. Nonalignment remains the central foundation of Yugoslav foreign policy. Though at the end of the 1970s it seemed a thin reed of support, Yugoslavia was more than even committed to asserting the original principles of nonalignment and to playing a key, if no longer dominant, role in the movement itself. Yugoslav efforts in the last few years have been devoted to: 1) preventing the domination or shifting of the direction of the movement by states (in particular Cuba and Vietnam) favoring a closer association with the Soviet Union and its allies; and 2) preserving the integrity of the movement itself, especially in light of conflicts between nonaligned states such as Iran and Iraq. In 1979 at the sixth conference of nonaligned states, Tito, among others, successfully prevented the adoption of a resolution declaring the Soviet Union and its allies to be the "natural allies" of the movement. In so doing the "authentic principles" of nonalignment were reaffirmed. In 1980 Yugoslavia was one of seven original members of a "goodwill committee" of the nonaligned which attempted, unsuccessfully, to initiate mediation of the Iran-Iraq war. With the war still raging in 1982, the seventh nonaligned summit, scheduled for Bagdad, was postponed until 1983 and shifted to New Delhi.

In Europe, Yugoslavia has maintained a high profile in the CSCE, by hosting the first review conference in 1977 and by offering its own proposals from time to time, such as for the holding of a European disarmament conference.
recently it has aimed at increased cooperation among Europe’s "neutral and nonaligned."\textsuperscript{234}

Yugoslavia’s international membership pattern has not shifted. In addition to its participation in nonaligned conferences and various UN fora devoted to development, its association with both CMEA and the EEC has broadened. By 1980 Yugoslavia was participating in 21 of 32 CMEA sponsored institutions,\textsuperscript{235} but also in 1980 it reached a broader and more favorable trade agreement with the European Community.\textsuperscript{236} Involvement with the IMF and World Bank, in terms of use of resources, has also grown,\textsuperscript{237} and Yugoslavia reiterated its stance as an independent actor in the world communist movement by, among other things, not attending the Soviet-designed conference of European parties in 1980.\textsuperscript{238}

**Dynamics.** The dynamics of Yugoslavia’s interaction pattern were similar in 1975-76 and 1980-81 to those of 1970-71 (see Table V). The largest share of the country’s Interaction Score was still held by neutral and nonaligned countries (38.3\% for 1975-76 and 43.4\% for 1980-81), and the East and West shares were still roughly balanced—though by 1980-81 both had declined. It is interesting to note in this respect that despite increased Yugoslav trade with the East (noted below) its interaction levels with these countries not only declined but fell to levels lower than those of 1970-71. This suggests that economic reorientation has been limited to that sphere.

Within the neutral and nonaligned group, Yugoslavia’s increasing attention to European neutrals is evident. In 1970-71 this group accounted for less than 7\% of the Yugoslav Interaction Score with all Neutral and Nonaligned; in 1975-76 this level was 8.5\%; but by 1980-81 the European share reached 22\%. This came, evidently, at the expense of interactions with Asia, while Middle Eastern and African interaction levels remained high and roughly equal to each other in both later periods.
Table V
YUGOSLAVIA'S INTERACTION PATTERN, 1975-76

<table>
<thead>
<tr>
<th>Target</th>
<th>Interaction Score (IS)*</th>
<th>Percentage of Total IS</th>
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</thead>
<tbody>
<tr>
<td>Albania</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Other Communist</td>
<td>15</td>
<td>4.4</td>
</tr>
<tr>
<td>China</td>
<td>9</td>
<td>2.7</td>
</tr>
<tr>
<td>East Europe</td>
<td>73</td>
<td>30.1</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>29</td>
<td>30.1</td>
</tr>
<tr>
<td>Neutral/Nonaligned</td>
<td>130</td>
<td>38.3</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>79</td>
<td>23.3</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Middle East**</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>28</td>
<td>24.5</td>
</tr>
<tr>
<td>FRG</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>United States</td>
<td>1</td>
<td>.3</td>
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<tr>
<td>TOTALS</td>
<td>339</td>
<td>100** ***</td>
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</table>

*For the derivation of the Interaction Score, see Appendix.

**Iran

***Percentages may not add to 100 due to rounding.
<table>
<thead>
<tr>
<th>Target</th>
<th>Interaction Score (IS)*</th>
<th>Percentage of Total IS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
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<td>1.8</td>
</tr>
<tr>
<td>Other Communist</td>
<td>34</td>
<td>5.1</td>
</tr>
<tr>
<td>China</td>
<td>32</td>
<td>4.8</td>
</tr>
<tr>
<td>East Europe</td>
<td>105</td>
<td>15.7</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>30</td>
<td>20.2</td>
</tr>
<tr>
<td>Neutral/Nonaligned</td>
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<td>43.4</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>120</td>
<td>17.9</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>5</td>
<td>24.7</td>
</tr>
<tr>
<td>FRG</td>
<td>23</td>
<td>3.4</td>
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<tr>
<td>United States</td>
<td>23</td>
<td>3.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>670</td>
<td>100**</td>
</tr>
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</table>

*For the derivation of the Interaction Score, see Appendix.

**Percentages may not add to 100 due to rounding.
The country's international economic relations reflected its appetite for imports and its weakening ability to pay for them through exports or other hard currency earnings. Fuels—chiefly petroleum, but also since 1978 natural gas—which had during 1966-70 made up only 5% of Yugoslavia's imports, had by 1980 jumped to 17.1%, and alone accounted for 36% of the country's trade deficit during 1976-80. But the importing of machines and equipment also remained high, accounting for one-third of all imports and 38.2% of the trade deficit. Despite the continued growth, the economy's export performance relative to that growth declined. Thus from 1965 to 1973 for each increase of one percent in social product, exports grew 1.47% (imports 1.66%). But from 1973-79 each percentage point increase in social product produced only .2% growth in exports (and .6% growth in imports). Overall, Yugoslavia's ability to cover its trade in both intermediate materials and capital goods declined during the decade (as compared to 1966-70) while coverage in consumer goods increased, due largely to the sharp drop in consumer goods imports.

Equally significant has been the shift in geographic orientation of the country's trade. In 1973 the Western developed countries took 56.1% of Yugoslavia's exports and provided 62.9% of its imports. By 1981 these figures were 31.8% and 53.0% respectively. At the same time, the socialist countries' (including Albania and China) share of the country's exports, which had been just over one-third in 1973, rose to nearly one-half by 1981. These countries also accounted for 31.4% of Yugoslav imports in 1981 as compared to 24% in 1973. The USSR alone presently takes fully one-third of all Yugoslav exports and supplies nearly one-fifth of the country's imports. Since Yugoslavia's ability to cover its imports from these countries is roughly double its coverage for the developed West, its trade deficit, which surpassed $7 billion in 1979, is essentially a Western, hard-currency deficit. Moreover, while in the early years of the seventies the country had been able to cover
more than three quarters of its trade deficit with surpluses in invisibles (especially workers' remittance), during 1976-80, despite 64% growth in the surplus in invisibles, coverage fell below 60%.

Increasingly, the balance of payments deficit was financed. By the beginning of 1983 servicing Yugoslavia's $20 billion debt accounted for almost 10% of its gross national product.

Policies. Since the beginning of this decade Yugoslav economic policy has aimed at cutting the growth of this debt, drastically reducing imports, while expanding exports. This has proven difficult to do simultaneously, as so much of industry, and especially export-oriented industry, is import-dependent. Thus in the first part of 1982 industrial production, and also exports, grew quite slowly, due in part to a shortage of raw materials and fuel. (Imports fell 13% during this time.) This has prompted some criticism of the restrictive import policy. But through such measures, a dampening of domestic demand, a falling dinar, and various measures taken to secure fugitive hard currency inside and outside the country, Yugoslavia had by the end of 1982 met virtually all of its current debt obligations, increased import coverage from 70% to 78% (and from 54% to 63% with hard currency countries) and narrowed its trade deficit from $4.3 billion to $2 billion (and from $4.9 billion to $3.3 billion with convertible-currency countries).

On international political questions Yugoslavia has been critical of both the United States and its allies--especially Israel--and the Soviet Union and its allies--in particular Bulgaria--in roughly equal measure. Together the superpowers have been singled out in recent statements for actions aggravating the overall international situation. And renewed interest in the superpowers' arms race has contributed to shifting of Yugoslav pronouncements on nonalignment back toward its earlier emphasis on disarmament.
At the same time, the government continues to welcome assurances of continued American interest in the security and economic health of an independent, nonaligned Yugoslavia. Yugoslav-Soviet relations, as in previous times, have been volatile, due, among other things, to Soviet actions in Afghanistan and the events in Poland. On these questions the Yugoslavs have asserted the right of socialist and nonaligned countries—both key categories in the Yugoslav conception of international relations—to determine their own path of development without outside interference. But periodical coolness in Soviet-Yugoslav relations has had little dampening effect on the growth of their economic relations.

LINKS TO THE INTERNATIONAL ENVIRONMENT

A Summary Comparison

Tables VII-X are summary guides to the changes which occurred in Yugoslavia and Romania between the early 1970s and the early 1980s. The charts allow us to compare the two "movements" of these countries before moving on to consider the impact of international changes on these countries.

As Table VI indicates, compared to the early 1970s, Romania at the beginning of the 1980s was structurally a somewhat less centralized state in terms of center-periphery relations and nominal economic management, but in terms of party-government relations the former was more dominant than ever. Within the party both the formal position and the dynamics reveal an increasing center and elite dominance and an increased dominance of its leader. In addition, the society is even more the object of pervasive party rule.

Domestic policies have shifted somewhat especially in the economic area, with consolidation and slow, selective growth replacing expansive, rapid
### Table VI. ROMANIA--DOMESTIC

<table>
<thead>
<tr>
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</thead>
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<tr>
<td>Party-Govt.</td>
<td>CP Dominance</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Center-Periph.</td>
<td>Centralized</td>
<td>(Decreased)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Party</td>
<td>Skewed to Leader</td>
<td>Increased</td>
<td>(X)</td>
<td>(X)</td>
<td>X</td>
<td>(X)</td>
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<tr>
<td>Economy</td>
<td>Centralized</td>
<td>(Decreased)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Dynamics</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Center-Periph</td>
<td>Center Dominant</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>Elite-Rnk &amp; File</td>
<td>Elite Dominant</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Leader</td>
<td>Dominant/Active</td>
<td>Increased</td>
<td>(X)</td>
<td>(X)</td>
<td>X</td>
<td>(X)</td>
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<tr>
<td>State-Society</td>
<td>State Directive</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>Extensive Growth/ High self-sufficiency</td>
<td>Slowed, intensive growth, dependency increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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### Policies

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<tr>
<th>Mobilization</th>
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<tbody>
<tr>
<td>Political</td>
<td>Foreign policy, nationalism, (participation)</td>
<td>Same</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Economic</td>
<td>National and personal gain</td>
<td>Consolidation</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Development</td>
<td>Multilateral, rapid</td>
<td>Selective, slow</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Control</td>
<td>Extensive in both economic &amp; political areas</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
development. Control of society through various, laws, limitations and mechanisms of party penetration has also increased.

Internationally, as seen in Table VII the Romanians remain limited partners in the Soviet/East European complex of organizations, though there partnership in CMEA-based organizations has increased somewhat. In the world communist movement, they continue to assert, through their attitudes and behavior, the principle of autonomy of individual parties, including their own. During the decade Bucharest retained and expanded somewhat their participation in Western, non-communist organizations, such as the IMF/World Bank, GATT and the EEC. But they substantially increased their involvement with groups and fora sponsored by the nonaligned and less-developed countries.

Their interaction patterns and trade flows supported their self-definition as a developing country and reflected as well their establishment and maintenance of a wide variety of political and economic contacts. In the latter case there was some narrowing in the later period as a result of policy shifts on debt and trade. In their policies overall Romania continued to assert in both general philosophical and specific terms its views of the proper form of relations between socialist, as well as nonsocialist, states. It remained out of step with its allies on a number of East-West issues and to a greater extent on North-South questions.

As seen in Table VIII the Yugoslav domestic structure showed moderate central government ascension in comparison to a weaker, more divided and decentralized party, and especially vis a vis strong republics and regions. The dynamics reflected this as well with a central government more willing to assert itself when necessary in the face of republican and regional conflict and stalemate. Government and party elites remained vulnerable to local power bases and to a lesser extent central prerogatives, but the central leadership represented by Tito was replaced by a rotating and weaker collectivity. The economic dynamic clearly
Table VII. ROMANIA--INTERNATIONAL

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Soviet/E. Europe</td>
<td>Limited</td>
<td>Mod. Increased</td>
<td>X</td>
<td>X</td>
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<tr>
<td>World Commun.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Movement</td>
<td>Autonomous</td>
<td>Same</td>
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<td></td>
<td></td>
<td></td>
<td>(X)</td>
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<tr>
<td>West</td>
<td>Limited</td>
<td>Same</td>
<td>X</td>
<td>X</td>
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<tr>
<td>LDC/Non.</td>
<td>Latent (identification)</td>
<td>Participatory</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<table>
<thead>
<tr>
<th>Dynamics</th>
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<tbody>
<tr>
<td>Soviet/E. Europe</td>
<td>Limited</td>
<td>Same</td>
<td>X</td>
<td>X</td>
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<td>Other Commun.</td>
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<tr>
<td>Parties</td>
<td>Substantial</td>
<td>Same</td>
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<tr>
<td>West</td>
<td>Substantial</td>
<td>Decreased</td>
<td>X</td>
<td>X</td>
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<tr>
<td>LDC/Non.</td>
<td>Growing</td>
<td>Increased</td>
<td>X</td>
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<table>
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<th>Policies</th>
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<td>Philosophy</td>
<td>Autonomous</td>
<td>Same</td>
<td>X</td>
<td>X</td>
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<tr>
<td>East-West</td>
<td>Interactive</td>
<td>Same</td>
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</tr>
<tr>
<td>LDC/Non.</td>
<td>Identifying/Supportive</td>
<td>Increased</td>
<td>X</td>
<td>X</td>
<td>X</td>
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Table VII: YUGOSLAVIA--DOMESTIC

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<tr>
<td>Party-Govt.</td>
<td>CP Influential</td>
<td>Reduced</td>
<td></td>
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<td>X X</td>
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<td>Center-Periph.</td>
<td>Decentralized</td>
<td>Mod. Recentralized</td>
<td>X</td>
<td>X</td>
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<td>X X</td>
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<tr>
<td>Party</td>
<td>Mod. Decentralized</td>
<td>Increased Decentr.</td>
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<tr>
<td>Economy</td>
<td>Decentralized</td>
<td>Mod. Recentralized</td>
<td>X</td>
<td>X</td>
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</tbody>
</table>

| Dynamics         |             |                     |       |        |           |             |                  |
| Elite-Rnk & File | Elite influential, but vulnerable | Same |       |        |           |             |                  |
| Leader           | Dominant/Intermittent | Collective |       |        |           |             |                  |
| State-Society    | State-as-Limiter | Increased | X     | X      |           |             |                  |
| Economy          | Extensive growth/ Mod. Self-sufficiency | Slowed growth/ Mod. dependency | X     | X      |           |             |                  |

| Policies         |             |                     |       |        |           |             |                  |
| Mobilization     |             |                     |       |        |           |             |                  |
| Political        | Participation, self-management | Same |       |        |           |             |                  |
| Economic         | Self-management, improved standard of living | Self-management, sacrifice | X     | X      |           |             |                  |
| Development      | Rapid, extensive | Slowed, selective/ Stabilization | X     | X      |           |             |                  |
| Control          | Low          | Increased           | X     | X      |           |             |                  |
shifted from high rates of growth to selective and slower growth and the state retained and even increased somewhat its limited role as determiner of the parameters of political and economic behavior.

Policies still promote political participation and economic self-management even if the system operates in less than an ideal form. Economic mobilization, however, is based increasingly on the need for sacrifice and stabilization, though both goals are presented in ways which link them to the involvement of self-management. Growth policy has become selective, emphasizing exports for example, and in general, more restrictive. Social control is aimed chiefly--but not totally--at economic behavior detrimental to the regime's goal of economic stabilization and improvement.

In the international arena (see Table IX) the Yugoslavs maintained their overall position vis a vis both East and West, though involvement with both increased. Its distinctive position within the world communist movement remained the same, but in the nonaligned movement its leadership position eroded. The dynamics of Yugoslavia's international relations remained those of an independent, nonaligned, but European, country. However its economic interactions with the Soviet/East European region substantially increased in recent years, while those with the West declined or levelled off.

The underlying philosophy of nonalignment remained the cornerstone of Yugoslav policy and Belgrade continued to argue, perhaps even more vehemently, for the erosion of blocs in Europe and spheres of influence elsewhere. Its hostility to the arms race has taken precedence over its still persistent support for the LDC idea of restructuring the world's economic relations. Within the nonaligned movement itself, Yugoslav efforts recently have been devoted to maintaining the movement's integrity in two senses: first, by adherence to its "authentic principles," as opposed to its absorption by its "natural ally" the Soviet Union;
<table>
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<tr>
<th>Structure</th>
<th>1970s</th>
<th>1980s</th>
<th>Contributing Environments</th>
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<tr>
<td>Soviet/East Europe</td>
<td>Limited</td>
<td>Mod. Increased</td>
<td>X</td>
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<tr>
<td>World Commun. Movement</td>
<td>Independent</td>
<td>Same</td>
<td>X</td>
</tr>
<tr>
<td>West</td>
<td>Limited</td>
<td>Mod. Increased</td>
<td>X</td>
</tr>
<tr>
<td>LDC/Non.</td>
<td>Extensive/Founder-Leader</td>
<td>Leading position reduced</td>
<td>X</td>
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<th>Dynamics</th>
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<tr>
<td>Soviet/East Europe</td>
<td>Limited</td>
<td>Increased</td>
<td>X</td>
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<tr>
<td>Other Commun. Parties</td>
<td>Substantial</td>
<td>Same</td>
<td>(X)</td>
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<tr>
<td>West</td>
<td>Substantial</td>
<td>Mod. Reduced</td>
<td>X</td>
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<tr>
<td>LDC/Non.</td>
<td>Extensive</td>
<td>Same</td>
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<th>Policies</th>
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<tr>
<td>Philosophy</td>
<td>Independent</td>
<td>Same</td>
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<tr>
<td>East-West</td>
<td>For bloc erosion, non-bloc pol./arms race</td>
<td>Same</td>
<td>X</td>
</tr>
<tr>
<td>LDC/Non.</td>
<td>Vs. colon., spheres of infl./Support NIEO</td>
<td>Vs. arms race, spheres of infl./Prot. of movement integrity</td>
<td>X</td>
</tr>
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and second, by retaining at least a minimum of unity in the face of conflict between nonaligned countries, such as Iran and Iraq or Vietnam and Cambodia.

Connection with International Environments

Having determined the direction of changes in these two states during the past decade, the contribution to these changes of the international environment can be assessed. At present this assessment will be painted in broad strokes, with detailed investigation being a task for further research.

In the case of Romania, the changes in the capitalist economic and energy-producing environments both contributed to the increased domination of the communist party over the government and to increasing that of the center over the periphery, the elite over the rank-and-file, and the state over society. This was because of the need of the RCP to exert even greater control over the economy in order to deal with the deterioration in the country's domestic and international position. Changes in these two environments also contributed, conversely, to the opposite, i.e., structural decentralization through workers' self-management and increased enterprise and county responsibility. These were in part a response to the need for greater economic efficiency, productivity and rationality. However, the tension between these two goals—social and economic control vs. improved efficiency—was resolved in favor of the former, by increasing party dominance over the government, the economy and the population at large.

It is unlikely that changes in these environments contributed to party skewness, i.e., the increase in Ceausescu's predominance, though they may have contributed to his own perception of the need for a mobilizing, unifying totem (himself), around which the country could rally. More likely, the deterioration in East-West relations, and to a much smaller extent, the fragmentation of the non-aligned movement contributed to Ceausescu's predominance by heightening his salience as a nationalistic independent leader. The prominence of Ceausescu's
overall foreign policy orientation and his stand on particular issues lacked the urgency and some of the uniqueness which it had had at the end of the sixties and beginning of the seventies. But with renewed East-West tension, he sought again to profit domestically from his distinctive orientation and from what use could be made of issues like the arms race.

The question of whether developments in Poland contributed to the increase in Ceausescu's dominance is an intriguing one. On the one hand he hardly took the kind of demonstrative stand against WTO pressure that he had in the case of Czechoslovakia which would have improved his public standing; and he even commented critically on both developments in Poland and the Polish government's lack of decisive action. But the various economic maneuvers, increasing strictures on society and extensive rotation of cadres, which did strengthen Ceausescu's already powerful position, were spawned in part by the Polish events. In addition, measures which lessened the changes of Polish-type developments occurring did, from the regime's point of view, support Ceausescu as a symbol: "the man who keeps the Russians out."

The changes in both the capitalist economic and energy-producing environments contributed directly to the shifting in Romanian economic policy, both in terms of macro-goals and the mobilization of society. The goals of efficient, quality production and reduction in the use of materials and energy were substituted for those of broad rapid development. For the population, sacrifice, retrospective self-congratulation and comparison with advantage to the recession-ridden and unemployment-racked West took precedence over the "bright future" approach. Given this regime's need for both control and legitimacy, it is unlikely that these shifts would have occurred without the spur from the international economic and energy environments. But attempts to gain legitimacy through foreign policy were aided by the change in the East-West environment which provided a useful international issue, the arms race, around which Ceausescu could
continue to try to build domestic and international stature. His tireless involvement with less development and nonaligned countries was an attempt to provide that also, but the deterioration in the nonaligned movement did not itself produce greater prominence for Ceausescu or a greater claim to authority at home.

The changed economic conditions contributed also to the increased control over society implemented by the regime during this period. The need to gather and use every resource and waste none, to produce more and consume less, pushed it in a direction it was already prone to go, toward greater and greater involvement in the daily lives of its citizens, especially in ways which limited their individual prerogatives. This movement was reinforced by the dramatic change in the East European environment, which confirmed the RCP's suspicious attitude toward its own working class.

At the international level, the deterioration in the international economic and energy environments contributed to increasing Romanian participation in CMEA structure and trade, in the latter case chiefly through the importing of Soviet oil. But contrary to some Western expectations, it did not draw the Romanians back into the full embrace of the alliance. There seems no evidence, for example, of greater Romanian military participation in the WTO or willingness to either subordinate its national command or increase its financial contribution to the organization. The decrease in trade, loans and more recently overall interactions with the West similarly reflect Romania's buffeting by the international capitalist environment as well as its fear of repeating the Polish cycle and its consequences.

The changes in this environment, plus the growing need to secure energy imports in a disrupted and costly market, contributed to Romania's increased involvement with less developed and nonaligned countries during the decade. The increase in East-West tension also boosted the Romanian interest in maintaining and expanding
its contacts and salience in the third world, as a complement to its view of itself as separate from its developed socialist allies, and to its view on the arms race and the negative consequences of the division of the world into blocs. At the same time, the fragmentation of the nonaligned movement—especially as evidenced in the Iran-Iraq war—contributed materially to increased Romanian involvement with CMEA, at least as represented by its purchases of Soviet oil and stated desire to continue and expand this trade.

Romania's independent attitudes on the issues of party and national autonomy were supported by the changed international environment, specifically the increase in East-West tension which once again cast its cross-bloc position into sharp relief. Bucharest was eager to mitigate the erosion of détente in Europe and to maintain the ongoing CSCE mechanism, despite US-Soviet tensions, and to continue to be treated in a distinctive and supportive fashion by the US. Both the deterioration in East-West relations and the negative changes in the international capitalist environment contributed to the increased support Romania gave to the less developed and nonaligned countries by virtue of confirming their perception that developing countries, such as themselves, deserved preference from richer countries in the face of the world energy, trade and financial situation. It also confirmed, from their point of view, the need for a nonbloc approach to international political affairs.

Finally, the Polish developments (the major change in the Soviet/East European environment) gave the Romanians the opportunity to stress, somewhat unevenly, the right of each party and people to determine their fate without outside interference.

As Tables IX and X reveal, the impact of the international environment on Yugoslavia was quite compartmentalized. That is, the deterioration in Yugoslavia's international economic position showed the strongest links to what changes there were in domestic structure, dynamics and policies, while international
political changes, e.g., the deterioration in East-West relations and the non-aligned movement, affected chiefly Yugoslavia's international position.

The limited recentralization of Yugoslavia's domestic structure, especially in the economic areas, and the functional enlarging of control over enterprises was a result, in part, of the changes in the international capitalist economic and energy-producing environments. The need to reassure Western creditors, to gain every last dollar of foreign exchange for repayment of debts and purchase of needed raw materials and fuel, enabled the central government to override republican and regional roles in these areas, though not without opposition. Given the direction of movement in Yugoslav government and economic management during the last two decades, it took an urgent national need to produce even the limited shift seen in this structure and dynamics. In a sense the pressures of the international financial community enabled the Yugoslav federal government to do something it might not otherwise have been able or even willing to do.

Conversely, the change in the economic and energy producing environments hurt the influence of the communist party over the government, despite its rhetoric to the contrary, by bringing into focus the party's own divisions and inability to frame, adopt or enforce comprehensive effective programs. The past few years have seen such programs and measures emerge from the government while slogans and goals emerge from the party. This contrasts with earlier periods of reform, e.g., in the constitution, when the party proposed and the government disposed. The party did demonstrate some resolve and capacity to put its house in order in an emergency, i.e., after the Kosovo riots of 1981, but the leadership dynamic in general has become collective, diffuse and fragmented. While these phenomena had certainly existed before, they had usually yielded ultimately to Tito. Thus, while international change exacerbated intraparty divisions, it was Tito's passing rather than these changes which primarily accounts for changes in this aspect of the dynamic.
Changes in the international economic and energy-producing environments did contribute to an increase in the state's role in limiting the behavior of its citizens. The chief area of this increased control was economic, an area where such limitations had been eroding during the last decade. The deterioration in Yugoslavia's international position necessitated the adoption of a host of measures which restricted Yugoslavia's economic, and to some extent political, freedom; for example, the highly prized freedom to travel. Changes in these two environments also affected Yugoslavia's ability to continue expansive growth and forced a shift to limiting imports, expanding exports, and improving overall economic performance.

While overall political mobilization continued to depend on the values of participation and self-management, the need to improve the latter was combined with the need to achieve stabilization. All discussions of policy direction, and even changes in structure, were accompanied by the qualification that they were aimed at strengthening self-management and resisting structures or policies which were "statist" or "anti-self-management." To the extent that changes in the capitalist economic environment contributed to the need for this stabilization, they also contributed to the shifting of stated mobilization goals.

Changes in this environment and in the energy producing environment clearly contributed to the shifting of Yugoslav economic development strategy, limiting the possibility of further expansive growth and making selective, intensive development necessary. It would be a mistake to ascribe this shift totally to international factors, as significant indigenous problems also surfaced, such as the consequences of inefficient, duplicative, overlarge and often inappropriate investments, and cost-push inflation. But the concomitant tightening of international economic and energy conditions tended to exacerbate these problems and, especially when combined with increased international credit pressure, forced a shift of direction. Finally, as noted above, the negative consequences of changes
in these two environments also contributed to the increasing control of the Yugoslav government over its citizens, especially in economically crucial areas.

On the external dimension, the structure of Yugoslavia's international participation remained nearly the same over the period, a position that was reinforced by the changes in the East-West environment. Yugoslav participation in CMEA organizations grew steadily over the decade, not unlike its trade dynamics, but this was balanced by growing involvement with the European Community. A fuller integration into either of the European blocs might have allowed greater economic gains and, in light of the near disintegration of the nonaligned movement, might have even been politically advantageous. But even if such a shift were conceivable, given the country's underlying foreign policy orientation, increased inter-bloc tension, combined with the developments in Poland, made such a move impossible. On the contrary, it tended to reinforce Yugoslavia's hostility to blocs and superpower influence in Europe and elsewhere.

Yugoslav participation in the nonaligned movement, though still extensive, shifted in character. Its role as founder and leader became more that of a minister to the movement, acting to try to heal its wounds and keep it on the straight path, a shift begun before Tito's death. Partly this is attributable to the movement's own fragmentation and conflict as well as to the death of Tito himself. But on the other hand, the tension in East-West relations, along with that very fragmentation, contributed to keeping Yugoslavia active in the movement. From the Yugoslav point of view, all of the events which increased tension between the two blocs, e.g., Afghanistan, Iran, Poland, the global and European arms race, made it necessary to strengthen the movement and its own involvement in it.

Changes in the capitalist economic and energy-producing environments did contribute to an unbalancing of Yugoslavia's East-West economic interactions,
primarily through a reduction in Yugoslav economic involvement with the West—though not with Western dominated international organizations like the IMF and World Bank—and a simultaneous increase in Yugoslav trade with the Soviet Union and East Europe. This has not been accompanied by an exclusive increase in participation in Soviet dominated institutions, either in the region or in the world communist movement as a whole, nor any diminution of Yugoslav assertions of the rights and prerogatives of independent communist parties and countries. The Polish events contributed to keeping this position prominent in Yugoslav policy and similarly, allowed the reassertion of the Yugoslav hostility to blocs and spheres of influence. Indeed, the Yugoslavs saw the Polish developments as further evidence of the correctness of their longstanding position on blocs and big power interference in the affairs of other states.

The deterioration in the East-West environment contributed to the maintenance of the underlying philosophy of Yugoslav policy and the return of prominence in its pronouncements of the need for eliminating bloc policies and especially the need for reducing the arms race. Both the increased tension in the East-West environment and the conflict among the nonaligned contributed to the relative diminution of the theme of economic development, i.e., the new economic order—though of course such themes did not disappear. Rather, it seems that as big-power international politics began to more closely resemble those of the age which had spawned nonalignment, Yugoslav interpretations of that policy also returned to its origins. This shift in emphasis was given momentum, as well, by the movement's own fragmentation which the Yugoslavs seemed to be trying to overcome in part by rallying the nonaligned against its traditional 

bete noire, big manipulation and interference.
THE FINDINGS IN LIGHT OF RESEARCH EXPECTATIONS

Examining the changes which took place in the Romanian and Yugoslav domestic and international situations in the last decade, and drawing the links between particular environments and those changes, allows us to compare the impact of international change on the two states and to make some preliminary judgments as to whether the findings of this research tend to support or negate the investigative hypotheses.

Taking our last expectation first, we consider the question of which country overall can be said to have experienced the greater impact from international change (see p.8 no.:£). During this period Romania experienced a broader range of changes than Yugoslavia, at least as measured by the present indices. Domestically, the number and size of changes in Yugoslavia, in comparison to Romania is relatively small. If it is correct that changes in Romania can be traced to changes in the international environments, especially the economic and energy-producing environment, and the changes in the Soviet/East Europe milieu, then the gross impact of international change on Romania seems greater than on Yugoslavia.

However, while occurring in fewer areas and being generally of a more moderate nature, the change in Yugoslavia can by another scale be viewed as more significant. The changes which occurred in Yugoslavia, especially in the economic structure, were changes in direction; that is, towards reversing years of decentralization. While this should not be overstated, the assertion of the center vis a vis the periphery in certain key areas does represent a definite shift in the flow of governmental and economic power within the country, a shift clearly made necessary by the deterioration in the country's relations with key international environments. The shifts in Romania, on the other hand, were generally in the direction the country was already heading.
In another way also changes in certain international environments, especially the capitalist economic and energy-producing milieux, contributed to a change in kind, as opposed to degree, in Yugoslavia. The Yugoslav standard of living and level of economic freedom were substantially greater at the start (and end) of the decade than those of Romania. But the drop in standard of living, rise in inflation and unemployment, and increased restrictions on economic freedom had a much keener impact on Yugoslavia than on Romania. Romanians, for example, did not lose the effective right to shop abroad or draw on their dollar accounts because they never had had such rights. Inflation, when measured by prices or indices of hidden inflation, e.g., scarcity of goods, also hit harder in Yugoslavia largely because tight price and supply controls in Romania prevented for most of the past decade the automatic transfer of price inflation and kept the domestic market starved. This does not, of course, mean that Yugoslavs suffered more than Romanians—the opposite is painfully obvious to any traveler. Rather it suggests that for the Yugoslavs the impact of international change, in terms of relative deprivation and the change in direction of developments in the standard of living were more pronounced.

Thus the question of which country was affected more by international change is a multifaceted one, the answer to which depends on what measure of significance of impact is set, i.e., degree or direction.

On another dimension also the impact of change on the two countries was quite different. In Romania, changes showed a high degree of interdependence. Both international economic and political changes had an impact on the domestic political and economic structure, dynamics and policies. In Yugoslavia, on the other hand, the impact of international changes on the domestic situation was chiefly economic and stemmed from changes in the international economic and energy-producing environment. What changes occurred in the Yugoslav international position, with some exceptions, can be traced mainly to changes in the
East-West, nonaligned and Soviet East European environments, all essentially political environments. There was less intersection of the political and economic impacts within the international sphere and much less intersection of the international environment as a whole with the domestic situation, compared to Romania. The deterioration of Yugoslavia's economic position certainly had an impact on the domestic economic dynamics and policy orientation, and to some extent on the domestic political and economic structure. But in Romania the effects of the changed international situation were spread around to include virtually every aspect of the political and economic structure and dynamics as well as policies in both areas. Moreover, unlike the Romanian case, in Yugoslavia there is little evidence of the impact of change in international political environments on domestic life, nor of substantial impact on Yugoslavia's international political positions as a result of changes in the international capitalist economic or energy-producing environments.

The difference in the penetration of international political change reflects the Romanian government's use of foreign policy as a mobilizing, legitimating force as well as the greater apprehension in Romania over the origin, development and ultimate course of the Polish events. The spillover within Yugoslav international relations reflects the underlying stability of the Yugoslav international political position due to the nature of its internal politics, which militate against significant change in the country's international orientation. It also reflects the more favorable response received from Western political and economic powers who recognized their stake in an independent, nonaligned and economically viable Yugoslavia.

In sum, the impact of international change on Yugoslavia was more compartmentalized, more "localized" by sector, while the impact on Romania was more permeated, more pervasive. This is a function, it would seem, of the more monist and totalist political form and aspirations of the RCP and its leader. In a state
which is highly integrated, vertically and horizontally, with a dominating political center, changes in external environments can be passed along directly and used for political and economic purposes. Similarly, the domestic situation is more malleable. Being subordinate to the center, governmental bodies, regions and the population are subject to greater manipulation and coordination in response to the center's perceived international needs.

In Yugoslavia, the horizontal and vertical segmentation of the polity and the economy make such use of external changes in the domestic context much more difficult. First, the power diffusion at the top, including the separation of domestic and international functions (another of Tito's legacies) has tended to produce separate responses to domestic and international environments and to different aspects of these environments. Second, and even more important, because of the relative weakness of the center vis a vis the periphery it has been much more difficult to mobilize or even coordinate domestic responses in the absence of dire threat. In a unitary state such as Romania, change in extenso is greater; in a segmented state such as Yugoslavia, what might be termed "bounded" change is greater, with penetration across the political and economic systems less common.

In terms of the more specific research expectations, the record as established thus far is mixed. The deterioration of the East-West and nonaligned environments had somewhat more of an effect on Yugoslavia than Romania, which was contrary to expectations (see p. 8, no. 1 and 3). Romania's orientation toward the less developed countries, nonbloc initiatives and fora, and support for party and state autonomy remained the same. The increase in East-West tension and the fragmentation in the nonaligned movement did not cause Romania to reorient its international position, to move back toward the WTO, or abandon its conception of itself as a "developing" socialist country. There were some indications in this direction, such as the attempt to "improve cooperation" with CMEA
and the willingness to participate in WTO discussions on Poland. But there was also more than an equal number of instances of reassertion, by statements and behavior, of the distinctive positions which have guided Romanian policy for some time.

Yugoslavia's international situation remained essentially fixed in structure and dynamics, with some diminution in interactions with the West and an increase of trade with the East. The most important change was the reassertion of the traditional goals of nonalignment, especially hostility to blocs and the need for slowing or ending the arms race, and keeping the movement itself united and true to its aims in the face of the machinations and increased tensions emanating from the superpowers.

While both Romania and Yugoslavia maintained, and the latter particularly reaffirmed, their positions on blocs and alliances, the Romanians did discover some uses for the alliance in limited contexts: for the WTO in response to changes in East Europe; and for CMEA in response to international economic and energy supply changes. Thus the expectation that there would be some retreat by Romanians on this question (see p. 5, no. 1) was borne out, but it was in part, at least, a result of changes in environment other than those postulated.

Similarly, the narrowing of behavioral parameters (see p. 5, no. 2), which did occur in both Romania and Yugoslavia, cannot be attributed to deterioration in the East-West environment but much more to the deterioration of the economic environment. The deterioration of the nonaligned environment did contribute as expected (see p. 5, no. 3) to Yugoslavia's reassertion of the need to maintain its essential goals, while the changes in the East-West environment also spurred this effort. Whether Romania reassessed the usefulness of this lobby, as suggested might happen (p. 5, no. 3), is more open to question. Policy pronouncements continued to support the movement's positions and Romania maintained
its distinctive self-definition. But its knocking on the door of CMEA and its willingness to cooperate at least minimally with the Warsaw Pact vis a vis Poland does reveal that some reconsideration occurred.

The expected impact of changes in the capitalist economic and energy-producing environments did occur in both countries (see p. , no. 4). In both, mobilization campaigns began to spur exports, and restrictions were applied to cut imports and energy use. And certainly in both, growth plans and investment levels were reduced. But the impact of these two environments and in fact the impact of international change overall on these two states was as expected only in the Romanian case (see p. 8 , no. 5). In this case the deterioration of the country's economic and energy position, plus the vicissitudes of the Soviet/East European milieu, which were not stipulated in the original research design, and to a lesser extent the changes in the East-West and nonaligned environments, all contributed to greater policy and economic centralization in the country.

In addition, they contributed to centralization within the center, i.e., the rise of Ceausescu to dominance over the party and thus over the government and the country. Romania moved further along in the direction it was already moving, pushed by the difficulties of dealing with an increasingly inhospitable international environment.

But in Yugoslavia the expected trend—toward decentralization—was not strengthened by changes in the international environment. Indeed to a small but important extent this development was reversed. The reversal is all the more interesting and significant in that it came at the end of Tito's life and after his passing, when one might have thought—as many did—that the country would continue to fragment until it existed in name only. Instead, though the shift in direction was sluggish and hardly pervasive, it was perceptible, and attributable to changes in the international environment. Once again Yugoslavia confounds its observers.
For some time it has been American policy to "differentiate" between the European communist states and the Soviet Union and among these smaller states themselves. Since the 1950s the United States has recognized that it is in its interests to support an independent, nonaligned, though still communist, Yugoslavia. This policy has been restated by every president since Harry Truman and symbolized by exchanges of visit, growing economic relations, and the extension of MFN and OPIC mechanisms to Yugoslavia. While American economic involvement in Yugoslavia is not as substantial as that of Western Europe, especially the EEC, it has grown steadily and has clearly benefited both sides.

Yugoslavia's independent position within the nonaligned movement and within the communist movement in Europe and worldwide has also benefited the United States. Among the nonaligned, Yugoslavia has struggled to keep the movement to its original principles, as they see them, and avoid its exploitation by the Soviet Union and its allies. While the U.S. is still subject to substantial criticism of its policies, both by Yugoslavia and the nonaligned movement, Belgrade's efforts serve to prevent closer association with and significant symbolic profit to the Soviet Union. This is not done for American or Western purposes, needless to say, but for those of Yugoslavia, in particular its basic desire to protect its own independence and that of all small countries in the face of superpower dominance in international relations.

Similarly, as a continuing demonstration of an alternative form of socialist government, one which allows a significant role for the market forces as well as for regional and other autonomous political actors and for individual initiative, Yugoslavia offers a counter model to both established and developing communist party states--rhetoric to the contrary notwithstanding. On both the practical and theoretical level, Yugoslavia's existence and success undermines Soviet and all other claims to represent the one and true form of
socialism or socialist development. This further contributes to a healthy polycentrism on the international level while demonstrating the possibility of a communist party state achieving friendly, beneficial relations with non-communist states at various levels of development.

Trends in the last decade in Yugoslavia should concern the United States, because of their possible impact on the country's independent course. First, if a substantial worsening of Yugoslavia's international economic position forced it to increase its ties with CMEA and the Soviet Union, as it already has, the country's vulnerability to external pressure might increase. The United States should be attentive to this possibility, though there is certainly no cause for alarm. The negative possibilities associated with this increase in trade have not been lost on Yugoslav policy makers who recall, for example, the use of such economic pressure on them by the Soviet Union and its allies after the break with the Cominform. In addition, the country's history, its complex domestic situation and longstanding commitment to independent action act as powerful factors limiting extensive association with the East. Indeed this analysis shows that Yugoslavia's international interaction patterns demonstrated substantial stability over the past decade. Political ties, in other words, seem not to have followed the pocket book.

Still, it is in the interests of the U.S. and the West to keep an economic reorientation toward the East limited, to avoid the possibility of pressure on the country at some future point. This is certainly a policy which accords with Yugoslavia's own views and, moreover, is well within the capacities of the economic instruments available to the West. Preferential trade terms, favorable credit arrangements, easing of bilateral restrictions, etc. can help both to balance Yugoslavia's international economic position and strengthen its domestic economy. The latter is or should be as important a goal of American policy as seeing the country's international contacts balanced. An economically
healthy Yugoslavia is pari passu a politically stronger country, less susceptible to internal divisive forces or external pressure. In the extreme case, a complete fragmentation and collapse of the domestic Yugoslav economy could certainly set the stage for internal upheaval—as witnessed in Kosovo—or for the forced extension of economic entanglements with countries hostile to Yugoslavia's current international posture. The United States and the EEC have demonstrated their recognition of the above, as evidenced by the Eagleberger intervention and the EEC-Yugoslavia trade agreement. The impact on Yugoslavia of the changing international economic environment during the last decade, which this analysis demonstrates, makes such a recognition, and the actions which back it up, all the more imperative.

Moreover, for the United States, a policy supporting Yugoslavia's economic and political independence is not in disharmony with its basic orientations on human rights. Unlike most other communist states—and a good many noncommunist ones—the Yugoslav government's treatment of its citizens generally accords with the standards of human rights which United States foreign policy seeks to uphold. While it's certainly a one-party state, the party, the government and the state contain within it substantial political differences and in general a high degree of personal freedom is tolerated. The problems of emigration or oppression of society which might embarrass the United States in its dealings with many states pose no such problem in this case. And while the United States may certainly find Yugoslav criticism of big power, or specifically, American policies objectionable, these are the views of a basically nonhostile independent country whose overall international policies are beneficial for and not detrimental to the kind of world American policy strives for.

In the case of Romania, U.S. policy has been even more clearly based on "zero sum" assumptions vis a vis the Soviet Union; that is, what troubles or weakens the Soviet Union benefits the U.S. Whether or not this is true,
Washington has demonstrated throughout the past decade its support for Romania's deviant foreign policy and its willingness to help Romania expand its international economic ties. Visits of high American officials (often coming at crucial moments such as after the Soviet invasion of Afghanistan), the growth of U.S.-Romanian trade, and the extension of MFN, all attest to American interest in allowing Romania to continue to pursue its divergent international political and economic policy. In doing so, the United States has had to accommodate itself not only to occasional Romanian criticism of American policy, as in the Yugoslav case, but to a clearly oppressive near-Stalinist domestic regime which keeps both the standard of living and the civil liberties of its population to a minimum.

Over the last decade, as this analysis shows, Romania's autonomous policy has continued, but the international economic base for the policy and Romania's profit from it have eroded. Romania's chronic balance of trade deficit with the West, increasing need for and cost of imported oil, and growing Western debt have undermined the country's ability to maintain a broad range of non-CMEA economic contacts. Bucharest began to buy Soviet oil for the first time and to appeal for greater cooperation with its CMEA partners. To the degree that such overtures lead to a reintegration of Romania into CMEA, combined with a possible diminution of its independence in foreign policy, this is not in either U.S. or Western interests. Indeed a full reabsorption of Romania into the Soviet-dominated economic system would put Romania's substantial natural resources and oil-processing capacity—underutilized at present—at the disposal of the Soviet Union, precisely at a time when Soviet oil producing and refining capacity is reaching its limits.

More broadly, a diminution of Romanian foreign policy deviance, both as a state and an independent communist party, would similarly strengthen—literally by default—the Soviet claim to hegemony in both these areas. While this seems
unlikely due to Romania's commitment to a "Romanianized" foreign policy, it is not impossible. The moreso because Ceausescu's unchallenged and exalted position domestically allows him to change course as he sees fit, without danger of serious opposition. His recent complaints about the country's treatment at the hands of the Western financial community and the cooling of relations with the United States over the emigration/MFN issue demonstrate his ability to make such changes according to his own logic. Evidently, when the costs of involvement with the international economic environment begin to exceed the benefits, Ceausescu is not loath or powerless to change them—without fear of domestic upheaval.

As the MFN issue indicates, domestic developments in Romania also make American policy toward the country more problematical. The increase in centralization of the Romanian political structure and especially of the dominance of the party over the state and society might make what had been a convenient relationship with a dictatorial communist state an embarrassing one. As long as the United States could point to the expanded emigration opportunities MFN seemed to bring, the possible negative aspects of this relationship were mitigated. But as these seem to have been cut off and as regime oppression grows, the costs to the United States might begin to approach the benefits.

Romania's independent policy—like that of Yugoslavia—is designed to suit Romania's domestic and international purposes. The achievement of these purposes also has served, in a limited way, American foreign policy goals: erosion of Soviet dominance in East Europe and its prominence in international arenas, and weakening of the foreign policy unity of the WTO allies. Occasionally the gains to the U.S. have been significant; for example, Romanian opposition to the invasion of Czechoslovakia and the Vietnamese invasion of Cambodia, the refusal to contribute or participate fully in the Warsaw Pact, the reaction to the Soviet invasion of Afghanistan, and to the U.S. position
on missiles in Europe. Once in a while it has even been spectacular, as in Ceausescu’s reported help in arranging Anwar Sadat’s invitation to and subsequent trip to Israel. 259

But it should be recognized that these gains are limited and derive from the gains the Ceausescu regime sees for its own international position. Despite its minimal level of participation in the WTO, Romania remains a member of the organization and, in contrast to the Yugoslav case, it should not be presumed that it would necessarily oppose all military actions of this organization or those of the Soviet Union. It is clearly in the United States’ and Western interests to keep this at least an open question, but it is not in either’s interests to provoke a test of this case or to act as if there are no limits to Romanian foreign policy deviance. Throughout its history Romania has practiced diplomatic discretion and the art of achieving the possible. In its relations with Bucharest, Washington should do likewise. The economic or political costs of supporting Romania’s deviating foreign policy have in recent times approached the benefits more closely than in the Yugoslav case. American policy has in the economic area responded appropriately. The U.S. administration was not only disinclined to intervene in the commercial lending process as it did in the Yugoslav case, but it ended Commodity Credit Corporation credits when the Romanians began to miss payments. In the political area the warnings of the president and Congress during the 1982 discussions on the extension of MFN signaled a similar recognition. But in the fall of 1982, contrary to its earlier assurances, Romania instituted an emigration tax more oppressive than that of the Soviet Union. Romanians who apply to emigrate now are obliged to compensate the state for the full cost of their education in hard currency, which it is illegal for Romanians to own. 260 The American bluff has been called, it would seem. If the tax remains in force, the United States must not extend MFN status if American policy of promoting freedom of emigration is to have any
meaning at all. If MFN is not extended U.S.-Romanian economic relations would undoubtedly suffer, a higher price for the Romanians than for the United States. But the U.S.-Romanian trade expansion has already reached its limits, and CMEA seems unwilling to welcome back the prodigal son. Whether Romania would compromise on this issue is a question for its leaders to decide. But in terms of U.S. interests as defined so far, such an action, however regrettable, would seem necessary. It need not, however, be accompanied by a total refreezing of relations with Romania in other areas or, certainly, by an unwillingness to continue to give symbolic support to their independent foreign policy. To the degree that this policy continues, it benefits the United States apart from and independent of the nature of bilateral economic relations. Moreover a demonstrated willingness to keep overall relations on an even keel might allow a return to favorable economic relations at such time as the Romanian regime determines it is possible and beneficial.

In sum, the United States has an important stake in seeing the Yugoslav and Romanian domestic and international situations evolve in a way which allows their continued independence and relative autonomy, respectively. But that stake is much greater in Yugoslavia and the consequences of a dramatic loss of economic health or political independence much more severe. Given that and given the relative compatibility of the Yugoslav domestic political situation with American views on human freedom, American policy should be strongly supportive and specifically helpful in its dealings with Yugoslavia and generally supportive but more exacting in its relations with Romania.
NOTES

1 The complete research design can be found in Ronald H. Linden, "Responses to Interdependence: The Impact of International Change on Romania and Yugoslavia, A Research Framework," paper presented at the Midwest Political Science Association meeting, Cincinnati, Ohio, April 15-18, 1981.

2 Ibid., pp. 9, 12.

3 For the methodology of determining international interaction levels, see the discussion in the Appendix.


Commenting on Romanian economic reforms, Michael Garmarnikow writes:

Having decentralized somewhat the industrial structure and having granted certain new prerogatives to the lower echelons in the economic set up, the authors of the Romanian minireform program did their best to neutralize most of the potential advantages of this more flexible operational arrangement by insisting that all essential attributes of central planning should be retained in their most rigid form. Thus, in practice neither industrial centrals, nor enterprises could deviate from a set of mandatory indicators, imposed by the central planners.


See the discussion in Fischer, "Political Leadership," pp. 217-29.

"By the mid-1970s," Fischer writes, "no Romanian official could deliver a report or write an article without referring to President Ceausescu's political inspiration and guidance." See, "Idol or Leader?" p. 118; see also her discussion of the Ninth RCP Congress (1965), pp. 121-22.


15 See World Bank, Romania, pp. 34-73.


18 At the Eleventh Party Congress (1974) Ceausescu pointed to a 23% increase in real salaries (1975 compared to 1970). But while the minimum salary increase was 42%, that of a skilled worker increased 60% and started from a higher base. See Ceausescu, "Raportul Comitetului Central cu Privire la Activitatea Partidului Comunist Roman in Perioada dintre Congresul al X-lea si Congresul al XI-lea si Sarcinile de viitor ale Partidului," in Congresul al XI-lea Partidului Comunist Roman (Bucharest: Editura Politica, 1975), p. 56.


23 World Bank, Romania, pp. 94, 98.

24 Forestry and agriculture's share of the labor force fell from 49% in 1970 to 34% in 1975, World Bank, Romania, p. 139.

25 In the period 1971-75, for example, 8.4% of all funds invested in industry were allocated to the production of consumer goods; Jackson, "Industrialization," p. 914. Romanian debt by 1976 was at a level of $149 per capita, the lowest in East Europe except for Czechoslovakia. For the 1972-75 period, the ratio of debt increase to GNP increase was 10%, also the lowest except for Czechoslovakia. See Paul Marer, "Economic Performance, Strategy, and Prospects in Eastern Europe," in Joint Economic Committee, East European Economies Post-Helsinki, 95th Congress, 1st Sess. (Washington: USGPO, 1977), pp. 542, 543.

26 In 1975 energy imports constituted 15% of Romania's energy consumption and Romania was a net exporter of oil and natural gas. See Central Intelligence Agency, Energy Supplies in Eastern Europe: A Statistical Compilation (Washington: National Technical Information Service, 1979), pp. 11, 14. However, also during this period coal production fell below consumption for the first time since 1960. Idem., p. 68.

33 For a description of this law, see Pompiliu Verzariu, Jr. and Jay A. Burgess, *Joint Venture Agreements in Romania: Background for Implementation* (Washington: US Department of Commerce, 1977).

34 For the method of calculating interaction patterns see Appendix.

35 See Linden, Bear and Foxes, p. 35; these figures are not strictly comparable, however, since the sources for interaction data for the 1965-69 period are different; see *Idem.*, p. 18.


37 Calculated from data for 1973 in Montias, "Romania's Foreign Trade," p. 872.

38 Data in Montias, "Romania's Foreign Trade," pp. 882-85.


41 See Ceausescu, "Raportul," pp. 41-42.
42 "Statement on the stand of the Romanian Workers' Party..." in Griffith, Sino-Soviet, p. 284; see also Alexandru Puiu, Comertul Exterior si Rolul lui in Realizarea Programului de Dezvoltare Economica a Romaniei (Bucharest: Editura Politica, 1974).


44 See Mark H. Madsen, "The Uses of Beijingpolitik: China in Romanian Foreign Policy since 1953," East European Quarterly, XVI, 3 (September), 1982, 277-309.


47 See the discussion in Silviu Brucan, Democratizarea relatiiilor inter-nationale: premise si realitati (Bucharest: Editura Politica, 1975).

48 See Linden, Bear and Foxes, chapter three.


50 Documente, Politica Externa a Romaniei, pp. 202-207.


53 Alan J. Whitehorn, "Yugoslav Constitutional Developments: An Expression of Growing Nationality Rights and Powers (1945-1972)," East European Quarterly,
IX, 4 (Fall), 1975, 345-68, esp. 351-54. See also the discussion in Rusinow, The Yugoslav Experiment, pp. 192-244.

54See the resolution on "Socialist Development in Yugoslavia. . ." of the Ninth Congress of the LCY, in Socialist Thought and Practice, 33 (Jan.-Mar.), 1969, 41-86, esp. 52-75, and the resolution on the LCY itself, 59-120.


56See the "Programme of Action adopted at the Second Conference of the LCY," especially section IV, "Central Questions in the Development and Policy of the LCY," in Socialist Thought and Practice, 46 (Jan.-Mar.), 1972, 97-121. For the resolutions of the Tenth Congress see Socialist Thought and Practice, XIV, 6-7 (June-July), 1974, 148-281.


Ibid., p. 32.


Ibid., p. 79.

p. 298. In addition, all measures of the standard of living indicate significant differences between the less and more developed region of the country with the lowest level in Kosovo.

74Ibid., pp. 286-308. During 1966-1975 population in Yugoslavia's less developed regions grew by 1.6% annually (2.7% for Kosovo) but only 0.6% in the more developed regions. Idem., p. 290. For the party's view on regional disparities, see its Tenth Congress resolution on "Struggle for the Further Development of Socialist Self-Management and the Tasks of the LCY," in Socialist Thought and Practice, XIV, 6-7 (June-July), esp. 185, 189.

75"The Economy," p. 95.


77On the basis of survey research during this period, Bogdan Denitch observes, "There is considerable evidence that self-management has entered into the basic value nexus of Yugoslavia and is generally accepted as a desirable social goal, despite existing imperfections." Bogdan Denitch, The Legitimation of a Revolution: The Yugoslav Case (New Haven, CT: Yale Univ. Pr., 1976), p. 182. Susan Woodward reports that public opinion polls in Croatia in 1972 showed 76% of the respondents completely or mainly satisfied with the political situation in the country. This level might be viewed skeptically given the date of the survey (soon after the Croatian events), except that this level represents a 16% drop in satisfaction compared to 1968 levels and moreover, rose the following year. See Susan Woodward, "Yugoslavia," in William A. Welsh (ed.), Survey Research and Public Attitudes in Eastern Europe and the Soviet Union (New York: Permagon, 1981), p. 115. The importance of economic satisfaction was also indicated by surveys during the 1975-77 period. Woodward writes, "Although questions asking for a general level of satisfaction with Yugoslav conditions produce a highly stable 60 to 65 percent of apparent support for the regime, when a sample is broken into
subgroups such satisfaction turns out to have a highly positive correlation with the respondent's material circumstances," Idem, p. 122.


80 This can be seen in a comparison of the declarations ending the second (Cairo, 1964) and third (Lusaka, 1970) conferences of nonaligned countries; both in Leo Mates, Nonalignment: Theory and Current Policy (Belgrade and New York: Institute of International Politics and Economics, and Oceania Pub., 1972), pp. 432-50, 480-91.


83 See Tito's speech at the Algiers meeting, in Tito and Non-Alignment (Belgrade: Socialist Thought and Practice, 1979), pp. 75-92.
At Algiers Tito said, "It occurs to me how difficult has been the road traversed by my country in less than three decades. From a very undeveloped and backward country, it has become one of the most developed among the developing countries," Tito and Non-Alignment, p. 88.


On import controls, see Ibid., p. 989.

"Basic Characteristics of Yugoslavia's Foreign Trade," p. 63.

Ibid., pp. 77-79.


See Augustin Papic, "The Non-Aligned Countries and Economic Development," Socialist Thought and Practice, 55 (August), 1973, 3-26. It is interesting to note, however, the relatively less significant role accorded this issue in the LCY's Tenth Congress resolution on international relations compared either to a class-oriented perspective or the traditional hostility to blocs. See Socialist Thought and Practice, XIV (June-July), 1974, 281-95.


Discussing the movement in 1976, Leo Mates observed,

Yugoslavia is certainly a visible actor in this activity, but the days and years of its exceptional worry and concern that the movement be set in motion, that it be established on a universal programmatic unified track and that it stay that way--have already past. Yugoslavia, having emerged from the isolation into which it was put, found a way to the
one movement which had been already conceived and by its action gave it in large measure that form, meaning and direction which it has today. This enabled the movement to develop further and act systematically, drawing energy from its own ranks.

Where policy is concerned, Yugoslavia has been in the meanwhile occupied also by other problems, but above all by the situation on the European continent and in its immediate vicinity, but it has remained always and without a slackening an active participant in the movement of the nonaligned countries. The policy of nonalignment did not appear as an accidental and temporary expression of a striving for affirmation on a world scale, but as behavior on the international scene which grows and is organically connected to the internal development of the country and its preoccupation in foreign policy in all other regions and in connection with all problems which are met in international relations.


96 See Fischer, "Participatory Reforms," 222-25.

97 See, for example, Scințeia, November 23, 1979 and November 30, 1979, pp. 3-4.


99 See the figures in Fischer, "Political Leadership," p. 219.

100 At the time of the Eleventh Congress (1974) the RCP had almost 2.5 million members, of whom 48.4% were workers (Congresul al XI-lea, p. 69); by the Twelfth Congress (1979) the party had grown to 2.9 million members, of whom 54% were workers (Congresul al XII-lea, pp. 59-60); and by the end of 1981 the party numbered 3.1 million, of whom 55.1% were workers (Agerpress, April 3, 1982 [FBIS, April 5, 1982, p. H2]).
Romania Libera, October 30, 1981, p. 2; Scinteia, December 3, 1981, pp. 1, 2. This delay might have been an indication of the level of opposition to this idea.


Ibid., p. 51; see also the discussion in Nelson, "Workers in a Workers' State," pp. 174-91.


See, for example, Ceausescu's speech at Brasov, in Romania pe Drumul Construirii Societatii Socialiste Multilateral Dezvoltate (Bucharest: Editura Politica, 1981), pp. 307-327.

For a discussion of the NEM, see Smith, "Romanian Economic Reforms," pp. 28-52.


In 1982, for example, the Prime Minister, Minister of Foreign Trade, Minister of Education and an array of other officials were replaced or shifted to other posts. For summaries see RFER, May 24, October 26, November 12 and 24, 1982.

Virtually all published materials include such passages and/or copious references to Ceausescu's thoughts, speeches and actions on the subject in question. Particularly effusive examples can be found on Ceausescu's birthday or on other personal, state or party anniversaries; see Scinteia and Romania Libera, January 26, 1982.
Ceausescu was reported to have stated this as an explanation for the cult to a prominent western journalist in the spring of 1982. On the cult itself, see Fischer, "Idol or Leader?"


Labor productivity growth was 2.4% in 1981 (Romania Libera, February 12, 1982, p. 1), as compared to the planned 7% (Agerpress, October 6, 1980 [FBIS, October 17, 1980, p. H4]).

See Jackson, "Perspectives on Romania's Economic Development," pp. 280-86.

Romanian oil-production capacity grew from 18.5 million tons annually (mta) in 1973 to 33 mta by 1980 (RFER, June 16, 1982).

Anuarul Statistic 1980, p. 179, and US Embassy, Bucharest, "Romania."

In 1981 Romanian export of oil products earned $2.2 billion and represented 17% of the country's exports (in dollar value); see Wharton Econometric Forecasting Assoc. (hereafter, Wharton), "Romanian Foreign Trade and Balance of Payments During January-June 1982 and Outlook for the Rest of 1982," Centrally Planned Economies Current Analysis, No. 89, November 8, 1982, p. 4.

Wharton, Centrally Planned Economies Foreign Trade Databank (Washington: Wharton Econometric Forecasting Assoc., 1982; hereafter, Wharton Foreign Trade Databank). In 1970 primary raw materials, fuels and metals accounted for 30% of Romania's imports; by 1979 they constituted 43%. During the same period machinery, equipment and transportation's share of imports fell from 40% to 32%; see Anuarul Statistic, 1980, p. 511.
a second agreement was also reached covering 1983 obligations, see Financial Times, February 7, 1983.

Prices were increased for: housing, construction and food (Reuters/AP/CMD, May 14, 1979; Reuters, February 18, 1982; Romania Libera, February 15, 1982, pp. 1-3); mail and telegraph (RFER, March 18, 1982); gasoline (Tanjung Domestic Service, March 30, 1982 [FBIS, April 3, 1982, p. H1]); and electricity and household fuel (Scinteia, June 30, 1982, p. 2). These measures were usually accompanied by compensatory measures such as increasing pensions or some pay increases, see Romania Libera, February 15, 1982, pp. 1-3, and Wall Street Journal, February 11, 1982. Power cuts and restrictions were instituted in 1979 (AP, Sept. 9, 1979), and 1982 (Romania Libera, January 29, 1982, pp. 1, 2). Food rationing and shortages became common in 1981 and 1982 (Reuters, April 24, and November 12, 1981, February 18, 1982; AP, July 14, 1982; Financial Times, November 17, 1981).


At the trade union congress in April 1981 Ceausescu said: "Affirming and recognizing the leading role of the communist party in our socialist society does not diminish in any way the role of the trade unions or other mass and social organizations; on the contrary, the political activity of the party leads and must lead to an increase of their role in all areas of activity." Romania Libera, April 7, 1981, p. 1. See also the extensive coverage of the Second Congress of Working People's Councils, Romania Libera, June 26, 1981, pp. 1-9, and June 27, 1981, pp. 1-9.

See Scinteia, October 17, 1980, p. 2; Bucharest Domestic Service, October 26, 1980, Scinteia, December 18, 1980, pp. 1, 3. See also the Twelfth Congress speeches of Ilie Verdet (Prime Minister), Cornel Burtica (Minister of Foreign


*Jones*, *Soviet Influence in Eastern Europe*, p. 308.


For the Romanian statement at Berlin, see *Agerpress*, June 29, 1976 [*FBIS*, June 30, 1976, pp. CC8-17]. The Romanian point of view on the Paris conference can be seen in, "Solidaritatea si unitatea tuturor forțelor democratice, progresiste—imperativ fundamental al epocii contempoane," *Era Socialista*, 3, May 5, 1980,


148 Wharton Foreign Trade Databank.

149 Ibid.

150 Ibid.


152 Wharton, "Romanian Foreign Trade," p. 9.

153 Through the first half of 1982 Romanian debt declined to $9.9 billion. Ibid., p. 9.


158 Carrilo was invited to Bucharest in August 1977 at a time when he was the subject of harsh attacks from the CPSU (RFER, August 4-11, 1977). He visited
Bucharest again in August, 1978 (Scinteia, August 29, 1978), in November, 1979, for the Twelfth Party Congress (Bucharest D.S., November 11, 1979), and in April, 1982 (Agerpress, April 10, 1982 [FBIS, April 12, 1982, p. H4].

159 Scinteia, January 10, 1979.
163 Scinteia, October 17, 1980, p. 3.
168 See Prime Minister Ilie Verdet's speech at the 35th session of the CMEA council, Romania Libera, July 7, 1981, p. 5; see also Agerpress, July 30, 1981 [FBIS, July 31, 1981, pp. AA1-2].
169 Wharton, "Romanian Foreign Trade," p. 5.
171 Wharton Foreign Trade Databank and Wharton, "Romanian Foreign Trade," p. 7.
172 Wharton Foreign Trade Databank and Wharton, "Romanian Foreign Trade," p. 2.


176 Unlike its allies, Romania supported the Camp David Pence framework (*Scinteia*, September 22, 1978) and the peace treaty which eventually emerged between Egypt and Israel (*Scinteia*, March 15, 1979).


178 RFER, May 15, 1981.

179 RFER, May 27, 1980.


181 See the report to the Twelfth Congress on LCY statutes, Belgrade Domestic Service, June 29, 1982 [FBIS, July 2, 1982, pp. 127-28].

182 Ibid.


184 Tyson and Eichler, "Continuity and Change in the Yugoslav Economy," p. 144.

185 See the Eleventh Congress resolution on "The Role and Tasks of the LCY. . ." in *Eleventh Congress of the League of Communists of Yugoslavia* (Belgrade: Socialist
Thought and Practice, 1978), pp. 189-216. By comparison the resolution on this subject of the Twelfth Congress stressed more the need for "vigorou and consistent struggle" by communists in the social, political and economic realms; see Tanjung Domestic Service, June 29, 1982 [FBIS, July 6, 1982, pp. 113-34].

186 See, for example, the report to the congress on LCY development, Belgrade Domestic Service, June 29, 1982 [FBIS, July 1, 1982, pp. 119-24]; among criticisms aired were those directed at the party's "forum work and verbalism," Tanjung D. S., June 28, 1982 [FBIS, June 30, 1982, p. 16].


188 See Ibid. and the report on the political system, Belgrade D. S., June 29, 1982 [FBIS, July 1, 1982, pp. 112-18].

189 See the statement of Sergej Kraigher, who chaired the Federal Economic Stabilization Commission, Tanjung, June 26, 1982 [FBIS, June 28, 1982, pp. 16-7].


By one account, out of 3770 agreements between enterprises in Serbia, Croatia and Slovenia, 84.5% covered the pooling of foreign exchange. Privredni Pregled, February 27, 1982.

See the statement by Franc Popit, President of the CC of the Slovenian LCY in Delo, March 5, 1982 [FBIS, March 10, 1982, pp. I10-11]; see also "Protiv centralizacije deviza," Vjesnik, April 14, 1982. A proposal to have the national bank play a greater role in setting the conditions for disposition of foreign exchange was characterized as "trying to revise the foreign exchange system through the back door." Vecernji List, May 22, 1982, p. 6. This proposal was dropped in favor of allowing the FEC and Federal Assembly to set such conditions, Vjesnik, May 14, 1982.


Vecernje Novosti commented, "The new law is not aimed at centralizing foreign exchange, but only at speeding up its circulation." April 20, 1982.


See, for example, Tanjung D. S., June 28, 1982 [FBIS, June 30, 1982, p. I8].


The actual number of unemployed people is likely smaller, due to the inclusion in the statistic of employed people seeking other work. For example, in Croatia in January 1983, 111,000 people were listed as seeking employment, of whom 93,500 were actually unemployed. Ekonomska Politika, February 21, 1983, p. 9

OECD, Yugoslavia, p. 17.


In 1978, for example, less than one-third of all goods and services produced were traded between provinces and republics. Politika, May 4, 1981, p. 18.

For 1976-79 the following industries generated a surplus: non-ferrous metallurgy; shipbuilding; textiles, leather, wood. Those generating a deficit were: petroleum, ferrous metallurgy, machine building, chemicals, agriculture. See Sedam Dana (supplement to Vjesnik), November 15, 1980, p. 6.

See, for example, the speech by Vice-President Zvone Dragan to the Federal Assembly stressing "reliance on our own forces," Tanjung, November 16, 1982. See also Politika, November 23, 1980, p. 7; Vjesnik, October 28, 1982.


On gasoline rationing see Novosti, October 19, 1982, p. 5. On rotating power shortages see Novosti, September 3, 1981; Vjesnik, March 2 and October 2,
1982; on food rationing, see RFER, February 25, 1983. On price increases, see Borba, July 12, 1980, p. 4; Belgrade D. S., January 22, 1981; AP, February 19 and November 3, 1982; London Times, October 8, 1982. In October, 1982 access to hard currency accounts in the country was restricted to $250 in cash per month, with unlimited withdrawals allowed by check, Vjesnik, October 20, 1982. It was estimated at the time that Yugoslavs held $7.5 billion in such accounts. The restriction was lifted at the beginning of 1983, Tanjung, January 25, 1983. In February, 1982 upward adjustments in the duty base of many imported goods effectively raised their tariffs by as much as 70%, Belgrade D. S., February 27, 1982. In October, 1982, along with other measures, a requirement was instituted that Yugoslavs going abroad deposit 5,000 dinars in a non-interest bearing account for one year, an amount which increased with each subsequent trip, Borba, October 18, 1982 [FBIS, October 25, 1982, p. I11]. This measure had been ardently opposed previously by the Slovenes. See Vjesnik, July 25, 1981; Financial Times, August 20, 1981. At the same time a flat limit of 1500 dinars value was imposed on goods brought in by returning Yugoslavs, with an exemption for workers employed abroad at least two years, Novosti, October 19, 1982, p. 5.


220In addition, in 1982 compulsory registration of all investment over 50 million dinars ($780 thousand) was instituted. Tanjung, November 9, 1982.


222OECD, Yugoslavia; OECD, Foreign Investment in Yugoslavia (Paris: OECD, 1982).
In October, 1982 a measure was adopted which required permission for the importing of raw and semi-manufactured materials for use in goods for the domestic market. Goods for export were allowed to have imported raw or semi-manufactured content only up to one-half of their final value. Tanjung, October 15, 1982.


According to Prime Minister Planinc, only in 1982 did additional debt not "substantially exceed" the sum allocated for repayments. She also indicated that Yugoslav repayments in 1982 amounted to over $4 billion or 10% of social product. Tanjung, December 30, 1982 [FBIS, January 3, 1983, p. I3]. Yugoslav obligations for 1983 were estimated at $5 billion, RFER, January 27, 1983.

See, for example, "Kritika i odgovornost," Duga, October 23, 1982, p. 4.


See the LCY Twelfth Congress resolution on international relations, Tanjung D.S., June 29, 1982 [FBIS, July 2, 1982, pp. I10-16].


See the discussion in Ranko Petkovic, "The Fate of the CESC." Review of International Affairs, XXXIII, 785 (December 20), 1982, 2; cf. the interview with the head of the Swiss delegation to the CSCE, E. Brummer, "N + N--Motor force of the Conference on Security and Co-operation in Europe," Review of International Affairs, XXXIV, 786 (January 5), 1983, 7.


A preferential trade agreement was signed, replacing the nonpreferential agreement of 1973. In addition, agreements were signed with the European Coal and Steel Community, on textile and baby beef exports, and allowing Yugoslavia to apply for loans to the European Investment Bank. See Tanjung, April 2, 1980 and October 11, 1982.


"Basic Characteristics of Yugoslavia's Foreign Trade," pp. 69-70.


Ibid., p. 72 and Financial Times, June 1, 1982.


In 1979 the Yugoslav export credit system was reorganized with greater participation of the communities of interest, BOALs and banks. The overwhelming share of Yugoslav credits have gone to developing countries. See, "Crediting Exports of Capital Goods," Yugoslav Survey, XXIII, 3 (August), 1982, 61-69. In 1982 the Yugoslav Bank for International Economic Cooperation supported 6% of all exports and 9% of those to hard currency areas. Ekonomska Politika, January 18, 1982.


See the statement of Prime Minister Planinc at a session of the FEC, Tanjung Domestic Service, June 3, 1982 [FBIS, June 14, 1982, p. II]; see also, The Economist, July 24, 1982.

Vjesnik, September 27, 1982; Privredni Pregled, April 13, 1982, p. 3. Recognizing the difficulty of pulling both ways, the 1983 economic plan calls for an increase of 4% in the importation of raw materials and intermediate products while, overall, imports will decline by 5%. Milan Jovanovic, "Yugoslav Economic Policy in 1983," Review of International Affairs, XXXIV, 787 (January 20), 1983, 29.

In addition to the 1982 foreign exchange law, in October 1981 all republics and provinces were required to deposit certain percentages of their hard currency for the purchase of petroleum imports, Borba, October 9, 1981 [FBIS, October 21, 1981, p. I9]. In August, 1981, discounts were established (through exemptions from the basic turnover tax) for the purchase of goods with dinars bought with hard currency, Vjesnik, August 19, 1981; Politika, August 12, 1981, p. 9. In October, 1982 the purchase and sale of hard currency was restricted to authorized offices, i.e., exchange between people and enterprises was prohibited, Tanjung, October 19, 1982. In the same month rates on foreign exchange deposits were increased, Vjesnik, October 20, 1982; cf. "Ofenziva Stranih Banaka," Danas, November 2, 1982, p. 41.


253 Compare, for example, the international relations resolutions of the Twelfth Congress (Socialist Thought and Practice, XXII, 6-7 (July-August), 1982, 142-70) with that of the Eleventh Congress (Eleventh Congress, pp. 217-40).

254 In April, 1982, US Undersecretary for Political Affairs Lawrence Eagleberger (a former Ambassador to Yugoslavia) urged US banks not to consider Yugoslavia in a class with Poland or Romania, as they evaluated Yugoslav requests for continued loans. Financial Times, April 30, 1982, p. 18. A similar expression of US interest in the well-being of Yugoslavia was expressed in June, 1982 (Financial Times, June 29, 1982, p. 3). In October, 1982, on a trip to Yugoslavia, U.S. Secretary of State George Schultz restated the American policy of supporting Yugoslav independence, nonalignment and territorial integrity (Yugoslav News Bulletin, October 5, 1982).
For a Yugoslav statement on Poland, see Kommunist, December 12, 1980, p. 17; Delo, December 9, 1980 [FBIS, December 17, 1980, pp. II-2].


Scinteia, November 6, 1982, p. 5; UPI, November 6, 1982; CMD, November 8, 1982.

According to Droker and Martens, "... the trade creation effects of MFN and GSP [Generalized System of Preferences] appear to have lasted no more than a few years." Since 1978 US imports from Romania have been declining at roughly 5% per year. Droker and Martens, "Romania: Performance and Prospects," p. 260.
APPENDIX

THE DERIVATION OF INTERACTION SCORES

Interaction Scores are determined by the coding of the international interactions of a country. Thus for Romania and Yugoslavia all bilateral visits, exchanges, agreements or actions, as reported in the Daily Report of the Foreign Broadcast Information Service for the three time periods (1970-71, 1975-76, 1980-81) were recorded, by date, duration, personnel involved and the nature of any agreement signed. These were then coded as follows.

EVENT CODING SYSTEM

<table>
<thead>
<tr>
<th>Coded Value</th>
<th>Type of Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Establish or resume diplomatic relations; high-level visit, i.e., party leader, state government head or Foreign Minister</td>
</tr>
<tr>
<td>4</td>
<td>Sign or renew long-term multipurpose treaty; visit of Defense Minister, Deputy or Vice Premier or Deputy Prime Minister</td>
</tr>
<tr>
<td>3</td>
<td>Multipurpose trade agreement (3-5 year); extend credit; troop stationing treaty; visit of trade or aid delegation; visit of Foreign Trade Minister or other Ministers, e.g. Light or Heavy Industry, Labor, Engineering, Sports, etc.; visit of Planning Commission Chairman; visit of Deputy Ministers; visit of Politburo or Presidium member</td>
</tr>
<tr>
<td>2</td>
<td>Multipurpose trade protocol (1-2 years); tariff agreement; license or co-production agreement; raise diplomatic legation to embassy level; visit of Planning Commission delegation, Trade Union National Chairman, Governor of National Bank, or other Central Committee member; visit of military delegation, local government of national legislative assembly delegation</td>
</tr>
<tr>
<td>1</td>
<td>Scientific and technical exchange; cultural, consular, or visa-travel agreement; agreements on medicine, health, transportation or repayment of debts; one-item trade contract; establish trade-promoting company, commission, or bureau; agreements on &quot;cooperation&quot; in fields, e.g. education, economics; extend relief aid through international agency</td>
</tr>
</tbody>
</table>

Events not coded: out-of-power politicians, party members or dignitaries from the west; hosting of cultural or educational fairs or conferences; youth, trade union or writers' conferences or delegations without the national Chairman of same; industrial exhibitions (though any contracts reported as a result are included); meeting of standing mixed commission; visits to the United Nations
or between Ministers therein; ambassadorial audiences by the host country; visits from non-ruling communist parties, with the exception of the Provisional Revolutionary Government of South Vietnam (or the N.L.F.) for 1970-71, 1975-76.

Events are discrete entities, coded for their value as such. Thus, a visit by a Foreign Trade Minister is coded as a 3, but one which culminated in a trade protocol of one year is coded as 3 plus 2 or 5.

If an event is an asymmetrical visit, e.g. Deputy Minister to a Foreign Minister, the higher level leader is considered to determine the value of the visit.

Interaction Scores with different countries were then combined by target or partner group, as follows:

INTERACTION PARTNERS

Albania

People's Republic of China

Other Communist--North Vietnam and PRG/NLF of South Vietnam (for 1980-81, both, S. R. Vietnam), North Korea, Mongolia, Cuba

USSR

East Europe--Bulgaria, Czechoslovakia, G.D.R., Hungary, Poland, Romania,

Yugoslavia

Neutral/Nonaligned

for all years: Austria, Finland, Ireland, Lichtenstein, San Marino,

Sweden, Switzerland

for 1970-71: Cambodia


for 1975-76: Nonaligned determined by participation in Fifth Conference of Nonaligned Countries, Colombo, 1976

for 1980-81: Nonaligned determined by participation in Sixth Conference of Nonaligned Countries, Havana, 1979

West

Europe: All NATO members (excluding FRG, see below), plus Spain, Malta (1970-71 only), the Vatican, European Economic Community, Bank for International Settlements

Middle East: Iran (for 1970-71, 1975-76 only)

Asia: Australia, New Zealand, Philippines, Japan, Pakistan (1970-71, 1975-76 only)
Latin America and Canada—all, excluding Nonaligned

Federal Republic of Germany

United States

Events were recorded and coded by two independent coders, unaware not only of each other's codings, but of the aims of the research. In previous research the reliability of the coding system was shown to be quite high. In this case intercoder reliability was estimated using the most stringent test: the percentage of exact matches between sample codings for the two coders. By this test intercoder reliability was estimated at 90.3%.

The data source (FBIS) did contain a bias toward received as opposed to dispatched interactions, that is, receiving visitors as opposed to sending them. While this can be corrected in future research by cross checking with other sources, such events were not added in this case in order to keep data comparable. The exhaustive country specific coverage of the source, plus the use of three separate two-year time periods is expected to minimize distortion.