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WORKING GROUP ON TRENDS OF SOVIET POLICY

REVISED DRAFT REPORT ON TRENDS AND IMPLICATIONS OF
SOVIET POLICY

Note by the Secretary

The revised text of the second part of the Draft Report on Trends and Implications of Soviet Policy is attached. As agreed, it will be considered by the Working Group on Thursday, 25th November, at 9.30 a.m. The meeting will be held in Room VIII, Palais de Chaillot. This text is based on the Secretariat draft and amendments proposed by the Canadian, UK, and US Delegations. **

(Signed) LUCILLE M. PEART

Palais de Chaillot,
Paris, XVIe.

* AC/34-WP(54)4

** AC/34-WP(54)4/1, 2 and 3

REVISED DRAFT REPORT ON FRIENDS
AND IMPLICATIONS OF SOVIET POLICY

PART II

1. The Soviet Notes: The primary Soviet objective during this period has been to prevent the incorporation of West Germany into the Western defensive system. The Soviet Government have not, however, been able to propose any acceptable basis for agreement on German unification as the alternative to West German rearmament. Before the rejection of the European Defence Community Treaty, and even after the signature of the Paris Agreements, their attitude has been equally barren. Neither the Soviet Note of October 23rd nor that of November 13th represent any advance on their previous position. That of October 23rd has nothing new to offer towards a solution of the German and Austrian questions whilst that of November 13th merely repeats Molotov's proposals on European Security. The Soviet Government will doubtless persist in their attempts to prevent or postpone the ratification of the Paris Agreements, playing on Western fears of a rearmed Germany, on the German desire for re-unification, dangling the bait of Soviet acceptance of the West's disarmament proposals, while showing an ostensible willingness to negotiate. If these attempts fail the Soviet Government will almost certainly endeavour to hamstring the execution of the Paris agreements, although in the last resort they may be expected to live with the fact of a re-armed Western Germany incorporated into the Western defensive grouping (as they have done with NATO). There are already indications that, in anticipation of ratification of the Paris agreements, the Soviet Government may establish a more formal grouping of the Communist Powers in Europe, to supplement or replace the present system of inter-locking bilateral Pacts between the Soviet Union and the various Satellites. Such a system would not reinforce the

power or effectiveness of the Soviet bloc but would provide for the formal incorporation of East Germany into the Communist military grouping. Its establishment might also serve to offset, at least to some extent, the effects of the serious reverse which the ratification of the Paris Agreements will represent to the Soviet Union.

2. Disarmament: US-Soviet negotiations on President Eisenhower's plan to establish an international agency for peaceful use of atomic energy broke down as a result of Soviet insistence on a preliminary ban on the use of atomic and nuclear weapons, although the USSR has displayed an interest in continuing to talk about the plan and apparently does not want to be left out entirely in the development of such an agency. Soviet equivocation on the control question, plus its insistence on a ban on the use of nuclear weapons, brought about the failure of the attempt of a sub-committee of the UN Disarmament Commission to break the long-standing great-power deadlock on the disarmament problem. There is no indication that the USSR is honestly interested in participating in either disarmament or international atomic programmes, if these involve effective control or would be likely to provide an indication of the real nature of Soviet efforts. Soviet interest in these topics is probably best characterised by Vyshinsky's belated acceptance on September 30th of the Franco-British proposals as a basis for discussion. While the Soviet leaders may believe that some form of disarmament corresponds to their interest, Vyshinsky's apparently more forthcoming attitude seems to have been designed primarily to impede agreement on plans for including the German Federal Republic in the Western defence system. The Soviet Union will undoubtedly continue to put forward specious disarmament proposals, which, together with the long-standing demand for a ban on the use of atomic and hydrogen weapons, may be expected to play an increasingly important rôle in Soviet political warfare.

3. Germany and Austria: The inability of the Soviet Government to put forward proposals on Germany which would be acceptable to the Western Powers has been due to the fact that any such proposal would necessarily involve the weakening of the Soviet grip on Eastern Germany. This, as the farce of the East German elections on 7th October (described by Ulbricht as a model for free all-German elections) showed, the Soviet Government are not prepared to contemplate. The Soviet Government have as a result concentrated, not unsuccessfully, on building up the position and prestige of the Pankow Government. Towards Austria Soviet policy has likewise remained frozen and it has been made plain that Soviet agreement to withdraw their troops from Austria, and to conclude an Austrian Treaty, will remain conditional upon the prior conclusion of a German settlement.

4. "Normalisation of Relations": Although there has been no evidence of any change of Soviet policy on the major European problems, the Soviet Union has continued to modify the crudeness which characterised its international behaviour during Stalin's era. In certain instances Soviet behaviour has been markedly more forthcoming and cordial. Conciliatory gestures have been made towards countries hitherto depicted as the arch-enemies of Communism (Greece and Turkey). Some prisoners of war and political prisoners have been released by the Communist bloc countries. Soviet naval units have exchanged courtesy visits with Sweden and Finland. The Soviet Government have made minor concessions to various countries, a Baltic-Sea-Rescue agreement being concluded with Sweden, Scandinavian fishermen being permitted to benefit from a greater flexibility in the application of the Soviet 12-mile limit in the Baltic, and the Anglo-Soviet Fisheries Agreement being extended for a further year. The Soviet Union and the Satellites have entered, or resumed, participation in a number of international

organizations (International Labour Organization, Unesco, etc.). Above all the intensity of the Soviet cultural offensive has been sharply stepped up. There has been a marked increase in cultural, sporting and other exchanges between the Soviet Union and Europe and British and Finnish Parliamentary Delegations have been received in the Soviet Union. The Soviet Government have endeavoured to extract the maximum propaganda advantages from the majority of these exchanges and to ensure that the kudos for arranging them accrues to local communist or "front" organizations.

5. It can be expected that this policy, which has the merit of cheapness, of "normalising" relations with the non-Communist countries of Europe will continue and be expanded. It coincides with the Soviet leaders' evident desire to present the Soviet Union to the outside world in a more normal guise. It also serves as a tactical accompaniment to the theme of "peaceful co-existence", and affords Soviet diplomacy greater scope for manoeuvre. One further advantage the Soviet Union may hope to derive is the ability to exploit national susceptibilities and interest in the relations among Western countries. In certain instances the design appears more specific. For example, the policy of ostentatious friendliness towards the United Kingdom is clearly designed to accentuate Anglo-American divergences. The more cordial attitude towards Greece and Turkey, for its part, is a reflection of the failure of the policy of intimidation pursued under Stalin.

6. Finland and Yugoslavia: The more forthcoming attitude which the Soviet Government have lately adopted towards two European countries on the periphery of the Soviet bloc is of particular significance.

- (a) Finland. The Soviet Government have taken steps to strengthen their position, economically, politically and militarily, in Finland. They may be expected to pursue and possibly to intensify this policy and, although any direct Soviet threat to Finnish political independence is improbable, the Soviet leaders doubtless hope to entice Dr. Kekkonen's Government into closer relations with the Communist bloc.
- (b) Yugoslavia. During this period the Soviet Government have taken a series of measures designed to improve Soviet-Yugoslav Relations. It is significant that the signature of the Balkan Pact did not deter them from pursuing this policy. It seems probable that the Soviet Government's decision to accept the Trieste settlement was primarily dictated by their desire to further the détente in Soviet-Yugoslav relations. However, even if the Soviet Government are successful in achieving a partial rapprochement, there seems little reason to believe that Yugoslavia can be reabsorbed into the Soviet bloc, at least as long as Tito remains at the helm.

7. The Near East. Despite an occasional threatening article in the Soviet press and the adoption of an acrimonious tone in diplomatic communications, however, the USSR does not seem inclined at present to interfere actively in Iran, and indeed shows some signs of wishing to "normalise" its relations with Iran.

The present Soviet intention seems to be to make unmistakably clear to the Iranian Government that it would not view favourably Iran's entrance into an arrangement like the Turkish-Pakistan mutual-assistance treaty.

In the Near East, the Soviet effort seems to involve working both sides of the street without making a definite commitment to either party to the Arab-Israeli dispute, although the USSR seems to be playing up more to the Arab side at the moment. In this area, Moscow seems content to watch its chances and to stir up as much trouble as possible without tying itself to a definite course of action.

8. Asia. In Asia, the enhancement of Communist China's prestige has further strengthened its influence over its neighbours, and the "CPR" has become increasingly important in their foreign policy estimates. Communist policy in Asia aims to complete the expulsion of the West from the area, and, with this end in view, to neutralise the non-Communist Asiatic states. The Communists hope to do this by placing the onus for maintaining "tensions" in the Far East upon the West and by concentrating the attention of Asian opinion on issues which can be given an "anti-colonial" interpretation. In their pronouncements regarding the "liberation" of Formosa, the Chinese Communists endeavour to portray themselves as pursuing a legitimate national interest, in the face of unwarranted and aggressive intervention by the "imperialist" United States. Great stress has been laid by the Chinese Communist propagandists upon the purely domestic character of their struggle to crush the Chinese Nationalists, with particular regard to the recurrent Communist attacks on the coastal islands still held by Nationalist forces. This stress perhaps reflects concern on the part of the Chinese Communists lest Asian and world opinion identify them as the force mainly responsible for the maintenance of tensions in the Pacific. Such an identification would prevent realisation of their hope, which is to put an increasing strain upon what they believe to be the weakest link in the chain of common purpose which unites the Western allies. The Soviet position with respect to Communist

China's stand on Formosa has been one of rather restrained support, and the Nationalist-held coastal islands have hardly been mentioned by the Soviet leaders. It may be conjectured that the agreement, noted in the Sino-Soviet communique of 12th October, whereby the two governments are to "consult each other every time questions touching upon the common interests" arise, signified a Soviet uneasiness on the score of possible unilateral action by Communist China against Formosa. However, it would in any case hardly be necessary for the Soviets to exact an agreement from the Chinese not to invade Formosa: such an action would be impossible for the Chinese Communists without very extensive Soviet assistance.

India and Japan have become the primary objectives in the Communist effort to win the good opinion and to disarm the suspicions of the non-Communist countries of Asia. The Declaration on Japan in the recent Sino-Soviet Agreements makes it evident that the "neutralisation" of Japan and its detachment from the United States is a major goal of Communist policy in the Far East. This is the complement in the Far East to the prominent Communist attempts to court Indian opinion. This policy is enshrined in the "five principles", originally enunciated in the Sino-Indian agreement of April on India's rights in Tibet and reiterated in the Sino-Indian communiqué issued after Chou En-lai's meeting with Nehru at the end of June. The "five principles" are: (1) mutual respect for territorial integrity and sovereignty; (2) non-aggression; (3) non-interference in each other's internal affairs; (4) equality and mutual benefit and (5) peaceful co-existence.

9. Geneva Conference and Indo-China. The policies of the Soviet and Chinese Delegations at the Geneva Conference were well co-ordinated and, although Molotov throughout showed flexibility on procedural matters, the Chinese clearly played a leading rôle in the formulation of policy, particularly in the closing stages of the Conference. The considerations which led the Communist side to agree to settlement on Indo-China were various. In the first place, there was the fear that the prolongation of the contract would lead to United States intervention and to the possible extension of hostilities to the mainland of China. The Communists may also have calculated that an intransigent attitude on their part would antagonise free Asian opinion and increase their apprehensions of Chinese policy. On the other hand, a show of conciliation was likely to accentuate differences between the United States and her allies. Finally, the Communists undoubtedly hoped - as they still do - through political means to acquire control over all Indo-China without the risk or burden of war, as a stepping stone towards the further expansion of Communist influence over the free countries of South East Asia. Thus, since Geneva, the Viet Minh have in general displayed a willingness to observe the forms of the Armistice Agreement, particularly in Vietnam and Cambodia. Although the Viet Minh regular Army is being rapidly expanded (by the incorporation of irregulars into regular units), this is probably more with a view to overawing opinion in South Vietnam and Laos and Cambodia than as a prelude to further military aggression. In any event, the political and administrative difficulties with which the Governments of South Vietnam, Laos and Cambodia are faced, afford scope for Communist political infiltration and subversion.

10. East-West trade and under-developed areas. As part of their effort to lend a semblance of concrete meaning to "peaceful co-existence" both the Soviet Union and China have continued to dangle the carrot of greatly expanded East-West trade before Western opinion and the Soviet Union has displayed increasing activity in regional and international economic organizations. There has been a modest expansion in Soviet trade with Western Europe over the low levels achieved in 1953 and the Soviet Government may consider it desirable on economic grounds further to expand such trade. But the self-sufficiency of the Communist bloc remains a basic Soviet aim and there is no concrete evidence to suggest that the Soviet Government are willing or able to furnish exports on a scale sufficient to provide for any considerable increase in Soviet imports from the West. Meanwhile they will continue to extract the maximum political advantage from Soviet trade with the free countries and to exploit the strategic controls issue for propaganda ends and as an explanation of the existing low level of East-West trade.

There have been signs of increasing Soviet interest in the fields of technical and economic aid to "under-developed areas". The USSR have offered to supply India on favourable financial terms, with the equipment for a steel plant with an initial annual capacity of half-a-million tons. In Afghanistan, economic penetration is being actively pursued. However, Soviet financial participation in this field is still inconsiderable. It seems probable that, as in the case of trade, the USSR hopes to reap maximum political advantages in this sphere from a minimum of economic effort. Substantial participation in aid to under-developed areas is unlikely so long as the USSR remains pre-occupied with its own economic development and with the need to satisfy Chinese Communist demands. It would nonetheless seem logical to expect an increasing Soviet propaganda campaign on the subject, built primarily around the attempt to

contrast "disinterested" Soviet efforts with the allegedly "colonial" nature of Western, and particularly United States, activity in this field.

11. The Soviet Satellites. There has been no loosening of the Soviet grip on the Satellites, although the Soviet Government have shown themselves more flexible in their dealings with the Satellites and appear anxious to render the fact of Soviet control more palatable to them. A recent example was the announcement of their intention to surrender their shares in the majority of the Joint Companies in Roumania, Bulgaria and Hungary. However the Soviet Government have been careful not to surrender their share in certain key companies in Roumania and Bulgaria and the requirement on the Satellites to pay compensation robs the bargain of much of its attraction for the Satellites. But there is no evidence that the effective hold which the Soviet Government exercise over the Satellites, as a result of their remaining network of controls, has been relaxed. Moreover the process of economic integration may be carried a step further by the projected co-ordination, for the period 1956-60, of the timing of the 5-year Plan of all the Satellites except Bulgaria with that of the Soviet Union.

12. Soviet Military Position. The Soviet leaders are pursuing the intensive development of their Armed Forces. The Soviet Union continues to test nuclear weapons, including some which are apparently as powerful as any in the world. They are making a major effort to produce a diversified arsenal of atomic weapons in useful quantities and to develop the means for delivering them (including the guided missile). There are indications that the Soviets are restudying their tactics and organization in the light of Allied atomic capabilities, and of their own possible use of such weapons. They are known to have issued basic publications in this field and to have field-tested new doctrines and tactical conceptions.

Intensive Soviet development, coupled with a gradual realisation on their part of the increasing likelihood that such weapons will be a normal part of a major conflict may foreshadow readjustments in their Armed Forces which Soviet propaganda could exploit as reductions and steps toward disarmament. In fact, such steps would strengthen their military posture. While there is yet no evidence of any such development, it would constitute a logical application of current military thinking. In any event, the West must be prepared for this eventuality.

The 1954 budget showed a reduction of 9 percent in the published allocation for defence expenditure. This expenditure, however, does not cover a number of vital military items, including nuclear development. Moreover the reduction in open military expenditure may not involve any reduction in the rate at which the Soviet Armed Forces are being re-equipped with up-to-date weapons of a conventional type. It is possible that the decrease in revealed expenditure may be entirely attributable to a cut in expenditure on ammunition, consequent upon the end of active hostilities in the Far East.