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COMMITTEE OF POLITICAL ADVISERS

REPORT ON THE SATELLITES

Revised Draft

PART ONE

A. Summary of the General Situation

The apparent stability of the Soviet bloc satellite states was seriously shaken during 1956. The immediate cause was the denunciation of Stalin at the 20th Party Congress, which undermined the authority and prestige of the satellite régimes. Pressure for reform in certain intellectual and governing circles and factionalism within the satellite Communist parties had gathered strength, especially in Poland and Hungary even before the 20th Party Congress. Tito's apparent success in obtaining Soviet acquiescence to his independent course was another factor. But the basic cause was the pent-up resentment of the Eastern European masses themselves against Soviet enslavement, political and economic, and against the local Communists who governed in the Soviet interest. Young people, who have known little but Communist rule, and intellectual circles, were the most vehement in their reaction.

2. Events in Poland and Hungary have demonstrated and accentuated the inadequacy of the Soviets' ideological grip on the satellites, but the Soviet Government is determined to keep the bloc together, if necessary by force. The minimum form of bloc unity is the Warsaw Pact, but this does not mean that the Soviet Union's motives are solely or even primarily strategic. No doubt the USSR is persuaded that its military security requires the forward deployment of Soviet forces in the satellite area, secure lines of communication to these forces, and utilisation of the area for Soviet air defence. Apart from these strategic considerations, the USSR would see fundamental political reasons against abandonment of its positions in the satellites. In particular it sees the need to maintain the so-called "conquests of Socialism". The Soviet leaders have seen that, if their authority is challenged in one satellite, there is a danger that the challenge may soon be repeated in one or other of the remaining satellites and that in less degree the infection may spread even to the Soviet Union. They fear that if they make concessions at one point, they may be forced to make disadvantageous concessions elsewhere.

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3. The Soviet Government have carried out a fairly successful blocking operation in Eastern Europe. Poland has been partially isolated from other satellite countries. Emergency action has crushed the armed uprising in Hungary. In the other satellites, internal discipline has been firmly enforced and this has been accompanied by some economic concessions. Steps are being taken to bind the economies of the satellites more tightly to the Soviet Union.

4. Soviet action has, however, been a blocking action and no more. Many of the forces which led to the upheavals in Poland and Hungary exist, though in a weaker state, in the other satellites. These forces have been kept beneath or driven back beneath the surface. Their continued existence there faces the Soviet leaders with a long-term problem.

5. The problem would not be so acute but for Poland's successful assertion of relative independence under Gomulka's leadership. The Soviet Union's vital strategic stake in Poland and the connection between the Polish and German problems make it practically impossible for Poland to be completely cut off from the rest of the bloc as Yugoslavia was in 1948. Yet the Polish example presents more radical aspects than the case of Tito in 1948. Whereas Tito's quarrel was initially with Stalin and was only subsequently rationalised into a challenge to the Soviet system, the Polish "way to Socialism" from the outset represents a potential danger to the Soviet system itself. The future evolution of Communism in Eastern Europe is likely to depend on the extent to which the Soviet leaders can treat Poland as a member of the bloc without permitting others to copy Poland's example, and on the extent to which the Poles can consolidate and extend their independent way to Socialism without provoking the Soviet Union to military intervention.

6. "National Communism" never developed in the Eastern Zone of Germany as it did in Poland. The Socialist Unity Party (SED) is totally dependent on Soviet support and the Soviet Union would hardly risk having a less subservient régime there. Even if the Soviet leaders were inclined to slacken the rein in the other satellites, they would be reluctant to slacken it in the Eastern Zone, in view of the dangers involved for their position.

7. The Soviet and satellite leaders now have to strike a balance between concessions and discipline as means of retaining control and keeping popular discontents within bounds. At present the Soviet formula seems to be to grant some economic concessions while tightening political and ideological discipline.

8. The isolation of Yugoslavia has increased, but the uneasy balance in which the Soviet leaders find themselves is shown by their ambivalent and fluid attitude to Yugoslavia. On the one hand there have been professions of a desire for friendly relations, and on the other hand sharp criticisms of the Yugoslav attitude and some significant withholding of Soviet economic aid. The Soviet leaders are reluctant to behave towards Tito as ruthlessly as Stalin. Soviet foreign policy, moreover, can hope to derive some advantage from Tito's position.

9. Within the Soviet Union itself, events in the satellites, coming on top of the shock of destalinisation, have had real repercussions. These have not endangered the Soviet régime, but have been sufficient to cause the Soviet leaders to take new steps to curb the intelligentsia and to provide some palliatives for economic discontents. The important fact remains that, thanks to their own policies, the Soviet leaders are now exposed to certain pressures from below. This and the widespread burdens imposed on the Soviet Union by ambitious policies at home and abroad make it likely that the recent troubles in Eastern Europe will prove to have been the beginning of a long process of readjustment. In the long run the fate of the Eastern European peoples fundamentally depends on developments within the Soviet Union itself.

B. Problems with Special Implications for NATO

10. Uprisings in the satellites may entail the use of Soviet forces in areas close to NATO territory and thereby involve dangerous situations for NATO. In assessing this risk, attention must primarily be paid to Poland, the Soviet Zone of Germany and Hungary.

Explosive Potentialities in Poland

11. However much the Poles may wish to follow a prudent course, as they show every sign of doing, nevertheless an explosion might result from internal developments or from external pressure. If internal developments in Poland lead to a more far-reaching departure from the Soviet-type of Communist state, Soviet counter-measures will be intensified. In the Polish Communist Party, the so-called Natolin group seeks to undo the reforms brought about last year. They lack popular support, but the USSR might be tempted to use this group to create disturbances (through the exploitation of popular discontents and economic difficulties), as a result of which the USSR would "be asked" to intervene. An upheaval might also arise from the opposite quarter - from intensified popular pressure of an anti-Communist nature. To influence political developments in Poland the Soviets will in the first instance use political and economic pressures, but if necessary - if the Socialist order or Poland's membership in the Warsaw Treaty Organization is called into question - an armed intervention is to be expected.

Possible Implications for NATO

12. Polish unrest, unaccompanied by active Soviet intervention, and taking such forms as strikes or factional struggles in the Party, would presumably not involve the West. If, however, there were an overt forceful intervention by the USSR it is likely that the Poles would offer armed resistance. A shooting war between the USSR and Poland would not, in itself, involve NATO, but it can be assumed that the Poles would in such circumstances make every effort to involve the West, for this would be their only hope of avoiding the fate of Hungary. Some of the Soviet armed forces would be provided from the Soviet Zone of Germany and fighting could easily spread to this area.

13. The Soviet Government would contend that an armed conflict in Poland was instigated by Western imperialist circles including the Federal Republic of Germany. They might even try to provoke incidents to make this contention more plausible. The West would therefore have to take every precaution to counter such tactics.

14. The precise reaction of the NATO powers to Soviet-Polish armed conflict cannot be determined in advance. NATO members should immediately consult on appropriate action. They would need to consider the danger of world war; how the conflict could be localised; and what diplomatic, political and other means would offer the best prospect for upholding Polish independence.

Explosive Potentialities in the Eastern Zone of Germany

15. For the present, explosive developments in the Eastern Zone are unlikely. The policy of the German Federal Republic and of other NATO powers is that of encouraging the population of the DDR to keep calm. During the Hungarian crisis the Germans east of the Zonal border remained quiet. The Hungarian example probably convinced them that this attitude was right and that self-discipline is necessary in any future crisis. Among the population of the Zone, the view is prevalent that the reunification of Germany should not be jeopardised by ill-considered moves.

Possible Implications for NATO

16. If large-scale explosive developments should nevertheless occur in the Eastern Zone, the West may become involved. One of the neuralgic points in this connection would be West Berlin, where the population would need to exercise the greatest restraint. A conflict in East Berlin could easily spread to West Berlin. The United Kingdom, the United States and France have special responsibilities in respect of Berlin and of Germany as a whole. Moreover, under the Paris Agreements, any attack on West Berlin would create the casus foederis for NATO. A dangerous situation could also arise in the event of fighting along the Zonal Border.

17.

NOTE: The text of this paragraph is to be circulated separately.

18. In addition, NATO would need again to consider what other means might be used politically or diplomatically, to induce a relinquishment of Russian control over the Eastern Zone and to bring about the reunification of Germany in freedom; the essential idea would be to present proposals to the Soviets which, without jeopardising Western security, the latter, under the pressure of events, might be willing to consider at such a time.

Exclusive Potentialities in Hungary

19. In Hungary, the odds are that the people will be prudent enough to avoid a renewal of large-scale bloodshed. The Russians, using only their forces at present in Hungary, could quell any uprising which could be organized against them.

20. The NATO Powers should in all circumstances endeavour to keep the question of Hungary prominently before world opinion, in the United Nations and elsewhere. If fighting is resumed, NATO members should consult in order to work out a common approach to the situation.

C. General Policy Considerations for the West

Western Aims

21. As a long-term aim, the Western Powers would wish to see all the satellites freed from Soviet domination and established as independent and democratic states with no foreign troops or bases. There is however no immediate prospect that this aim can be realized.

22. In the short term, the broad Western aim should be to maintain the morale of the satellite peoples and to foster the spirit of non-acceptance of Moscow-imposed Communist régimes, of Soviet dictation, and of the presence of Soviet troops (where this applies).

23. The establishment of a "National Communist" régime, in any satellite is desirable as a first stage towards greater independence from Moscow. But approval of "National Communism" should go no further than this for many reasons, including the undesirability for broader purposes of foreign policy of appearing to approve of Communism in any form.

Western Attitudes

24. In present circumstances the Western Powers should avoid encouraging the satellite peoples to use force in the pursuit of their aims. There would be no advantage to the West from incitement to strikes, rioting or guerrilla operations in any of the satellites. Strikes and peaceful demonstrations, if they were to occur, might play a valuable part in crystallising popular opposition to the existing régimes in those satellites which have remained relatively quiet (Czechoslovakia, Bulgaria and Roumania). But in Hungary even this might do more harm than good, and the West should be wary of attempts to stimulate even peaceful demonstrations.

21. It is in the interest of the West to maintain diplomatic missions in the satellites.

22. The Western attitude to the Polish régime is of crucial importance. In Poland a degree of "National Communism" or independence from Moscow appears to have been achieved. The Western aim must be to prevent the precarious balance which sustains Gomułka from being upset, whether by economic difficulties, or by a Stalinist revival, or by popular action pronounced enough to provoke Russian intervention. Over-emphatic Western support for the present Polish Government might handicap Gomułka in his dealing with the Russians. NATO policy should seek to extend discreet help to Gomułka to the extent that that is possible without provoking Soviet countermeasures.

Trade and Aid

23. It would be unrealistic to contemplate weaning the satellites away from the Soviet Union by economic and financial means. Trade in non-strategic items with the satellites should be encouraged where the overall balance of advantage, political as well as commercial, clearly lies with the West. There is, moreover, probably some advantage in reducing the degree to which the satellites are economically dependent on the USSR. In practice the main difficulty is the satellites' lack of foreign exchange. There would be no point in the Western Powers relieving the satellite and Soviet Governments of this problem by offering credit. Poland may deserve somewhat more liberal treatment with respect to credit.

24. There can be no question of aid for Albania, Bulgaria, Czechoslovakia, the Eastern zone of Germany or Roumania. Hungary presents a dilemma for the West. It is desirable neither to bolster the Kadar régime nor to dishearten the Hungarian people. NATO policy is to try to concentrate on genuine relief goods, which should be distributed if possible as gifts to the needy directly through the Red Cross and other voluntary bodies, and to refuse to provide anything which would assist Kadar and the Russians in their task of rehabilitating the Hungarian economy.

Cultural Exchanges

25. Cultural and other contacts with the satellites are under continuous review in the Committee on Information and Cultural Relations. As recent events have proved that the Russians have only succeeded in suppressing popular unrest in the satellites, and not uprooting it, there may be a case for devoting to the satellites a greater proportion of any efforts directed at the whole Soviet bloc. Projects must all be judged on their merits, which will vary from country to country and with the various types of cultural exchanges possible. In principle, the West should try to limit the satellite exploitation of large-scale cultural manifestations or high-level visits, and in due course should seek to develop professional and cultural exchanges, as well as prudent visits for the purpose of study.

30. In this field Poland again deserves exceptional treatment. Exchanges with Poland should be allowed to expand normally up to whatever limit the Polish Government will tolerate. There should be no pressure from the Western side but rather a natural expansion of contacts.

31. The Eastern Zone of Germany is a special case and is principally the concern of the Federal Government. It is necessary to bear in mind the desirability of not helping the Pankow campaign for international recognition.

32. Under present circumstances cultural exchanges with Hungary should not be encouraged or facilitated except in those instances where, after examination of the factors and merits of the individual case, it is reasonably clear that some concrete advantages will accrue to the West from such an exchange.

Public Opinion

33. The enormity of Soviet action in Hungary must be kept prominently before world public opinion. It is an ideal theme for influencing opinion in uncommitted countries. By this means moral pressure is applied to the Soviet Government and indirect help given to the satellite peoples as a whole and Poland in particular. Every available forum and especially the UN should be used for this purpose.

34. Information efforts directed towards the satellites should be designed to interest and encourage those groups which are pressing for greater liberalisation and for independence from the USSR. However, the programmes should not be provocative or purport to give active direction to such elements. Particularly to Poland, Hungary and the Eastern Zone of Germany, Western information media should keep a calm, factual and non-sensational tone.

PART TWO

(Country Studies)

SOVIET OCCUPIED ZONE OF GERMANY

35. After the 20th Party Congress, Ulbricht reacted quickly against the demands for destalinisation by intellectuals and party members. Destalinisation was kept entirely in the hands of the leadership. There was no outstanding national Communist leader around whom an opposition could rally. Only modest concessions were made, and extensive and detailed security measures were applied. In its propaganda the régime repeatedly points to the catastrophe in Hungary and makes it clear that no "climate of demands" will be allowed to develop. The régime is meeting difficulties in manipulating its scheme of Workers' Councils. The desire of lower-ranking officials to reinsure themselves politically against the risks of the future creates some internal party difficulties. The régime also faces difficulties in respect of the reliability of the NVA (National People's Army).

36. The stationing of large Soviet forces in the Eastern Zone is in the interest of Soviet strategy vis-à-vis the West, for Soviet encirclement of Poland, and for the maintenance of the Pankow régime.

37. The Eastern Zone is facing economic difficulties. The 1956 plan was not achieved, and it has as yet not proved possible to draw up a plan for 1957. The fuel shortage has been accentuated by a drop in Polish coal deliveries. The concessions which the government has felt obliged to grant to the consumers are adding to its difficulties. Pensions have been increased and working hours are being reduced in industry. It remains to be seen whether the government will redeem an earlier promise to abolish food rationing by 1st April. In response to an appeal for assistance, the USSR, under the agreement of 8th January, has promised to increase deliveries of critical materials and has opened a credit in free currencies amounting to 85 million dollars. The USSR had already agreed, in July 1956, to reduce occupation costs by 360 million dollars and to raise the price paid for the Zone's uranium ore.

38. The Pankow régime clearly does not enjoy popular support. The population is even less responsive to the régime and its propaganda than hitherto. Opposition to it, particularly from the university youth and the intellectuals, continues despite countermeasures. As the people in the Eastern Zone enjoy a closer contact with the free world than other satellites - through visits to and from relatives in the Federal Republic, West German radio and even television - they are able to compare the propaganda assertions of their governments with the truth.

39. The population of the Eastern Zone chafes under the Soviet yoke. However, with memories of the dénouement of the Berlin rising of 1953, and of the crushing of the Hungarian revolution fresh in their minds, the East Germans, despite some

passive "go-slow" tactics, are at present unlikely to contemplate revolt as a practical way out of their plight unless dissatisfaction becomes a good deal more acute, or unless a general crisis in the satellite states starts a chain reaction which spreads to the Eastern Zone.

POLAND

40. Whatever view the Soviet leaders may have of Gomulka, he, at any rate, stands for the maintenance of Communism and they have agreed to do business with him rather than embark on the risky course of military action against a united government and people in a most sensitive area. It is doubtful, however, whether any clear understanding has been reached between the Soviet leaders and the Poles as to the limits to which the latter can be allowed to go. Poland cannot rid herself of the Soviet forces on Polish soil or of her Warsaw Treaty ties: these are the minimum Soviet requirements. But it is unlikely that the Soviet Government have expressed straightforward approval for Polish attempts to develop broad economic and other links with the West. In matters of this sort the Polish dilemma is to know how far they can go without provoking the Russians. The Russians' dilemma is to judge at any given stage whether the cumulative effect of Polish policies is such that the Soviet Union must intervene. As time goes on, the consequences of overt intervention would become more portentous.

41. Poland has to some extent become a foreign body within the Soviet bloc. The process of destalinisation has been carried to considerable lengths. The machinery of terror has largely been dismantled. Though the press remains partially muzzled, speech is reasonably free. Jamming of Western broadcasts has been abolished. Decentralisation, democratisation and Socialist legality have become more than slogans. Many Moscow-line Communists have been eliminated from essential Party and Government posts. Private enterprise in small trade has been restored and collective farms have been allowed to dissolve at the wish of their members. Major concessions have been made to religious feeling: a development of great importance in such a profoundly Catholic country. There is also a genuine move, now strengthened by a partial rationalisation of exchange rates, to improve relations with the West.

42. Nevertheless Gomulka is a Communist, and his Government accepts the doctrine of the dictatorship of the proletariat. Though he may dislike membership of the bloc as the Soviet leaders understand it, he has no choice in the matter because of the threat of Soviet intervention.

43. Economic difficulties have to some extent been aggravated by the liberalising measures in the agricultural sphere which have dislocated deliveries. Recent increases in wage rates and in prices received by the peasants for their produce have led to sharply-rising money incomes. To match this increase in purchasing power the government has cut back investment and has raised imports of consumer goods. In spite of these measures the threat of further inflation remains serious.

44. In her foreign trade policy Poland seems to have achieved a substantial degree of independence. The other satellites and the USSR itself have had to accept a marked reduction in Polish coal exports and higher prices for them, while exports to the West were more or less maintained. Poland has not renewed an agreement with Finland which previously involved settlement in roubles of her trade surplus with that country, and is now looking for credits outside the bloc. But, although Poland's trade with the West has increased until it now accounts for about half of her foreign trade, the basic fact remains that she is economically dependent on the Soviet Union. An important psychological factor, however, is that there is evidence that the Poles prefer not to be economically dependent on the USSR, and are already working to that end.

45. Gomulka's stand against the Russians has made him a national rather than a Party hero. His future control of the situation may depend on the extent to which his personal prestige can withstand the criticisms likely to be caused by economic troubles. His personal triumph in the elections should strengthen his hand against the Stalinist opposition in the Party, but the Stalinists may hope to exploit Polish discontents against him. If Gomulka is unseated, either by Soviet pressure, Polish discontent, or illhealth, there is no other public figure now in sight who could command the situation.

CZECHOSLOVAKIA

46. Czechoslovakia has emerged from the recent turmoil as the model satellite. The decisive event appears to have been the Party Conference held in June 1956 at which the Party leaders took timely measures against the first signs of popular ferment and dangerous thoughts. The oppressive police system remains officially undiscredited. The Czech leaders are fortunate in that the Stalinist policy of forced industrialisation affected the comparatively advanced Czech economy less adversely than the economies of the other satellites.

47. A few concessions have been made. The unpopular Copic (Gottwald's son-in-law) was dismissed as a scapegoat; there have been various measures of decentralisation; and Soviet emblems have been quietly removed from public places. But there has been no genuine liberalisation, and students and writers have been firmly controlled. Fiscal pressures and monetary incentives continue to be used to encourage collectivisation. There is no suggestion of a Czech road to Socialism.

48. By Eastern European standards the Czech economy is healthy. The government's docility to Moscow does not seem to have brought material rewards in the form of Soviet aid, and the standard of living, although higher than in other bloc countries, compares unfavorably with pre-war standards. Chiefly because of the impact of events in Poland and Hungary, the 5-year plan is being redrafted. Some shift may be expected in capital investment and consumers are likely to receive some benefits. Czechoslovakia is taking a leading rôle in Soviet bloc economic penetration abroad, especially in the Middle East and South-east Asia. The efforts to increase trade with Western countries are continuing. The Soviet

Union attaches importance to economic measures as a means of ensuring continued Soviet control and the Czech economy is being increasingly integrated with the Soviet and East German economies. The USSR has promised increased deliveries of iron ore, grain, aluminium and chrome steel during 1957.

49. The Czech government appear to be confident, and there is no serious unrest. The leaders have shown prudence in handling ideological shifts. They have been helped by certain stabilising factors such as the absence of Soviet troops in the country to exacerbate national susceptibilities, by the comparatively good economic conditions, and by the unexcitable nature of the Czech people. The lesson of Hungary and the scarcely veiled threat in the Soviet-Czech joint declaration that Soviet forces would intervene if there were trouble will also serve to keep the Czechs quiet. For the future, Czech policy is likely to stay prudent and directed towards the maintenance of their present advantages, while remaining subservient to Moscow. The only likely changes are some economic concessions required to secure greater productivity and co-operation from the people.

HUNGARY

50. Since the beginning of 1957, the attitude of Kadar and his Soviet masters has steadily hardened and previous signs of a readiness to compromise with the Hungarian people have been abandoned. With the progressive reconstruction of the police apparatus and the Party, a reign of terror has steadily developed. Russian troops are not themselves active in the campaign, but are present in force and would no doubt intervene if necessary. Earlier promises of a broadening of the régime have not had any significance in practice. Insofar as the régime has any breadth, it consists in the fact that the Communist leadership now embraces several adherents of Rakosi as well as Communists of other shades (excluding, of course, those of the Nagy persuasion).

51. Hungarian industry is in a state of chaos, and production at a low level. Significant numbers of expert technicians and skilled workers have fled the country. However, the situation is slowly easing and considerable aid from the Soviet bloc in the form of fuel, raw materials, consumer goods and foreign exchange is being made available. There can be no doubt that, for at least a year, there will be a wide gap between Hungarian production and Hungarian needs. Inflation is an imminent possibility. Hungary will be a liability for some time to the Soviet bloc.

52. The Kadar régime have not withdrawn (and perhaps cannot rescind) a number of concessions made in the economic field. The abolition of compulsory agricultural deliveries has been confirmed. Over half of the previously existing collective farms have disbanded and membership is in future supposed to be "voluntary". More consumer goods are promised. Small private enterprises may be re-established and artisans are being encouraged to take up their former trades. These concessions will mean little or nothing to the industrial workers faced with unemployment and with their workers' councils reduced to subservience.

53. There is no indication that the Kadar régime, entirely dependent on Soviet military support, is being successful in securing popular acceptance from the Hungarian people. In fact, it appears that a stalemate exists between the régime and the people, and the spirit of strong passive resistance shows few signs of abatement. For its part, the régime seems determined to wear the population down and to convince it of the danger and futility of further resistance. Although fairly large amounts of arms must still be secretly cached in Hungary and reports of anti-régime partisan activity continue to be received, it is unlikely that another large-scale outbreak against the government will take place in the near future. Popular attitudes of resistance to the régime will persist, however, and the masses will undoubtedly attempt to do everything within their power to hamper the effectiveness of Kadar's rule.

ROUMANIA

54. The Roumanian régime has accomplished the changes to destalinisation and back again to a harder line with the minimum of dislocation. The old leadership has remained firmly in control throughout. Past difficulties have been explained away by blaming them on the leaders who were eliminated 1952. There have been slight relaxations such as the release of some political prisoners but police controls were always effectively maintained, and since the Hungarian rising they have been intensified. Russian troops remain in the country (and on very different terms from those obtained by Gomulka). There were signs of trouble among the Hungarian minority in Roumania at the time of the Hungarian revolt but the Government quickly crushed this. A very firm grip is being maintained on the intelligentsia and students. One of the principal members of the Communist leadership has been made Minister of Education. In sum, there is no sign of open challenge to the régime.

55. It is only on the economic front that there are clear signs of a readiness to make some concessions. There were small increases in welfare benefits at the time of the Hungarian rising. These were followed in December by promises of increases in minimum wages, by the cancellation of compulsory deliveries of agricultural products (apart from meat and wool), and by measures of decentralisation in trade. After the Hungarian events, the economic ties with Moscow were reaffirmed and the Soviet Union granted some much needed assistance in the form of credits and of cancellation of debts. Soviet grain will bridge the gap between last year's bad harvest and the 1957 harvest.

56. In 1956 the Roumanians appeared particularly eager to develop cultural contacts with the West and a few strictly stage-managed exchanges followed. The Hungarian uprising put an end to this, but the Roumanians seem interested in starting exchanges again. The Roumanian attitude to Yugoslavia remained more friendly than that of the other satellites even after the Hungarian events, perhaps because she was being used as a pawn by Russia in her complicated manoeuvres with Yugoslavia. However, relations have now worsened and there was never any introduction of Tito-type "reforms" into Roumania.

BULGARIA

57. The 20th Congress of the Communist Party of the Soviet Union was followed in Bulgaria by the demotion of Chervenkov and the posthumous rehabilitation of Kostov. However, Chervenkov remained an influence behind the scenes. Liberalisation amounted to very little. A certain amount of criticism of errors was permitted and a slightly more liberal attitude was adopted in controlling the daily lives of the people and in contacts with the West. These trends ended with the Hungarian revolution.

58. The Bulgarian Government claim that the country is solidly behind them, but they have nevertheless thought it desirable to take precautions. Police controls have been tightened and many suspects have been removed into custody or to rural areas. Discipline has been strictly enforced among students. Rumours of the presence of Soviet troop units do not seem true, though specialists and advisers are numerous.

59. On the other hand, there have been some concessions in the economic field. Capital investments for 1957 have been reduced, children's allowances have been substantially increased, a pension scheme introduced for collective farmers, and minimum wages raised for workers. Greater flexibility has been introduced into the system of state delivery quotas and the financial burden on the farming community has been eased, though the drive for complete collectivisation continues. The bureaucratic machine is being somewhat reduced and streamlined. A new Soviet loan has recently been extended.

60. Chervenkov has now returned to the front rank as Minister of Education. Relations with Yugoslavia have grown stiffer. Bulgaria's economic dependence on the Soviet Union steadily increases (Soviet economic aid of course contributes to it). The Bulgarian régime appears to be secure and, although there is good evidence that Communism has not struck roots in the country, there is no sign of potential revolt.

ALBANIA

61. The Albanian régime waited until April 1956 to join in the destalinisation chorus and then did so only in the most limited and laconic fashion. At the same time, the régime head, Hoxha, cracked down firmly on critics of his rule within the Tirana Party organization. Hoxha and Premier Shehu showed themselves in control of the situation and followed a consistently anti-Tito line. Their personal hostility to Tito was the decisive factor, together with their fear of being absorbed by Yugoslavia. Hoxha made his unbudging opposition to Tito clear in an article in the Moscow Pravda in November 1956, and has reiterated it in a public speech in February strongly attacking Tito as a "deviationist".

62. Albania gives every sign of being the most determinedly Stalinist of all the satellites. Some economic concessions have been announced, such as price reductions and wage and pension increases, but alone of all the satellites it has scheduled large

increases in industrial production and investment. The repressive activities of the Albanian police have been widened in scope. Situated in an exposed geographic position - with no common frontier with the USSR, no Soviet troop units in the country, and next door to the menace of Yugoslavia - the Hoxha régime seems resolved to keep moves toward liberalisation firmly in check by traditional methods of police control and intimidation.

YUGOSLAVIA AND THE SOVIET BLOC

63. In considering the situation in the satellite countries, special attention should be given to the position of Yugoslavia and its influence on developments within the Soviet bloc. The ostentatious Soviet declaration of friendship with the formerly "renegade" Tito in the spring of 1955 together with the apparent Soviet willingness to accept Yugoslav concepts of "many roads to socialism" and full equality in relations between Communist states, undoubtedly influenced groups both in and out of the ruling cliques in the satellite states to toy with ideas of a similar nature. The confluence of Tito's precepts with the public revelation of the excesses and evils of "Stalinism" has had a major effect on the Communist world and has contributed in considerable measure to the strains which the Soviet leadership is experiencing within its orbit.

64. The high point of the Soviet-Yugoslav reconciliation came with Tito's visit to Moscow in June 1956. Deterioration set in almost immediately. The USSR in September 1956 circulated a letter to the satellites warning them against following Tito's example. As the troubles in Poland and Hungary mounted, the Soviet leaders made clear that they considered Tito's national Communism a main factor in their difficulties in these countries. Though Tito excused the second Soviet intervention in Hungary, he deplored it in his speech at Pula on 11th November and expressed disapproval of the first intervention. He also rebutted the Soviet suggestions that he was to blame, went on to claim that the Hungarian revolt was a popular movement, that Stalinism was a product not of a "personality cult" but of the Soviet system, and that equality and recognition of equal roads to socialism were essential in dealings between Communist states. Since then polemics have continued on both sides with varying intensity and often considerable bitterness. As a result, Yugoslavia's separation from the bloc is greater than at any time in the last two years.

65. Both sides in the controversy, seem prepared to contemplate a prolonged struggle. A truce between Belgrade and Moscow has proved more difficult to maintain and develop than either side may have expected. Tito's own interest requires him to exact changes in personalities and methods in the satellites which in Hungary have already proved dangerous, to say the least. If he does not insist on such terms and returns within the bloc, his own chances for continued existence would be extremely limited. On the other side, the Kremlin clearly feels that to agree to Tito's demands would undermine the whole fabric of the Soviet bloc. The Soviet aim at present is to isolate the satellite states from Yugoslavia's influence, while for his part Tito continues to

depend on the Polish Communists as his main hope in developing his line in Eastern Europe. So long as this controversy goes on, and the prospects are that it will do so for a long time to come, Soviet efforts to impose total conformity on the bloc will be greatly hampered.

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