

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

NATO UNCLASSIFIED
and
PUBLIC DISCLOSED

EXEMPLAIRE
COPY

N° 619

ORIGINAL: ENGLISH/FRENCH
8th December, 1958

~~NATO SECRET~~
DOCUMENT
C-M(58)145

THE SITUATION IN EASTERN EUROPE

Report of the Committee of Political Advisers

PART I: GENERAL

Introduction: The last six months in Eastern Europe have seen

- the continuance of Moscow's drive to consolidate the Soviet bloc, to strengthen its ideological unity, and to reinforce Soviet hegemony over it;
- the accelerated socialisation of the Satellites, the régimes of which are tightening their hold over the peoples.

2. These two processes each show features of special interest consequent upon

- the upheavals of 1956 in Hungary and Poland;
- the special position of Yugoslavia: a Communist power but not a Satellite;

For Moscow, and in varying degrees for each of the Satellite régimes, a complex series of problems arises from these factors. The current jargon labels as "revisionism" any aspect of policy or doctrine inconvenient to Moscow's authority or to that of the Satellite régimes. In this campaign against revisionism, Moscow has had the support of Communist China.

3. "Revisionism", and particularly the theories of the Yugoslav Communists as expressed in their new party programme adopted at Ljubljana in April, were the targets of a widespread propaganda offensive. The execution of Nagy, Maleter, and their colleagues was a challenge to the Yugoslavs and a sharp warning to any potential dissident elements in the bloc, especially in Poland.

4. The Cominform has not been reactivated, but a monthly journal, intended to assure the doctrinal unity of the international Communist movement, began publication in August.

~~NATO SECRET~~

5. Although the USSR last summer withdrew all its armed forces from Rumania and reduced the number of its troops stationed in Hungary, Khrushchev has made it clear that he would not hesitate to reintroduce Soviet troops into the Satellites to maintain Communist régimes in power whenever they were threatened from within or outside. At the Warsaw Pact meeting in Moscow in May, it was announced that Satellite armed forces would be reduced by 119,000 men. Both this measure and the withdrawal of Soviet troops may well have been motivated by economic and military considerations, but in any event they served a propoganda purpose.

6. Although the commitments of the members of the Warsaw Pact do not extend to the Far East, in September all the bloc governments published declarations of solidarity with Communist China.

7. The Satellite régimes are again displaying greater severity. A more intransigent attitude is developing towards the Church, and intellectuals have been warned that they may be called on to support the régime more actively. Party purges have taken place in several countries.

8. In the campaign against Yugoslavia touched off by the Ljubljana programme, Moscow's fulminations were for a time eclipsed by those of Communist China. These attacks were accompanied by economic pressure, notably the cancellation of a joint Soviet and East German credit for Yugoslavia's aluminium industry. By resorting to punitive economic measures against a recalcitrant Yugoslavia Moscow accepted the risk of unfavourably impressing the uncommitted world and of destroying the myth of "Soviet economic aid without strings". The fact that Khrushchev was willing to face this calculated risk shows his preoccupation with Tito's heresy. However, trade relations between Yugoslavia and the bloc persist. In Moscow there seems to be at present a tendency to refrain from exacerbating the quarrel.

9. Gomulka's public comment on the Yugoslav issue came later than that of the rest of the bloc. In a speech at Danzig on June 28th he gave the Yugoslavs credit for good intentions. But in a speech in Moscow on November 10th, Gomulka attacked Yugoslav policy, saying that the blame for the present situation lay entirely with the Yugoslavs. The November talks in Moscow produced a still closer public alignment of the two countries' foreign policies, especially in regard to East-West relations, the German question, and Yugoslavia.

10. The USSR continues to regard the maintenance of the Communist régime in the Soviet Zone of Germany as fundamental to its position in Europe. Khrushchev's announcement on November 10th, concerning Soviet intentions to hand over the Pankow functions performed by Soviet occupation authorities in Berlin, was designed inter alia to enhance the prestige and authority of the "DDR" and to manoeuvre the Western Powers into recognising it.

11. Satellite economic policies reflected the harder line adopted in the political field. Although the priority given to investment in heavy industry has not been re-established to pre-1956 levels, there was a tendency to raise production targets and to allocate larger shares of the national incomes to investment. Gradual improvements in living conditions continued, but the rate of improvement tended to level off. Industrial production on the whole rose appreciably, although in some countries there were short-falls in key sectors. In agriculture, the grain crop was generally less than last year's, but the output of animal products tended to increase.

12. The drive to socialise the economy and especially agriculture continued in the more orthodox Satellites. In Poland and Hungary on the other hand, peasants and artisans were not subjected to strong pressure to join co-operatives. In the Soviet Zone, Poland and Czechoslovakia, the governments to some extent decentralised the economic administration to increase its efficiency and reduce the power of the bureaucratic machine.

13. The USSR intensified its efforts to consolidate intra-bloc economic ties. After the meeting of CEMA (COMECON) in May, negotiations were held to define fields of specialisation for each Satellite, as well as to lay the basis for co-ordinating foreign trade up to the end of 1965. A number of large joint investment projects are to be undertaken.

14. These efforts at bloc economic integration still meet with difficulties, but they have already had some effect on the pattern of Satellite foreign trade. Intra-bloc trade has risen considerably, whereas the trade between the Satellites and the free world is increasing much more slowly.

15. During the period under review, most of the Satellite régimes have demonstrated some increase in confidence and control. There has, however, been no diminution in the basic hatred of Communist rule and Russian overlordship pervading the peoples of the area. A flexible Soviet policy, which can isolate Tito, prefer an Ulbricht but simultaneously accept a Gomulka, may well prove more profitable for the USSR in Eastern Europe than earlier Stalinist policies.

PART II: COUNTRY STUDIES

YUGOSLAVIA'S RELATIONS WITH THE SOVIET BLOC

16. The April Yugoslav Party Congress with its heretical "revisionist" party programme precipitated a sharp deterioration in Belgrade's relations with the bloc. The Yugoslav Party Programme, which strongly challenged the Soviet ideological monopoly and criticised the policy of reliance on blocs, was quickly and vehemently attacked by both Moscow and Peking because of its implications for internal and external policy. The remaining bloc countries joined in the attacks, with Albania and Bulgaria voicing the most virulent criticism, and Poland at first remaining as discreet as possible on the subject.

17. Despite initial bloc assertions that the dispute should be confined to the ideological arena, governmental relations were soon affected. Soviet developmental credits totalling \$244 million were cancelled, the Yugoslav ambassador to Peking was snubbed on his departure, and the Chinese Communists instituted a boycott of Yugoslav transit ports and ships for their trade with Eastern Europe. In addition Sofia again raised the question of Macedonia, and Tirana that of Albanian minorities in Yugoslavia.

18. Titoist Yugoslavia, faithful to its policy of independence and national sovereignty, was not able to accept the concept of Soviet hegemony over the Bloc inherent in the November 1956 Moscow Declaration of the 12 parties. Nevertheless, in many respects, Yugoslavia's foreign policy is still in line with that of USSR, though she intends in all circumstances to keep her freedom of judgment and decision. Without in any way abandoning her hostility to colonialism and the "bloc policy", Yugoslavia would nevertheless like to maintain good relations with the Western powers taken individually.

19. While there have subsequently been some signs of lessened tension (e.g. Soviet agreement, after some delay, to ship 200,000 tons of wheat to Yugoslavia), neither side apparently intends to compromise on its basic attitude.

20. To offset the deterioration in his relations with the bloc, Tito has tried to strengthen his political ties with "neutralist" countries, as well as economic ties with the West. There are indications that Tito's visits to Asian and African countries have caused some annoyance in Moscow and especially in Peking.

POLAND

21. The joint declaration of November 10th, 1958, issued after the Khrushchev-Gomulka meeting, reaffirmed the principle of Polish solidarity with the bloc, previously shown in Poland's signature of the 12-party declaration of November, 1957.

22. Gomulka's condemnation of Imre Nagy as a revisionist (although not as a traitor), and his joining in the attack on Yugoslav "revisionism" represent a closer alignment of the Polish and Soviet positions although significant differences of formulation and of emphasis remain.

23. During his visit to the USSR, Gomulka vigorously accused the Americans of inciting the "revengeful" elements in the German Federal Republic to press their claims to the "lost territories". He also supported the Soviet plans for revising the status of Berlin.

24. The revival of the Rapacki Plan is a move agreed between Warsaw and Moscow. This move may reflect the continued desire of the Poles to improve their national security and to play a rôle in international affairs. The Poles may not have welcomed the use made of the Plan. But what is certain is that the plan tends to promote Soviet policies on disarmament, Germany and European security, and has already served the bloc's propaganda purposes.

25. In spite of its increased stress on bloc solidarity, Poland maintains more active relations with Yugoslavia than does any other satellite. The régime also continues its efforts to expand its contacts with the West. At present Poland is actively seeking membership in GATT and sounding out the possibility of rejoining IMF and IBRD.

26. During the period under review there have been signs of a tightening up in Poland's internal affairs, e.g. the curtailment of the powers of Workers' Councils and of the right to strike, and increased censorship.

27. The Church, together with the peasantry, remains the main obstacle to the hegemony of the Communist party in Poland. The Church-State agreement of December, 1956, remains in force and there continues to be no reason to believe either side wishes to renounce it. There are, however, certain elements on each side which regard the present balance as unfavourable and which press for further gains. Under these circumstances friction of the sort which has plagued Church-state relations in recent months (e.g. the raid on the Jasna Gora monastery and the question of religious education in the schools), is likely to continue but also to stop short of open rupture.

28. Freedom of the press is at present very limited. All criticism of Soviet policy has disappeared from the Polish press. Even freedom to remain silent has been called into question by Mr. Gomulka, though as yet only indirectly, by hints. Polish writers do not appear, however, to fear a return to the excesses of the Stalin period, at least for the moment.

29. Although the process of "liberalisation" has been reversed, Poland has not relapsed into a totalitarian state in which everyone lives in constant terror of the political police.

30. The convening, after many adjournments, of the Third Congress of the Polish United Workers Party for next March, indicates that control and unity of the party are now sufficiently re-established to ensure support for the party's policies, and the Congress itself may be expected to give greater strength and drive to the party and to consolidate Gomulka's position. Gomulka's visit to Moscow is likely to have improved his position vis-à-vis the Natolin ("Stalinist") elements.

31. After a pause of two years imposed by the need to restore order in industrial production which had been disorganized by the frequent disproportion between investment requirements and capabilities, Mr. Gomulka has recently announced that progress towards Socialism would recommence in the course of the second five-year plan 1961-65. The new five-year plan provides for a stepped-up rate of development for heavy versus light industry, but this is not expected to cause a return to the severe disproportions between their respective rates of development which prevailed during 1950-53. There are indications that the share of national income allotted to consumption will increase, but at a lower rate than has been the case since 1954.

32. Industrial production will increase by about 10% in 1958. As regards agriculture, the harvest this year was almost equal to the record of last year, while the output of meat and dairy products has sharply increased.

33. Poland's economic situation nevertheless remains precarious. Among the problems which the government must solve is the unsatisfactory balance of payments, the inadequate level of investment, the rapid increase in the population and latent discontent among the workers. Poland remains economically dependent on the USSR and this dependence has been accentuated by the decreasing demand in Western Europe for the coal and meat that Poland exports to this area.

34. In spite of prevailing general apathy and continuing dissatisfaction of workers with the current wage-price relationship, the desperate housing shortage, and the inadequacy of consumer goods, labour discipline appears somewhat improved, being reflected in a decline of absenteeism.

35. The Polish Government remains cautious in applying its social policies. Although it has repeated its intention of collectivising all land eventually, it has not put pressure on the farmers to join collective farms and has confirmed that it proposes to abolish compulsory deliveries of agricultural products.

THE SOVIET OCCUPIED ZONE OF GERMANY

36. Moscow recognises the strength of the continuing popular opposition to the Communist régime and is more fearful of its consequences here than elsewhere in the bloc. For this reason, as well as for the purposes of its general European policy, it regards the presence of substantial Soviet forces in the Zone as essential.

37. During the past six months, the East Zone régime carried out major structural and personnel changes within the party, the state apparatus, and economic and educational institutions.

38. In the religious field, the Zone régime launched a major campaign against the Evangelical Church, ostensibly for having endorsed the remilitarisation of the Federal Republic. This is an unprecedented threat to the unity of the Evangelical Church in Germany.

39. The flow of refugees to the West, largely canalised through Berlin, continues to be a major preoccupation of the régime. As compared with previous years, the flow included a higher proportion of teachers, students and above all doctors. As a result, the régime took measures, with some apparent success, to reassure doctors in the Zone that they and their children would not be subject to unduly irksome treatment.

40. The Communist leaders and their Soviet masters are making a considerable effort to provide the basis for an increase in the standard of living in the Zone. The USSR has agreed to relieve the Zone of further occupation costs which amounted to 600 million eastern DM in 1958. Certain economic concessions have been made to the population. In May, rationing ended at last, thanks in part to increased imports of foodstuffs from the USSR. Measures were taken (changes in wage levels, taxation, etc.) designed to leave intact, or to improve, the economic situation of industrial workers, while penalising private enterprise and the earners of larger incomes.

41. The Zone has been since 1957 the principal trading partner of the USSR. A Soviet-East Zone trade agreement in July provided for increased Soviet deliveries of foodstuffs and raw materials in return for machinery and chemical products. There have also been reports of considerable Soviet credits for 1959 for the development of industry in the Zone. An oil refinery is to be built in the Soviet Zone, and a pipeline constructed from Baku to Frankfurt-on-the-Oder. Increased supplies of raw materials from the USSR enabled the régime to avoid undertaking certain costly and unprofitable investments in the basic industries. All these measures have, however, so far, made little impact, and there has not been much improvement in living standards.

42. The Pankow régime continued its efforts to increase its international prestige and status, notably through economic relations, e.g. trade agreements with Iraq, Ghana and Guinea. However, its attempts to obtain diplomatic recognition from the non-Communist world have met with no success.

43. Pankow has been one of the most enthusiastic supporters among the Satellites of the economic, political and social integration of the entire Sino-Soviet world.

HUNGARY

44. The régime continued, with minimum publicity, to imprison or execute persons connected with the 1956 revolt. In addition to the execution of Imre Nagy and his companions, another member of Nagy's government, Istvan Bibó, was reported to have been given, in August, a long prison sentence. On the second anniversary of the revolt strict security measures were taken.

45. There are still signs of non-co-operation on the part of writers, lawyers and other intellectuals. Writers continue to confine themselves to non-political historical works. However, three writers, after suitable self-abasement, had their sentences of imprisonment "suspended". A widespread purge of the legal profession is in progress, including the disbarment of all lawyers not prepared to co-operate fully with the régime.

46. Strong pressure continues to be put on the Churches. Certain prelates have been forced to abandon their functions, among them are Lutheran and one Catholic bishop. Others have had to accept "progressive" priests among their closest collaborators. Last October, the government refused to give Cardinal Mindszenty - who is still at the United States Legation - permission to go to Rome to participate in the election of the Pope.

47. The first elections since the uprising of 1956 were held on November 16th - 18 months after they were legally due. Some of those elected were not previously known as Communists but will undoubtedly toe the party line. That the elections were held at all was evidence of the régime's confidence in the ability to control both the Hungarian people and the outcome of the ballots. But great efforts were made in an attempt to show that the régime enjoyed massive support and that this was freely given. Indeed the main aim was to convince the outside world that further "interference" in Hungarian affairs would be unjustified.

48. The reconstituted Hungarian Socialist Workers' (Communist) Party continues to be plagued chiefly by the prevalence of factional strife and by its inability to organize reliable local cadres. The party's size - 410,000 at last official report (August 1958) - is less an index of genuine strength than a reflection of the indiscriminate recruitment campaign since the 1956 revolt. The extremists in the leadership appear to be gaining in strength and confidence. Kadar seems for the time being to continue to enjoy Khrushchev's support. He probably also has a considerable following in the middle ranks of the party.

49. The government seems to have thought it wiser not to reduce consumption for the benefit of the balance of payments and capital investment, and not to go ahead with its policy of socialisation in agriculture and small business. Compulsory deliveries of agricultural products have not been resumed and the profit-sharing scheme for the workers, introduced after the revolution of October, 1956, has been continued. In industry, the modest objectives of 1958 will no doubt be reached. As regards agriculture, however, the harvest has been bad and grain imports will probably be necessary.

CZECHOSLOVAKIA

50. Czechoslovakia, considered the most stable and prosperous satellite, continues to play its accustomed rôle as one of the most loyal and trusted members of the bloc.

51. The Eleventh Party Congress in June announced that almost all of the country's agriculture would be collectivised by 1960, industrial production nearly doubled by 1965, and agricultural output increased by 40% by 1965. A new central committee and Politburo were elected, including Jiri Henrych, the party ideologist, and Pavel David, a Slovak leader. The latter appointment suggests an effort to placate nationalist feelings in Slovakia.

52. The régime has tightened its control over the armed forces, the Union of Czechoslovak Youth and the intellectuals, and stiffer sentences have been meted out for social crimes such as hooliganism, theft, etc. A limited economic decentralisation, ostensibly aimed at increasing efficiency, was used to get rid of all persons presumed to be unsympathetic or hostile because of their class origins or past behaviour.

53. The economy continues to function relatively satisfactorily. The standard of living, though leaving much to be desired, continues to rise steadily. It is higher than elsewhere in the bloc. Czechoslovakia is the only Satellite that has not received any large-scale economic assistance from the USSR.

54. Czechoslovakia is also one of the principal proponents of the economic integration of the members of the bloc and has entered into a number of specialisation agreements with its neighbours. It has expanded its trade with China and continues to be one of the most solid supports of the Soviet economic drive in the under-developed countries.

RUMANIA

55. Rumania's rulers have spent the last year, and particularly the last several months in a house-cleaning campaign. Since the removal of two Politburo members in mid-1957, four alternate Politburo members, regional and local officials, and many ordinary party members have been purged.

56. Harsher policies were applied in several fields. A decree of July 21st introduced a number of severe and arbitrary penalties into the Penal Code: e.g. the death sentence for contacting foreigners with a view to "engaging the state in a declaration of neutrality" and stricter penalties for the distribution of forbidden publications and for violence and threats against officials. Attacks were made on "liberal judges" and "bourgeois-minded" lawyers were disbarred. The régime repeatedly threatened writers, artists, and others for straying from the party line. Repressive measures against the Churches were taken and priests arrested.

57. Several thousand Jews were allowed to leave Rumania for Israel. In September pressure was put on hundreds of foreign nationals to take Rumanian citizenship or to leave the country. Both measures may have been due to the régime's nervousness about security.

58. To some extent, Rumania has increased its cultural and economic contacts with the West. Rumanian officials continue to stress their desire for trade with non-bloc countries and some success has been achieved in this field.

BULGARIA

59. The Seventh Congress of the party was held in June, the keynote being anti-revisionism. The directives then issued have led to the strengthening of party discipline and the intensification of ideological and party action among the masses. Curbs on intellectuals have continued. Economic and administrative measures have been taken to step up the drive against corruption and waste. Even the death penalty is envisaged under certain circumstances. The control exercised over those responsible for administration at all levels has been reinforced.

60. Changes in the Council of Ministers included the replacement of General Panchevski, the Minister of Defence, following criticism of political indoctrination work in the armed forces. Chervenkov relinquished the Ministry of Education, but retained the Deputy Premiership, and probably continues to play a key rôle behind the scenes.

61. Bulgaria continues to lead the Satellites in the field of collectivisation and is currently proceeding to regroup the co-operatives into large territorial units with particular emphasis on the creation of large units: 92% of the arable land is now collectivised. In the field of industrial production, the government has ambitious plans: the five-year plan has become a three-year plan and the targets set for 1962 are now set for 1960.

62. Bulgaria's economy is being integrated more and more with that of the Soviet bloc and of the USSR in particular, the trend being for Bulgaria to specialise in the production of ores, tobacco, wine and consumer goods.

63. The quarrel between Yugoslavia and Bulgaria, apart from its ideological aspect, has assumed a special character now that Sofia has once more raised the Macedonian question.

ALBANIA

64. Purges have taken place in the higher ranks of the police and Army, the effect of which is reported to be the elimination of certain people who maintained relations with the "Titoists" condemned in 1956. Yugoslav families have been deported from the Tirana area. Albania has participated with special enthusiasm in the campaign against Yugoslav revisionism. The leaders have raised the question of the Albanian minorities of Montenegro, of Kosmet and of Macedonia.

65. The number of Soviet advisers seems to have increased particularly in industrial enterprises.

66. The policy of forced collectivisation is being pursued in agriculture and nearly 80% of the arable land is now socialised. In industry, the main effort is being directed at the development of national mineral resources, especially oil. The government has taken certain steps to improve the living condition of the people, particularly by lowering prices, but the standard of living remains very low.

67. The system of communications between Albania and the other countries of the Soviet bloc is being developed: Tirana is now an important aerial junction between the Soviet bloc countries and the Middle East. Albania has been allotted an active rôle in contacts between the Soviet bloc and the Moslem world.

68. The Albanian Government has protested to the Italian Government against the siting of launching ramps in Italy and has announced that similar installations will be constructed in Albanian territory.

69. Some normalisation of relations with the free world has taken place, e.g. re-establishment of diplomatic relations with Turkey and membership of UNESCO. Nevertheless, of the countries of Eastern Europe, Albania remains the one most cut off, and the one in which the Communist régime has maintained a particularly "Stalinist" atmosphere.

(Signed) C.A.E. SHUCKBURTH
Chairman

Palais de Chaillot,
Paris, XVIIe.