

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

ON LOAN

EXEMPLAIRE N° 577
COPY

CONFIDENTIAL

ORIGINAL: ENGLISH/FRENCH
22nd April, 1960

ARCHIVES
THIS COPY MUST BE
RETURNED TO STRONG ROOM

~~NATO SECRET~~
DOCUMENT
C-M(60)41

DN287
30-6-67

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

Report by the Committee of Political Advisers(1)

PART I: GENERAL

Like the USSR, the Eastern European bloc countries have in recent months exhibited both political confidence and a determination to hasten economic expansion. Except in Poland, the mood of the people reflected a further trend toward acquiescence, a process aided by some improvement in living standards. There is continuing resentment, however, at the tightening of political and economic discipline by the régimes in the interest of further socialisation.

2. The Satellites have continued to be closely associated by the USSR with the pursuit of its international objectives. They have supported the general Soviet pre-Summit position by participating in the bloc propaganda campaign to attack NATO unity by defaming the Federal Republic.

3. The Political Consultative Committee of the Warsaw Pact was convened to demonstrate, prior to the Summit Meeting, the cohesion of the "Socialist Bloc". The final communiqué approved the proposals of the USSR on general disarmament and the measures for the reduction in size of the Soviet armed forces. However, it announced no corresponding reduction in the armed forces of the Satellites or in the strength of the Soviet forces stationed in Eastern Europe. It made special mention of the intention of the Satellites to conclude a separate peace treaty with Eastern Germany and to settle the Berlin question on the same basis if the conclusion of a peace treaty with both Germanies could not be arranged with the Western States.

4. Even before any real détente in East/West relations, the Satellite leaders are already on their guard against the dangers which might be incurred within the Peoples Republics by the easing of these relations. Obsessed by the memory

(1) This report was approved by the Committee on 13th April, 1960.

NATO SECRET

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIÉ - MISE EN LECTURE GÉNÉRALE

of the events of 1956, they appear to fear that a relaxation of international tension may encourage those elements which have never ceased to hope for liberalisation of the régimes to persist in their attitude. The official line insists, in and out of season, that peaceful coexistence does not signify an "ideological truce" and that it in no way implies any kind of compromise with bourgeois and capitalist concepts.

5. Initiatives by the Satellite countries in the foreign policy field have been the repetition by Bulgaria of the proposal for a Balkan Prime Ministers' Conference; the Bulgarian threat to request Soviet missile bases on its territory if Greece agreed to the stationing of American missiles in Greece; and Ulbricht's threat to request the USSR for nuclear weapons. The East European régimes have also sought to enhance their international standing by developing contacts with the West and by seeking greater prestige and influence in the United Nations.

6. The Satellites have continued to make substantial economic progress except in agriculture. In their economic planning, first place has been given to capital formation, technological improvements and productivity while the consumer's needs came second.

7. The régimes have tried to quicken the pace towards completing the "buildings of Socialism". The keynote was struck by Khrushchev in Budapest in December, when he said: "We must consistently, creatively implement Lenin's teaching of the building of Socialism and Communism ... We must not fall behind or go too far ahead. We must, figuratively speaking, synchronise our watches". This remark recalls his prediction to the 21st Congress of the CPSU that all the Socialist countries would "make the transition to the higher phase of communist society more or less simultancously".

8. COMECON (Council for Mutual Economic Assistance) is increasing in importance and assuming a more authoritative rôle in economic co-ordination and long-term planning. At the December meeting in Sofia, at which a formal charter was adopted, agreement was reached on extending the principle of the "division of labour". The growing economic specialisation of the individual countries is tending to increase their dependence on each other and on the Soviet Union. The COMECON resolutions on division of labour and on specialisation in manufactures are generally implemented by means of bilateral agreements.

9. These efforts toward economic co-ordination were also manifested at the agricultural conference held in Moscow early in February. This conference requested COMECON to study the possibilities of further specialisation in agricultural output and in the production of machinery and chemicals for agriculture.

The holding of this conference at a high Party level probably reflected the concern of the leaders at the continued failure of agriculture to keep pace with other economic developments. The slow pace of collectivisation in some countries may have been discussed, although the Polish representatives do not seem to have been placed under any heavy pressure.

10. One of the factors which has determined the character of Satellite trade with the West has been their need of Western capital goods and "know-how". It seems likely that the activities of COMECON entail a certain amount of co-ordination of economic, particularly trade, policy in relation to non-bloc countries. The development of fears in Eastern Europe that its trade with the West may be adversely affected thereby.

11. In the bloc's penetration of underdeveloped countries, the Satellites have devoted particular attention to Africa, using trade, technical assistance, political training and educational facilities for this purpose.

12. Pressure for cultural and intellectual conformity in most of the bloc countries demonstrated their continuing difficulties in harnessing recalcitrant intellectuals to serve the "socialist" cause. The churches too were subject to further attacks both directly and by anti-religious propaganda.

PART II: COUNTRY STUDIES

POLAND

13. On the home front, the Polish régime, as compared with the régimes in the other People's Republics, continues to present a relatively liberal appearance, which is very different from what it was before the de-Stalinisation period. In the autumn of 1959, there was some worsening of the economic situation, especially in food supplies, which led Mr. Gomulka to make extensive changes in Party and State posts. Persons who, since 1956, had been more or less relegated, were given posts with major responsibilities. Conversely, persons known for their liberal leanings were dismissed or handed in their resignations. These changes created uneasiness in Polish public opinion.

14. A tendency towards tighter discipline has emerged in recent months. Nevertheless, the Party and the Government, while marking their intention to react against slackness and to tighten things up all round, have shown themselves anxious to avoid clashes, and, generally speaking, the gains of October 1956, although apparently less secure, do not so far appear to be directly threatened.

15. Gomulka's popularity has suffered, but his position in the Party is still unchallenged. There is public resentment, chiefly among the professional middle classes and the industrial workers, over the austerity measures introduced last autumn.

16. On the economic front, the Polish régime has been imposing a policy of retrenchment. Among the measures it has taken are: reductions in personal consumption, stricter financial controls at the centre, and a raising of work norms in some enterprises. It has also frozen basic wages, curtailed overtime payments and bonuses, and discharged some industrial personnel. These measures have in a few cases provoke strikes.

17. While these measures have been designed to curtail demand, the régime is also concerned about raising labour productivity and improving economic efficiency. These questions were discussed at the Party's Fourth Plenum in January, which devoted particular attention to improving technological education. In spite of the difficulties, Polish industry made progress during the past year, especially in the field of capital goods.

18. Partly due to adverse weather conditions, production targets in agriculture were not met. A notable decrease was observed in livestock and meat supplies. The régime is still cautious in its approach to collectivisation in agriculture. The campaign for mechanisation through the voluntary agricultural circles made little progress. The peasants, unconvinced of the

need for machinery, remained suspicious of the scheme, fearing that it will lead to collectivisation. The declared intention of the authorities to claim arrears of taxes from the peasants constitutes, however, a means of exerting pressure on the peasantry.

19. There has been a tightening of Party control over cultural activities, information and education. This was most clearly demonstrated during the tenth congress of the Union of Polish Writers in December. Although the non-conformists remain represented on the Board, Slonimski, an outspoken opponent of socialist realism, was not re-elected as Chairman, and communist representation on the Board was increased. This meeting has been followed by some restrictions on writers. The Government placed the Academy of Sciences under its direct control in February. Since the beginning of 1960, the study of "Marxism-Leninism" is again compulsory in the different branches of teaching, including technical teaching, but this measure does not seem to be effectively applied. A number of intellectuals with liberal leanings have been relieved of their posts.

20. The general trend at present seems to be one of increasing conformity with the rest of the bloc in cultural matters. Nevertheless, there is a relatively large measure of intellectual freedom, and cultural exchanges with the West are still very active.

21. There has been no significant change in Church-State relations. On 11th January, Gomulka had a lengthy private meeting with Cardinal Wyszynski. A consequence of the meeting appears to be the Cardinal's Pastoral Letter, published on 18th March, pointing out the duty of every Catholic actively to assist in overcoming the present serious economic difficulties. Gomulka at present seems to wish to avoid a collision with the Church, but it is clear that a number of Church-State issues remain unresolved. These include the question of the taxation of Church revenue, ownership of certain Church properties, religious education, and birth control. The mixed Church-State Commission, convened in March to discuss some of these issues, resulted in a compromise, leaving the most important problems unsolved.

22. As was shown by Rapacki's speech to the Sejm in February, Polish foreign policy is closely aligned with that of the USSR, although the Polish leaders may possibly have some reservations on specific Soviet initiatives. Poland, for national reasons, has a special interest in a "détente".

23. The increased contact between Khrushchev and Western leaders has diminished Poland's claim to act as an interpreter between East and West. Poland is, however, continuing her efforts to develop closer relations with individual Western states, as exemplified by the visits of the Danish, Norwegian and Austrian foreign ministers to Warsaw. Deputy Premier Piotr Jaroszewicz left for the United States on 23rd March, following a United States Government invitation. Poland has

also sought to enhance her international status - e.g., by her determined bid for a seat on the United Nations Security Council.

24. Poland's balance of payments have continued to deteriorate. Aggravating factors were the drop in world coal prices and a slackening of demand for Polish coal in Western markets. For 1959, the foreign trade deficit is estimated to have increased 63% over that of 1958. In spite of additional credits from the United States, Polish trade with the West has dropped from 42% to 38% of its total foreign trade. Overall export goals for 1960 are scheduled to rise by merely 4.9%. The new trade agreement with the Soviet Union for 1961-65 to a total turnover of no less than 5.5 milliard zlotys represents an increase of 60% as compared with the 5-year period expiring this year.

SOVIET-OCCUPIED ZONE OF GERMANY

25. The East German régime has concentrated its attention increasingly on pre-Summit manoeuvring, and has zealously supported Soviet statements on Germany and Berlin, including the reference to a separate peace treaty. It has attacked the links between West Berlin and the Federal Republic, contending that the whole of Berlin belongs to the territory of the "German Democratic Republic".

26. It has continued its campaign for international recognition. Typical of its efforts in this respect was the tour of the Far East by the Minister of Trade, during which every opportunity was used: (a) to align Asian support for the bloc position on Berlin and the peace treaty question; (b) to develop trade opportunities as a preliminary to diplomatic overtures; (c) to enhance its international status in uncommitted areas; and (d) to discredit the Federal Republic. In early March, following a visit by the Guinean Ambassador in Moscow to the East German authorities, it was announced in Pankow that Guinea had established diplomatic relations with the East German régime. After various exchanges between the Guinean and Federal German Governments, the Government of Guinea have made it quite clear that no diplomatic relations had been established between Guinea and the Pankow régime. Consequently, the so-called "DDR" has still not been recognised by any non-communist state.

27. In January, Ulbricht added to the intensive propaganda attacks on the Federal Republic a threat to ask the Soviet Union for rocket weapons if the "nuclear rearmament" of the Federal German Forces continued. This move evoked no public response from the Soviet Union, and its only result so far has been the establishment of a National Defence Council, the significance of which is still unclear. Ulbricht's threat was ill received by the vast majority of the population.

28. Internally, the most important development in the period under review has been the campaign for the complete collectivisation of agriculture. Since the 7th SED Central Committee Plenum in December, this campaign has been intensified

to a degree which has no precedent in other satellite countries. Through the relentless application of economic pressure and political terror, the régime has managed to raise the proportion of arable land in State or collective farms to 54% by the end of 1959 and to over 90% by the beginning of April 1960. In 11 out of 14 administrative districts, this proportion has reached 100%. One of the aims of this campaign, apparently, is to bring about before the Summit Conference, the fait accompli of the complete "socialisation" of the agriculture of the Soviet Zone, thus bolstering Pankow's thesis that on account of the difference in the social systems of the two parts of Germany, no progress in the German question is possible.

29. The Soviet Zone has made further progress on the industrial front in carrying out the Seven-Year Plan, but not in agriculture. Reports on the fulfilment of the 1959 plan claim that gross industrial production rose 12% over the previous year, and that productivity greatly increased. Agricultural targets, however, were not reached. Further setbacks in this field can be expected as a result of the forced collectivisation which is meeting with the serious opposition of the peasants. There have been reports of suicides among farmers, and the flow of independent farmers to the West during 1959 and early 1960 has markedly increased.

30. The new trade agreement signed with the Soviet Union in November threw new light on the extent of Soviet aid to the Soviet Zone. Under the agreement, during the next three years imports from the Soviet Union are greatly to exceed exports, but in the three subsequent years, this trend is to be reversed. One of the objectives of these arrangements may be to help the Soviet Zone in its task of overtaking the Federal Republic in per capita consumption of the most important consumer goods.

31. The movement of refugees from the Soviet-Occupied Zone continues. The overall refugee figure has dropped; in 1959 it was 143,917, compared with 204,092 in 1958. In March 1960 the number of refugees was 13,442, thus showing a marked increase over the figures for the preceding four months (under 10,000 per month).

32. One of the main reasons for the drop is the fact that Pankow, in an attempt to counteract the constant loss of manpower, has tightened up controls still further. At the same time, additional pressure has been exerted on relatives of refugees in order to induce them to return, and great leniency is shown to returning refugees in the application of the penal regulations concerning the so-called "flight from the Republic".

33. The importance of the church as a bond between the two parts of Germany was evident in the All-German Synod of the Protestant Church held in Berlin in February.

CZECHOSLOVAKIA

34. Czechoslovakia has remained the most conformist of the East European satellites; the régime is firmly entrenched, the population acquiescent, and the economy relatively prosperous.

The régime is intent on the formal completion of "the building of socialism" and has been preparing an accelerated drive for increased economic efficiency.

35. Far-reaching administrative reforms are to be put into effect during 1960: Czechoslovakia is to be divided into ten administrative regions in place of the present nineteen. Each region will coincide so far as possible with the natural economic divisions of the country. The task of the Regional Committees will be to co-ordinate the economic activities of their areas, the main executive burden being transferred to the lower, District Committee, level. The structure of the Czechoslovak Communist Party is to be reorganized on the same basis.

36. The object of this apparent decentralisation will be to increase economic efficiency, and to bring the centre closer to the localities, rather than to increase the autonomy of the latter. There is to be no relaxation of central control by the State Planning Commission, and the Party's grip on every aspect of national life is likely to be strengthened.

37. A new draft of the Constitution is to be submitted to the National Assembly next autumn. No details have been published, but it is expected that the new Constitution will sever the last remaining links with the old régime and with "bourgeois" society and symbolise the achievement of socialism.

38. The drive to achieve socialist conformity in the arts and in intellectual life has continued. The régime is taking particular care to prepare the population for the possibility of a détente after the Summit by emphasising in its internal propaganda that "peaceful co-existence" does not mean an end to the ideological struggle.

39. In foreign policy, Czechoslovakia has remained a faithful and diligent member of the Soviet clique. It continues to play a leading rôle in political and economic penetration of uncommitted and underdeveloped countries, and to act as a centre for political indoctrination of Africans and Asians.

40. The Czech economy continues to expand steadily. The targets announced in the State Economic Plan for 1960 are relatively modest, but the Third Five Year Plan (1961-65) is likely to be ambitious. It is claimed that 1959 witnessed an increase of 10.9% in industrial production, although the plan was not fulfilled in several essential metallurgical sectors.

41. Agricultural production, on the other hand, continues to be the weak spot in the economy, and, according to official statistics, dropped somewhat in relation to the previous year. There has been a modest increase in the scale of collectivisation of agriculture, and the process of collectivisation is due to be almost completed by the end of 1960. During the period 1961-65, a 21% increase in agricultural production is planned.

42. Czechoslovakia continues to play an important part in the economy of the Eastern bloc. She has also continuously developed her economic and political efforts in the underdeveloped areas of Asia, Latin America and Africa. Her credit of 231 million rupees to India, granted in November, is the largest ever made by a satellite country.

43. Popular dissatisfaction with various political and economic controls exists, particularly among students and youth, intellectuals, farmers and other groups affected by the relentless drive to wipe out the last vestiges of private enterprise. At the same time, widespread nationalist sentiment persists in Slovakia, but there are no indications that either dissatisfaction or national sentiment could pose a threat to internal security and stability.

HUNGARY

44. The Hungarian régime has continued to gain in confidence and to maintain a defiant attitude to Western criticism. The majority of Hungarians remain opposed to the régime, but an increasing number are tending to accept the present state of affairs with resignation. However, the population retains some hope that a détente between East and West may lead to some liberalisation of the régime. Official propaganda stresses that the co-existence policy cannot be accompanied by any change in the present status of the country whose integration into the Socialist camp must be accepted as irrevocable.

45. The seventh congress of the Hungarian Socialist Workers' Party, which took place from 30th November to 5th December, 1959, was the first to be held since the 1956 uprising. Khrushchev's attendance served to demonstrate his support for the Kadar régime. The congress produced no surprises. Its main purpose seems to have been to acknowledge the régime's work of consolidation, the liquidation of the aftermath of the revolution, and the removal of the threat from the "Stalinists". The speeches of Kadar and Khrushchev completed the official version of the way in which Kadar came to power. For the first time, Khrushchev publicly admitted that there had been doubts in the Kremlin about the wisdom of Soviet intervention in 1956. Both he and Kadar assigned to Rakosi and his supporters a very heavy responsibility for the revolution.

46. At the same congress, Kadar scotched persistent rumours which had preceded the meeting that Soviet troops were to be withdrawn by saying that the troops were in Hungary under the Warsaw Pact, not for domestic security reasons, and that they would remain "as long as the international situation makes it necessary."

47. Persistent reports of executions and repression in Hungary have continued. They have been denied by the Hungarian authorities, but there is, in fact, little doubt that the régime has been following a deliberate policy of repression, and that there is foundation for at least some of the reports which have reached

the West. The amnesty of political prisoners announced on 31st March may be seen as a concession to domestic and world opinion. Despite the amnesty, which has benefited a number of intellectuals, there has been so significant relaxation of the régime's attitude towards intellectual and cultural activity. Many intellectuals and others serving terms of imprisonment longer than six years were excluded from the amnesty. Among the latter are Bibó, Gáli and Oberyovsky, three writers who supported Nagy and were sentenced to life imprisonment. On the other hand, some notorious members of the Rakosi régime have been released from prison.

48. As regards the Catholic Church, the Government continues to exert pressure by the means at its disposal, the most important of which is the annual State grant to the Clergy. The renewal of the grant coincided this year with certain statements by the Hierarchy, which can be construed as favourable to the régime. Nevertheless, even quite recently, the basic principles of the faith, on which there can be no compromise, were recalled to church-goers.

49. The Hungarian Government have persisted in refusing to allow Sir Leslie Munro, the United Nations Special Representative on Hungary, to enter their country.

50. The effect of government changes announced in Budapest on 16th January appears to be that Kadar has consolidated his position by giving new posts to his close supporters. Kallai's appointment as Chief Deputy Prime Minister may be a prelude to his succeeding Munnich as Prime Minister.

51. The Central Committee of the Party passed a resolution on 12th February suspending the collectivisation programme until further notice. It was claimed that, following the successful collectivisation drive in 1959, 70% of the arable land in Hungary now belongs to state or collective farms, that most of the targets for the three-year plan, 1958-1960, have already been achieved, and that industrial production rose by 11% over 1958 thus outstripping the plan. Progress in light industry lagged, however.

RUMANIA

52. There has been no significant change in Rumania's internal political position. The régime has continued its oppressive policies. In line with the Soviet Union's new emphasis on peaceful co-existence, the Rumanian Government have made some moves to improve relations with the West, particularly in the cultural and commercial fields. In the economic sphere, the régime showed willingness to hold talks on financial claims with the United States, Great Britain, Italy, Belgium and other countries.

53. The two main economic objectives continued to be industrialisation and socialisation of agriculture. The relatively satisfactory expansion of industry now taking place, as

well as record agricultural yields last year may enable the Government to put more emphasis on an improvement of the standard of living.

54. The third congress of the Rumanian Workers' (Communist) Party was originally slated for late 1959. However, delays and complications in drawing up a new six-year plan (1960-65), a main point on the agenda, have forced its postponement to some time in the spring of 1960. There has been a concerted drive to raise Party membership and to bring the arts into line with socialist standards. Pressures on the peasantry for collectivisation increased, and a drive was undertaken to reduce the private sector in non-agricultural activities. At the end of 1959, it was claimed that 72% of the country's agriculture had been socialised. An effort was made to gain popular co-operation by increasing labour productivity rather than by introducing new oppressive measures.

55. Rumania plays an important part in action of the Soviet bloc directed towards the Balkan region. After the unsuccessful Rumanian declaration to the Greek Government on 6th June, 1959, which repeated the proposals of Stoica for a conference of Heads of Balkan Governments and supported the Soviet plan for a de-atomised area in the Balkans, Mr. Joja, Vice President of the Council, attempted to revive these proposals in the course of a purely academic, unofficial visit to Athens in November 1959. Faced with the firm attitude of official circles in Greece, these moves proved equally unsuccessful. His subsequent resignation was attributed to the failure of his mission.

56. The Rumanian Government have recently permitted the resumption of the emigration of Jews to Israel and other countries in larger numbers.

57. Technical assistance by Rumania to the under-developed countries was confined to the despatch of technicians to Afghanistan, India and Burma for geological and oil-prospection surveys.

BULGARIA

58. Though there have been reports of friction between the Bulgarian leaders arising out of a difference of view about the pace and method of fulfilment of the Government's economic plan, the régime remains apparently stable and confident. In line with the Soviet policy of peaceful co-existence, the régime has shown some signs of interest in the cautious development of commercial and cultural exchanges with the West. Bulgaria has also restored diplomatic relations with the United States and with Japan.

59. The December 1959 re-shuffle in the Ministerial Council involved the abolition of six Government departments and the creation of three new ministerial posts. This re-shuffle was evidently designed to improve the efficiency of the economic ministries and committees and to bring in younger men with proven administrative ability.

60. Despite failure to fulfil the "economic leap forward" programme in 1959, particularly in agriculture, substantial overall gains were registered. The Bulgarian internal scene continues to be dominated by the drive to complete the Five-Year Plan two years ahead of schedule in the industrial sector. This prefulfilment of goals would increase possibilities of co-ordinating the Bulgarian plan with Soviet plans. The increased weariness of the population, particularly the recalcitrant peasants, and the complacency of local officials, led the central Government to make adjustments: these included reduction of targets to more realistic levels and the adoption of higher wage incentives.

61. The demands of Bulgaria's foreign trade exert strong pressure on the country's internal economic situation. Bulgaria has entered into commitments with various countries regarding exports of agricultural produce, and can only meet these commitments by maintaining very low living standards, since agricultural production has fallen short of the targets set for 1959.

62. Bulgaria, like the other Satellites, continued to echo the Soviet line on all international issues. Nevertheless, the occasional reiteration of the hard ideological line and warnings of the dangers of compromise with bourgeois and revisionist ideologies, suggests that the Bulgarian leadership has reservations on the effect on the internal situation of the policy of détente and co-existence.

63. The violent press campaign launched against the Turkish Government seems to have become somewhat less virulent since December. In a speech in December, Zhivkov, the Party First Secretary, repeated the Rumanian proposal for a Balkan heads of government meeting; threatened that Bulgaria would request Soviet rocket bases if Greece accepted rocket weapons from the United States; offered a non-aggression pact to Greece; and reiterated the proposal for a Balkan "zone of peace". More recently, in a speech in March, Prime Minister Yugov, while making no reference to the fact that Bulgaria continues to refuse payment of reparations due to Greece, raised the question of the possible use of certain Greek ports for Bulgarian trade. This declaration could only be for purposes of propaganda, since otherwise it would have been made through diplomatic channels and in different terms.

ALBANIA

64. The Communist régime remains in firm control, backed up by extensive Soviet financial and technical aid. Although there have been some signs of a slight improvement in living conditions, the régime remains oppressive and authoritarian. The Albanian leaders have expressed formal approval of Khrushchev's initiative for an international détente - as they had to - but at the same time have agitated for greater vigilance against Albania's enemies. Albania's fears of a genuine East-West rapprochement are well-founded, since such a development would tend to undermine the basis of the régime's rigid Stalinist rule.

65. Albania has backed up the Communist proposals for an atom-free zone in the Balkans and the Adriatic. In her attitude towards Yugoslavia she has been less restrained than the other satellites, and her propaganda attacks have been resumed after their temporary cessation at the time of Khrushchev's visit. They appear to be tolerated by the Soviet Government and to be actively encouraged by Communist China.

66. Plans have been announced for the construction of a large broadcasting station in Tirana, and Albania now seems destined to become a centre for disseminating propaganda directed to the Middle East, doubtless on the themes of the compatibility of Marxism and Islam and the benefits of Soviet aid to backward countries.

67. In the economic field, 1959 closed with disappointments, particularly in agriculture, where results, even according to official claims, fell far below the targets. The régime's collectivisation policies have evoked strong peasant opposition.

PART III: YUGOSLAVIA'S RELATIONS WITH THE SOVIET BLOC

68. Yugoslav relations with the Soviet Union have varied little in recent months; on the governmental level relations are correct. Although the Soviet press tends on the whole to ignore Yugoslavia, criticisms of Yugoslav revisionism continue to appear mainly in the theoretical journals. It is clear that no compromise on ideological issues between Yugoslavia and the Soviet Union is possible at present and relations between the two Communist parties appear to be non-existent. The visit to the Soviet Union early in January 1960 of Mr. Vukmanovic-Tempo, President of Yugoslav Federation of Trade Unions, gave rise to speculation in the Western press of some kind of Soviet-Yugoslav rapprochement. No developments have so far followed from it.

69. Yugoslavia's position on Germany, disarmament, the banning of nuclear tests and other East-West issues remains much closer to Moscow than to the West. The Yugoslav authorities have, however, not yet indicated the attitude they intend to adopt if the Soviet bloc countries decide to conclude a separate peace treaty with Eastern Germany. While Khrushchev's campaign for "peaceful coexistence" and the Soviet announcement of plans to reduce its armed forces have received voluble Yugoslav support, the independence of Yugoslavia's foreign policy continues to be shown in its unwillingness to support the bloc's proposals for a Balkan "zone of peace" so long as bilateral solutions have not been achieved for problems at issue between Balkan countries.

70. Towards the end of 1959 there were signs of anxiety among the Yugoslav leaders about possible consequences for Yugoslavia of a successful Summit meeting, although in principle they remain strongly in favour of a détente. They are clearly apprehensive that some East-West bargain might be struck at the Summit which would ignore the interests of the small nations, particularly those which are uncommitted and would leave Yugoslavia politically isolated. In May and June last year the Yugoslavs made a series of formal requests to the Western powers to be included at the Summit. By the end of 1959 this view had developed into a demand, voiced in speeches on several occasions by President Tito and other Yugoslav leaders, that any decisions reached at the Summit should be ratified, possibly through the United Nations, by the smaller nations whose interests would be affected by such decisions.

71. In view of the trend toward economic integration in both East and West, Yugoslavia obviously fears that her isolation might become economic as well as political. This may help to explain why the Yugoslav leaders have recently shown themselves ready to settle bilaterally some of the problems pending with the Western countries. Thus, the Yugoslav Parliament ratified, on 25th December, the agreement on the compensation to be paid for Turkish property expropriated in Yugoslavia. This ratification

had for many years been deferred. The Yugoslavs have also publicly and privately proclaimed their wish for closer co-operation with Turkey. Their excellent relations with Greece continue and there have been many overtures towards other Western countries. Attacks against the Federal Republic of Germany have, however, increased in recent months.

72. Yugoslavia's relations with the satellite countries have followed in the main the lines of her relations with the Soviet Union. The principal exception to this is Albania whose polemics against Yugoslavia have continued. Yugoslavia's relations with Poland have remained better than those with any other bloc country. While the press of other bloc countries has remained silent about the successes of Yugoslav agriculture, the Polish press has gone so far as to compliment the Yugoslavs on their agricultural system. The Polish ousting of two Yugoslav Military Attachés from Warsaw in December could easily have led to an exchange of attacks, but both sides took steps to avoid repercussions. Poland, however, has decided against opening in Belgrade an information bureau in exchange for the installation at Warsaw of a Yugoslav information bureau. In spite of this there have been recent indications on both sides of a desire to improve inter-governmental relations. The Yugoslavs have rebutted bloc attacks in kind, but have generally avoided giving any provocation. They have, however, strenuously defended their "special road to socialism", and have not hesitated to draw invidious comparisons between Yugoslav and bloc economic progress. The Chinese press has continued to criticise Yugoslavia for her revisionism and Yugoslav comments on China have been uniformly caustic.

73. Despite the fact that Yugoslavia's request for observer status at COMECON was refused, its trade with the bloc improved during the last half of 1959, even though total trade for the year remained slightly below 1958. Trade protocols for 1960 were negotiated without the recriminations that accompanied last year's agreements. Nevertheless, no agreement was reached with the USSR on the suspended Soviet credits.

74. Yugoslavia's attitude toward regional co-operation was pointed up by the position it took on the Rumanian-sponsored Balkan Youth Conference held at the beginning of the year in Bucharest. The Yugoslavs agreed to come to the meeting only after the Albanians had toned down their anti-Yugoslav attacks and the youth group of the centrist Greek Liberal Party had agreed to participate. Other contacts with bloc countries were established during meetings of peace movements, student meetings and so forth. Yugoslavia keeps up its strenuous efforts to increase its ties with the non-bloc underdeveloped countries.

Those aim at increasing Yugoslavia's prestige in the uncommitted world, diminishing its political isolation, securing the support of those countries for Yugoslav policies, particularly in the United Nations, and seeking new markets for Yugoslav products.

(Signed) EVELYN SHUCKBURGH
Chairman

OTAN/NATO,
Paris, XVIIe.