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COMMITTEE OF POLITICAL ADVISERS

THE SITUATION IN EASTERN EUROPE AND THE SOVIET-OCCUPIED  
ZONE OF GERMANY

Report by the Expert Working Group

EXTERNAL RELATIONS OF THE BLOC

Germany and Berlin

Soviet reactivation of the issues of Germany and Berlin provided the focus of Eastern European external relations during the past six months. All the Eastern European satellites, including Albania, supported the Moscow line, and have declared themselves ready to sign a separate peace treaty with the so-called "DDR".

2. The deteriorating East German internal situation and the relative slowing-down in the rate of economic growth were brought increasingly to world attention by the mounting flow of refugees. Poland, Czechoslovakia and Rumania followed the USSR's example in proffering economic aid in the form of extra goods deliveries.

3. Bloc support was manifested in the 3rd-5th August decision of the Warsaw Pact members which resulted in the East Berlin sector border being sealed on 13th August.

4. The decision to increase the military capabilities of Warsaw Pact countries in support of Soviet policy on Germany was followed by a 8th-9th September conference of Warsaw Pact defence ministers and chiefs of staff. This paved the way for the first public announcement, on 25th September, of Warsaw Pact manoeuvres. These manoeuvres began in the Soviet Zone of Germany on or about 8th October, and sizeable Soviet, East German, Polish and Czechoslovak forces participated in them. The manoeuvres were preceded by Soviet troop build-up mainly in East Germany, Poland, and, according to some reports, in Czechoslovakia. The emphasis on military preparedness was also reflected in the retention in

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most countries of enlisted men beyond their regular tour of duty, selective reserve call-ups, increased military expenditures, and heightened civil defence activity in some countries.

5. Satellite propaganda has concentrated on alleged West German militarism and revanchism, and has also accused the Western powers of encouraging the Federal Republic towards an aggression against Eastern Europe. The practice of addressing notes and memoranda to Western governments and parliaments has been employed extensively.

6. After the sealing-off of East Berlin, a feeling of uneasiness spread throughout Eastern Europe, particularly in Poland, and this has resulted in panic buying and hoarding of goods in most countries. This apprehension is confirmed by part of Gomulka's speech of 10th September which was intended to reassure the population.

#### Other Aspects of External Relations

7. Bulgaria has been used to increase tension on the southern flank of the Alliance in a campaign particularly directed against Greece. The NATO exercise "Checkmate II" in September was made the occasion for a renewed Bulgarian attack on Greek and Turkish membership of NATO. There has been a sharp deterioration in Greco-Bulgarian relations. Bulgaria has used the word "Diktat" in her note of 29th May with reference to the Greek position on the question of war reparations due from Bulgaria. Additional elements have included the exposure of Bulgarian espionage activities in Greece, the expulsion of a Greek Service Attaché from Bulgaria in July, the recent sentencing to death of the sexton of the Greek church in Sofia and the return to Bulgaria of a number of Greek Communists who had been living in Poland since the end of the Greek Civil War.

8. The satellites have obediently supported the Soviet Union's policies of "peaceful coexistence", "Troika", "general and complete disarmament" and on nuclear tests. The Rapacki and Stoica plans have been given less emphasis but have been kept alive.

9. In the context of the Belgrade Conference of uncommitted countries, the satellites followed the Soviet line, starting with a certain reserve and ending up with a fairly favourable attitude.

10. The satellites have continued an active policy of extending bloc influence in under-developed areas. Economic and technical assistance was extended to many African countries, especially to Ghana. The satellite countries seized the economic and diplomatic opportunities opened up by the Quadros régime in Brazil, and have developed further their commercial ties with Cuba. Indonesia signed a treaty of friendship and co-operation with Czechoslovakia, its first such agreement with

an East European bloc member, established a permanent joint economic commission with Rumania, and otherwise expanded economic relations with Eastern Europe.

#### INTRA-BLOC RELATIONS

11. Albania's relations with the Soviet bloc have markedly deteriorated, while its links with Communist China have been strengthened. Albania was not invited to the 22nd Party Congress and the Albanian leaders were violently denounced there by Mr. Khrushchev and other bloc leaders. It was implied that an improvement in relations could only take place if the leadership changed or recanted. Rumours that Albanian membership of the Warsaw Pact was to be terminated have not so far been confirmed, but Albania was not represented at the September meeting of the Pact.

12. Recent Albanian approaches to some Western countries indicated that the régime - aware of the dangers of defying Moscow, and possibly confronted with difficulties in fully satisfying its economic needs from Communist China - was seeking alternative sources of trade with the West as a hedge against present or future contingencies.

13. The renewal of the attacks against Stalin and against the anti-Party group at the 22nd Congress of the USSR C.P. may entail repercussions in the Peoples' Democracies of Eastern Europe. It is still too soon to assess the possible scope of these repercussions, but it can already be said that the problem has arisen.

14. There have been very numerous exchanges of visits between Eastern European countries: Czechoslovakia and Poland, Rumania and Hungary in particular. Though the joint communiqués issued at the end of these visits always lay stress on the friendship between the peoples, some difficulties still seem to be encountered in their relations.

15. The Council of Mutual Economic Assistance (COMECON) continued to deal with the technicalities of closer economic co-operation in a series of meetings, which Albania did not attend. This body was, however, not involved in bilateral assistance given to East Germany.

16. The strengthening of integration with COMECON gives rise to tension resulting from economic inequalities and nationalist reflexes. Nevertheless, after protracted negotiations in Moscow a new trade agreement between the Soviet Union and the Soviet-occupied Zone was announced in May. This provided for a Soviet credit of DM. 2 billion (0), designed to accelerate the process of making the Soviet Zone independent of Western imports. The Soviet Zone economy, suffering from manpower losses, including much skilled labour, has failed to

fulfil certain CMEA plans, for instance in supplying essential materials for the Polish brown coal and Czechoslovak chemical industries.

### Yugoslavia

17. Relations between Yugoslavia and the Eastern bloc countries have been influenced by two kinds of contradictions: those resulting from doctrinal controversies within the "Socialist camp" and those which exist on the Yugoslav side between the affirmation of non-commitment and a foreign policy which is fairly close to the Soviet attitude on many points.

### INTERNAL SITUATION

18. The leadership of all régimes remained generally stable, although there were some changes. In Rumania a new body, the Council of State, was formed, of which Gheorghiu-Dej became Chairman, thus combining the offices of Party First Secretary and Head of State (as is the case with Novotny and Ulbricht). In Hungary Kádár now again combines the posts of Party First Secretary and Prime Minister (as does Khrushchev). The other changes in Hungary seem to have been prompted by the desire to increase economic efficiency and internal security. In Czechoslovakia the changes seem to have been related to agricultural difficulties and the problems arising from last year's administrative re-organization.

19. Several régimes continued their efforts to undermine the strength and influence of the Church. Hungary and Poland took further steps to minimise the influence of the Catholic clergy on the young. East Germany utilised the closing of the Berlin sector border to weaken the all-German Evangelical and Catholic Church bodies in the Soviet Zone and to isolate the East German churches.

### Internal Situation (Economic)

20. East European economic performance followed the pattern characteristic of recent years, with generally satisfactory industrial output, marred by failure to meet agricultural targets.

21. Agricultural production is expected to be approximately the same as last year. The best grain crops are likely in Poland, and the poorest in East Germany, where there has been heavy rain and peasant discontent.

22. Agriculture is still the weak sector in East Europe and food shortages, particularly of meat, have occurred and necessitated spot-rationing in Czechoslovakia, Rumania and Hungary. Shortages were most acute in East Germany where they

provoked open grumbling. While these shortages cannot be ascribed to any single cause, cattle slaughtering during earlier collectivisation seems to have played an important part. The supply difficulties in some countries may have been aggravated by Communist China, which has reportedly cancelled orders and failed to honour its export commitments to the area.

23. Agricultural collectivisation, which varies from one country to another, is still encountering resistance from the population, particularly in Poland, Eastern Germany and Hungary. In Poland, where collectivisation still lags far behind the other satellites, an important step was taken with the decision to add about 10% (300,000 hectares) of the total arable area to the "Socialist" sector as having been badly farmed. In addition to Bulgaria; Rumania and Czechoslovakia have also achieved almost total collectivisation.

24. In industry the January-June rate of growth ranged from a claimed 17% in Rumania to an estimated 5% in East Germany, where there has been serious economic dislocation. The general picture is one of industrial progress but there are weak points in the Czechoslovak chemical industry, Hungarian metallurgy and engineering and Bulgarian engineering and building.

#### POLICY IMPLICATIONS

25. As regards policy implications raised by recent developments in Eastern Europe two principal points emerge: (1) The mounting Berlin crisis poses a question as to how and in what degree the involvement of the East European bloc states in that crisis will affect their attitude towards the West and their treatment by the West. This is particularly true in the case of Poland, with which special Western relations had developed over a period of recent years. (2) Albania's estrangement from Moscow and the rest of the East European bloc also raises questions as to the implications of this development for that country's relationship with the rest of Europe and other parts of the world. The Committee considers that this last question should also be given special consideration by the Council.

#### NOTES ON DEVELOPMENTS IN INDIVIDUAL COUNTRIES

##### THE SOVIET-OCCUPIED ZONE OF GERMANY

26. Mounting economic difficulties in the past six months have included a shortage of basic foodstuffs and of many manufactured consumer goods. In July the decision was announced to reduce drastically the dependence on the supply of industrial raw materials from Western Germany. In order to replace these materials, the new trade agreement with the Soviet Union provides for the import of 15,000 tons of Soviet high-grade steel alloys; there are, however, major difficulties involved, owing to

differences in standards and grading methods. The redirection of capital investment necessitated by the régime's efforts to achieve independence of Western imports will mean even more serious hardship for the population. The situation in agriculture is even worse. Collectivisation had led to a sharp deterioration in farmer's morale, which was manifest in unwillingness to work long hours, and in neglect of crops and livestock. A wet spring delayed sowing and some crops were destroyed by heavy rain. These difficulties were further aggravated by serious impairment in the distribution system.

27. The refugee flow reached the highest monthly level since 1953 and attained the weekly rate of 10,000 during the period immediately preceding 13th August. These figures were symptomatic of growing tensions fostered by the mounting international crisis, fear of closure of the border, Soviet threats of a separate peace treaty with East Germany, and general doubts concerning the Berlin situation. Internal factors such as supply shortages, pressures on industrial workers and the peasantry, dissatisfaction with collectivisation, and rumours of a currency reform also helped generate discontent.

28. Since 13th August the Ulbricht régime has dropped all pretence of government by consent and has resorted to threats, force and brutality to impose its will. Legislation against "work-shy elements" provides for restriction of movement and direction to compulsory labour. This was at first used mainly against former sector crossers (Grenzgänger) but has since been applied to other categories. Denunciations have been encouraged and heavy sentences have been imposed for such "crimes against the State" as helping escapers to the West, criticising the régime, or watching Western television. Beatings-up at public meetings and evictions from new or comfortable houses are common occurrences. The régime has taken precautionary steps to control the youth, many thousands of whom have been bullied into signing up for the armed forces. The main reason for this is probably to reduce the risk of disorders in factories by concentrating youth in barracks.

29. The Defence Law of 20th September gave Ulbricht the legal sanction for a military dictatorship on declaration of a state of Defence Emergency - such declaration to be made by himself "without any formal procedure". Even without an emergency the Law permits the requisitioning of property and expulsion from areas which may be designated. This has provided a legal basis for expulsions from frontier areas. In an emergency civil rights embodied in the Constitution or the Labour Code may be suspended. "Special courts" - expressly forbidden in the Constitution - could also be set up. From all this the régime has derived new confidence in its powers, but conversely, has never been so hated by the population. There have been rumours to the effect that Ulbricht's position may be weakened,

but there is no obvious successor nor does a change seem likely during the present crisis.

30. By taking measures to isolate East Berlin completely from West Berlin the Pankow authorities at the same time underline the de facto incorporation of East Berlin into the Soviet zone as the "Capital of the DDR". Thus Pankow has undertaken a decisive step to adapt conditions within its sphere of power to those in the other Soviet bloc countries and to eliminate some of the factors which have up to now rendered the full build-up of the communist society more difficult. Now that flight from the Soviet zone has become impossible the régime has been able to gain greater internal freedom of action. The Pankow authorities hope that they can now tackle internal problems which had been hitherto postponed, without taking into account the wishes of the population, which they were compelled to do in the past. Meanwhile, Ulbricht and his henchmen retain full control of a people whose despondency was increased by the immunity with which the régime was able to proceed to seal off East Berlin. However, this does not mean that the population has abandoned its opposition to the régime and is now resigning itself to it. Rather, an attitude of obstinacy has become characteristic of the great majority of the population, particularly of the youth, since 13th August.

#### ALBANIA

31. Khrushchev's public condemnation of the leaders of the Albanian Labour Party at the 22nd Congress may be taken as confirmation and recognition of the difficulties which have existed between Moscow and Tirana at least since last year.

32. The reasons why Albania has adopted towards Mr. Khrushchev's policy a position other than that of the other European satellites is mainly attributable to the Albanian leaders' fear that the "peaceful coexistence" policy might lead to a new rapprochement between the USSR and Yugoslavia and to the isolation of Albania. However, it is obvious that the personality of the leaders, the pattern of the régime, geographical considerations and the traditional hostility between Albania and Yugoslavia may have played some part in the determination of this attitude.

33. Since the spring of 1961 news has been received successively of the repatriation of Soviet and satellite technicians in Albania and of Albanian students with grants in the USSR and in satellite countries, of the expulsion of Albanian military attachés from Moscow and Soviet military attachés from Tirana and of the withdrawal of Soviet forces from the Valona base (Saseno). The Albanian admiral, Admiral Sejko, who seems to have been in close touch with the USSR Communist Party, was condemned to death in May for plotting against the state.

Finally, in the economic field, relations between Albania on the one hand and the USSR and its European satellites on the other hand have steadily deteriorated.

34. Relations between Communist China and Albania have, on the contrary, improved. In April, Albania obtained a credit of some \$125 million from China.

35. During the 22nd Congress, the Albanian leaders were attacked by numerous speakers, particularly for having rejected the 20th Congress line, maintained the personality cult and increased the number of arbitrary actions, for having suddenly changed their attitude towards the USSR and restricted the circulation of Soviet documents and newspapers, and lastly for having refused to implement the decisions of the Warsaw Pact.

36. After three days' hesitation, the Albanian Labour Party reacted against the attacks at the 22nd Congress by publishing a violent statement of the Central Committee who reproached Khrushchev with having undermined the unity of the camp and the principles of the Declaration by the 81 Parties. A campaign of meetings and demonstrations has since been organized to back up the position of the leaders.

37. The tone of the Soviet and Albanian statements leaves little hope of a reconciliation. However, the outcome of the Albanian affair will depend largely on the attitude adopted by Communist China, which is directly concerned in the quarrel. China has so far supported the Albanian leaders, but it is possible that it may at the same time endeavour to re-establish unity in the camp.

#### Poland

38. The national elections held in April resulted in a predictable, but nonetheless important, victory for the régime, in spite of strained church-state relations. The results showed little change apart from a reduction in the size of the Catholic "Znak" group.

39. The régime exerted increased pressure aimed at restricting the church's functions and at minimising its influence on the young. It announced its intention to impose control on religious instruction outside of schools, and the church, for the first time since 1956, publicly gave notice that it intended to resist this measure. This battle has not yet been fully joined. An increase of 10% in party membership during the first half of 1961 was reported.

40. In agriculture the régime appeared primarily concerned with the fragmentation of private farms through inheritance, which was proceeding apace, and with neglected peasant holdings. Legal and administrative measures to deal with both problems are being put into operation.

41. Economic progress in Poland has been relatively satisfactory. Plans were revised upwards because of good results. Higher prices produced better results from state farms, and agricultural exports were increased. The housing situation, however, is still bad, and there is no improvement in workers' morale. Nor is this likely to be improved by the Third Five-Year Plan (announced in May), the main task of which will be to overcome the chronic foreign trade deficit by investment for increased production of raw materials.

### Bulgaria

42. The Bulgarian leadership remained stable, but internal difficulties, mainly but not exclusively arising from economic failures, were apparent in some developments; these included the curtailment of Bulgarian contacts with non-bloc foreigners; deportations from Sofia; shakeups among local government and party leaders, middle-level officials in the economic field, and in the central trade union leadership. These measures have served to consolidate the power of Party Secretary Zhivkov.

43. The dissolution of the Home Forces, which are the crack units of the régime, seems to have been caused by the need to combat the Stalinist tendencies subsisting among the cadres of these units.

44. The régime has intensified its pressure on the Moslem minority.

45. During the first half of 1961 Bulgarian industrial production reportedly increased by 11.9 per cent as compared with the same period last year. Partly because of drought, the wheat yield declined considerably, and the economy faced the prospect of shortages in both food grains and livestock feed.

### Hungary

46. Government changes, in which Kadar has taken over the Premiership from the elderly Munnich, appear to signify an effort by the régime to improve efficiency and control, but also resulted in redistribution of Kadar's supporters to better advantage in both government and party. Two distinguished economists have been given Cabinet rank. The promotion of the Minister of the Interior, and the record of his successor, suggest that there will be no slackening of internal security.

47. The abolition of the "Peoples Courts", which were set up in 1957 to mete out vengeance on participants in the Uprising, suggests that the régime feels that it has reached the limit in that direction.

48. It has, however, proceeded ruthlessly against the Roman Catholic Church. The sentencing to long terms of imprisonment of a group of clerics and laymen in June has been followed by other arrests. The latest victims, most of them young, are reported to have been members of the Christian League, an organization set up in 1956. The head of the Bench of Bishops, Archbishop Gross, who died in October, was succeeded by Bishop Endre Hamvas, reportedly an even more pliable individual. However, the Government gives full support to groups of priests who are submissive towards the régime, i.e. the "Priests Peace Movement" and the "Opus Pacis" whose Secretary General, the excommunicated priest Berestoczky, has just been elected Vice-President of the National Assembly.

49. The régime again revised its second Five-Year Plan (1961-65), cutting back the annual investment rate and the projected growth in personal consumption. The execution of 1961 investment plans have been delayed, owing to a lack of manpower, cement and industrial equipment. There is also evidence that Hungary is experiencing balance of payments difficulties. Agriculture is handicapped by a shortage of tractors. Nevertheless the general standard of living has not suffered, at least as yet, and there has been some easing of instalment plan buying regulations.

50. In international relations Hungary continued to aim at full respectability and the dropping of the Hungarian item from the United Nations General Assembly agenda, but in inviting former UN Assembly President Boland, it was not willing to go as far as to give any assurances which might have made this invitation acceptable.

### Czechoslovakia

51. The government changes in Czechoslovakia appear to be connected with the concern which the authorities showed for agricultural problems earlier in the year. At that time the lower levels of the National Committees to which new powers were given in the Administrative reorganization of 1960 were blamed for failure to cope with peasant conservatism, for the loss of agricultural labour to the towns and for the serious shortfall in new recruitment. The appointment of Barak, formerly Minister of the Interior, to head the new Commission for Direction of National Committees is evidently designed to remedy this situation.

52. Otherwise the period has been uneventful. Attention has been given to housing and the railways. Coalmining has suffered from a labour shortage in the Ostrava region and from a number of accidents.

53. Czechoslovak diplomatic relations with the United States and with Yugoslavia have been marred by incidents.

54. Czechoslovakia continues to be a spearhead of bloc penetration in underdeveloped countries, especially in Africa and Latin America, as well as a centre for training for subversive activities.

#### Rumania

55. The new Council of State, chaired by Gheorghiu-Dej, has broad powers including the issue of legislation and responsibility for representation in foreign affairs.

56. Economic developments have been relatively satisfactory. Rumanian industry, hitherto in the rearguard, is expanding at the most rapid rate of the East European bloc countries. Agricultural yields promise to be above average, though considerably behind the plan. There were, however, more than normal shortages of some staple foods. Plans have been announced for amalgamation of farms, for mechanisation, irrigation and better training for agricultural workers. There have been some price reductions of consumer goods.

57. Rumania has so far taken a minor part in the Soviet campaign over Berlin, and has continued to make efforts to improve its relations with some Western countries.

#### Position of Yugoslavia

58. At the Belgrade Conference of Non-aligned States, Yugoslavia took a position which markedly resembled that of the USSR in important respects, although a more reserved attitude would have been more consistent with the advance indications given by high Yugoslav officials. Tito, in his 3rd September address to the Conference, enunciated Yugoslav views on Berlin, Germany, and other pending questions in language reminiscent of Soviet pronouncements. He failed to criticise Soviet resumption of testing, distorted the Western position on Berlin, and contrasted the "socialist" society of East Germany, where he found no reason for criticism, with the alleged "revanchist" and "capitalist" society of the Federal Republic of Germany. He did, however, stop short of endorsing a separate peace treaty with the so-called DDR. His views on disarmament were somewhat ambiguous, but his remarks regarding "those who make a fetish out of controls" had an adverse impact especially in the United States. Although the Yugoslav delegation reportedly played a somewhat reserved or moderating rôle in the private sessions regarding some items proposed for the communiqué, it is also reported to have attempted to persuade other delegations to include Soviet views on Berlin and Germany in the final communiqué, albeit unsuccessfully.

59. Subsequently, Belgrade has sought, notably in Foreign Minister Popovic's speech in the UN, to mitigate the adverse impression created by Yugoslav statements at this conference. The visit of Mr. Popovic to Moscow in July seems to have been related in part to Moscow's desire to influence Yugoslavia's position at the Belgrade Conference. A return visit by Gromyko is envisaged. The ideological quarrel, however, is still much in evidence. The references to "revisionism" in the draft Programme of the CPSU evoked a belated but sharp Yugoslav reply. This was somewhat offset by the fact that the USSR and European bloc members at the Congress reserved their heaviest fire for Albania and Stalinism rather than for Yugoslav revisionism.

60. As regards Yugoslavia's relations with most of the satellites there have been no major developments. The tenor of relations is correct but cool, with occasional bursts of low-level polemics, reflecting the continued basic antagonisms. The exceptions to this have been China, Albania and Bulgaria, with whom relations are bad. Relations with China continue at their now customary low level, with Yugoslav propaganda making the most of Communist China's economic difficulties. The Tirana Treason Trial in May was the occasion for further ill-feeling between the Albanians and the Yugoslavs. The expulsion of the Yugoslav Press Attaché from Sofia in March and recriminations over the so-called Macedonian question have further exacerbated relations with Bulgaria. Relations with Czechoslovakia were somewhat disturbed by the mysterious drugging of the Yugoslav cultural attaché in Prague in April, which was the climax of a series of irritating incidents involving the whole Yugoslav Embassy staff. The recent expulsion of the Tanjug correspondent from Czechoslovakia may be the sign for a further deterioration.

61. Although Yugoslavia's relations with most Western countries, notably with Greece, remain good, Yugoslav commentators have continued their attacks on Western policy, especially in Africa. The death of Mr. Hammarskjöld was used as a further excuse for violent criticism of the Western attitude to the problem of the Congo. Particularly striking has been the increased hostility of the Yugoslav attitude towards the Federal Republic of Germany, for which parts of President Tito's speech at Titovo Uzice in June set the pattern.

62. The Yugoslavs at present appear to have adopted a waiting attitude in their relations with the Soviet bloc. They can hardly fail to be pleased by Khrushchev's renewed destalinisation campaign introduced during the Twenty-Second Congress. They must be equally glad to see their immediate enemies, the Albanians, publicly condemned in Moscow. However, it is difficult for them openly to approve the use by the USSR towards Tirana, of methods closely recalling those used against Tito in 1948. The ambiguity of the Yugoslavs' position explains their silence, but it is probable that the widening divergences between Moscow and Peking will be considered by the Belgrade leaders as an additional reason for giving Khrushchev at least their conditional support.

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