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

Report by the Committee of Political Advisers ⁽¹⁾

INTRA-BLOC RELATIONS

The most important event of the past six months, as far as the peoples' democracies are concerned, was the meeting of the representatives of the 81 Communist Parties in Moscow in November. All of the Eastern European bloc countries with the exception of Albania, threw their ideological support behind the Soviet Union. Albania aligned itself closely with the Chinese at the Conference and has since continued to espouse Chinese views while professing loyalty to Soviet leadership and bloc unity.

2. For Eastern Europe, the most important outcome of the Moscow Conference was a slight, but perceptible, weakening of Moscow's status as the uncontested leader of the Sino-Soviet bloc. The USSR is no longer referred to specifically as the "leader" of the Socialist camp; instead the accent is now on the unity of the camp. Nevertheless, the Soviet Communist Party still holds a privileged position as the "vanguard" of the movement.

3. The statement issued by the 81 reflects a hardening in the attitude of the bloc towards Yugoslavia, which was bitterly attacked for its "subversive machinations" against the entire workers' movement.

4. Certain items of information seem to suggest that Mr. Gomulka played a particularly important part at the Conference.

5. The declaration commends the socialisation of agriculture on a voluntary basis, (which might apply particularly to Poland).

(1) This report was approved by the Committee of Political Advisers on 10th April, 1961, as a background paper for Ministers.

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6. The Council for Mutual Economic Assistance (COMECON) has further intensified its activities aimed at closer economic co-operation within the bloc. The subjects treated include long-range economic planning, agricultural problems and the distribution of work among industries in bloc countries. Developments have included the granting of credits by Czechoslovakia for the development of Polish copper mining, chemical and engineering industries. The closer economic co-operation is reflected in the fact that intra-bloc trade has increased more rapidly than that with the free world, thus increasing the degree of bloc interdependence. Hungary, Rumania and Bulgaria are making considerable efforts in this direction in accordance with the directives of the Moscow Conference of Communist Parties.

EXTERNAL RELATIONS

7. The Satellites have adhered closely to the Moscow line on all international issues, including efforts to unseat the United Nations Secretary General and to reorganize the United Nations. An exception is Albania which, like Communist China, has disapproved certain aspects of Soviet Policy and in particular has discounted any idea that the advent of a new American administration has created a better climate for East-West negotiations. With Czechoslovakia, the Soviet Zone of Germany and Poland in the lead, the Satellites continue to play an important part in the bloc's offensive in Africa, Asia and Latin America.

8. In pursuit of Soviet bloc political aims in Latin America, most of the Satellites have concluded with Cuba trade and credit arrangements, which from the economic point of view appear unrealistic. COMECON has decided recently that Cuba should receive in economic relations a treatment equally favourable to that given to bloc countries.

9. While attaching more immediate importance to problems outside Europe, such as Laos and the Congo, the Soviet bloc has constantly made it appear that the questions of the German peace treaty and Berlin still call for an early solution. This priority was reaffirmed by the Warsaw Pact Conference on 28th and 29th March, 1961. There was, however, some diminution in the vehemence of Satellite propaganda on these questions. During the last six months, the Pankow Government has unsuccessfully pursued its efforts to obtain recognition by the non-Communist countries. Some informal Polish-German exchanges have taken place with a view to an improvement in relations, but these have so far led to no developments: the Polish Government still appears to take the line that any real improvement in relations between the two countries will be conditional upon acceptance both of the Oder-Neisse line and of the existence of "two German States".

10. Rumania, prompted by the USSR, continued its efforts to create a "peace zone" in the Balkans. Bulgaria, while remaining in favour of this zone, adopted the tactics of seeking to improve its relations with Greece and Turkey by proposing the conclusion of bilateral agreements.

11. The Satellites, particularly with a view to enhancing their international status, continued to display interest in improving and, in some cases, formalising their bilateral economic and cultural relations with the West.

INTERNAL SITUATION

12. In several countries, the struggle between the Communist regimes and the Churches has become more intense. In Poland, the complete suppression of religious education in the primary schools, already achieved in secondary schools, has now become the avowed aim of the Party. The administrative authorities have, moreover, increased their pressure on the clergy. In Hungary, the conflict between the Government and the more assertive section of the clergy has at times taken a serious turn and some have been arrested. The Pankow regime has renewed its efforts to separate the Protestant churches in the Zone from the German Protestant Church.

13. Although the trend toward popular acquiescence and resignation continues, signs of popular hostility towards the regimes, particularly to their collectivisation and anti-Church measures, were apparent in certain countries. In Hungary, the campaign to speed up the socialisation of agriculture has increased tension in the rural districts. In the Soviet-occupied zone of Germany, public discontent is reflected in an increase in the exodus to the West. In Rumania, disturbances have been reported in certain rural districts. In Poland there has been outspoken criticism by the Catholic Group in the Sejm and by Cardinal Wyszynski of the Government's policy towards the Church.

14. The governments of several countries have introduced reforms aimed at aligning the economic, social and administrative structure more closely with the Soviet model; educational reform in Poland and Czechoslovakia, a new judicial system in Czechoslovakia, territorial re-organization in Rumania.

15. The Satellites, with the exception of Poland, claim to have achieved or to be on the threshold of achieving virtually complete socialisation of the agricultural sector. The proportion of arable land in the socialised sector ranges from 84% in Rumania to 97% in Bulgaria. In Hungary, the regime has claimed that the socialisation process is now completed, although there is evidence of considerable dislocation. In the Soviet Zone also, collectivisation looked far more advanced on paper than in the fields. In Poland, on the other hand, where the socialised

sector remained unchanged, accounting for about 13% of the country's arable land, there has been no marked stepping up of pressures on the peasants to accept collectivisation in the near future.

16. Economic developments in Eastern Europe continued along established lines, with priority accorded to producer goods. Higher work norms were extended to more branches of industry but this was done on a selective basis in order to minimise the reaction from workers. Economic plans for 1960 were in many cases over-fulfilled, partly because targets were rather conservative. In the Soviet Zone, for example, the original goals were apparently scaled down further during the second half of the year. Czechoslovakia, on the other hand, registered the most successful year of its second five-year plan (1956-1960), although the production of basic metallurgical products fell short of planned goals.

17. Hungary and the Soviet-occupied Zone of Germany, where collectivisation is now nearing completion, had some agricultural setbacks. While modest successes were registered elsewhere, Albania and Bulgaria suffered setbacks in production.

18. Residential construction, foodstuffs and other consumer goods showed some improvement in most of the Satellites.

19. The 1961 economic plans, as well as those covering the 1961-1965 period, appear to be generally realistic, except in the agricultural sector. With the continued emphasis on heavy industry, only modest improvement in the availability of consumer goods can be expected.

NOTES ON DEVELOPMENTS IN INDIVIDUAL COUNTRIES

Albania

20. The Fourth Congress of the Albanian Communist Party marked slight improvement in Soviet-Albanian Party relations; tension persists and there is no sign of any real change in Albania's pro-Chinese attitude on ideological questions. In their speeches, the Party leaders repeatedly referred to the Soviet Union in very cordial terms, refraining, however, from mentioning Khrushchev by name. They said nothing, however, to suggest that they might be prepared to retreat from their pro-Chinese attitude. They violently attacked American imperialism and Yugoslav revisionism and repeated their customary propaganda on the need to stress the danger of war and the need to maintain a militant attitude. The Congress speakers forcibly proclaimed their conviction that they had always followed a political line in conformity with true Marxism, thus refuting the accusations of "sectarianism and dogmatism". They declared that the Albanian Labour Party had attained its majority and that there were no longer "guiding-parties" and "guided-parties".

21. Mr. Hodja accused Yugoslavia and Greece of having fomented a plot last summer, with the help of the United States and NATO. The reference in this respect to "Albanian traitors" might well portend political prosecutions.

22. The Congress left unchanged the pre-eminent position of the First Secretary, Enver Hodja, and of the President of the Council, Mehmet Shehu, who appear to be solely responsible for deciding the Party line.

23. The representatives of the European Communist parties at the Congress made speeches which for the most part appeared to constitute a warning addressed to the Albanians. They were received coolly by the Congress which, on the other hand, greeted the Chinese representatives with applause.

24. The obsession of a possible reconciliation between Moscow and Belgrade, at the expense of their own country, appears to be the main reason for the Albanian leaders' mistrust of Soviet policy. The geographical isolation of the country enhances this fear. Moreover, the regime, whose survival depends largely on repression by force, is having difficulty in accepting the consequences of a policy of peaceful co-existence.

25. Nevertheless, the Albanians are careful not to do anything which might damage irreparably their relations with the Soviet Union, on whom they greatly depend.

26. The Soviet Union has given the impression of wishing to exert a certain economic pressure on Albania. The Albanians appear, in fact, to have had the greatest difficulty recently in obtaining from the Soviet Union the credits which they urgently needed, whereas they have obtained very substantial funds from China.

27. The USSR appears to be reluctant to adopt more energetic methods to impose on Albania a line of conduct more in conformity with its own views. Moscow is endeavouring to avoid any measure which would clearly imply Albanian dissidence and which would thus reflect on the unity of the Soviet bloc.

28. In this connection, it should be noted that the Soviet Union has taken Albania's side in the question of Northern Epirus, as shown in the Pravda article dated 12th March this year. It is possible that this mark of favour on the part of the Soviet Union is connected with the Albanian's bitter denunciation at the Moscow Conference of the "policy of détente" being pursued by the USSR in favour of Greece and Yugoslavia.

The Soviet-Occupied Zone of Germany

29. The regime has been moving through an unsuccessful period, as regards both its internal situation and the Berlin question.

30. The regime was surprised and disconcerted by the termination of the interzonal trade agreement and NATO travel restrictions, both imposed in retaliation for the illegal restrictions they had themselves made on freedom of movement in Berlin. Despite the public Soviet promise to make up deliveries to the Soviet Zone in the event of a breakdown of interzonal trade, it seems clear that Ulbricht returned from Moscow on 2nd December with instructions not to be intransigent in the trade negotiations. The renewal of the agreement was followed by relaxation of the restrictions on freedom of movement in Berlin, even though the illegally imposed restrictions were not formally revoked, and by some improvement in West Berlin's technical communications with the Federal Republic.

31. In 1960 the rate of economic growth slowed down considerably. The leadership was compelled to postpone to the end of 1965 the fulfilment date for the "main economic task", i.e. overtaking the Federal Republic in per capita consumption of the most important foodstuffs and consumer goods.

32. Faced with these and other difficulties, the regime somewhat relaxed its internal policies. Party officials were instructed to be more co-operative towards the intelligentsia. Concessions were made to certain professions and groups, including doctors, teachers and artisans. This more lenient policy may develop its own dynamics and become difficult to reverse. The

regime has met with disappointments in its efforts to win over the younger generation.

33. The 1960 total of refugees from the Soviet Zone to the Federal Republic again increased compared with previous years. It amounted to 199,188 persons and was thus 61,188 higher than in 1959. In the first two months of 1961 the number of refugees was about 29,700 (in 1960 about 19,700).

Poland

34. The help which Gomulka is believed to have given to the Soviet position during the Moscow Conference of World Communist Parties appears to have enhanced his status in the bloc and has further improved Polish-Soviet relations. It is believed that the Polish lag in collectivisation was criticised by the Chinese at the Conference. Nevertheless, the Polish regime does not appear to feel obliged to respond to this criticism by accelerating its progress towards collectivisation.

35. The regime is increasing its efforts to undermine the influence of the Catholic Church by seeking to suppress religious education in the schools, by various oppressive tax measures and by the suppression of two religious national holidays. Religious instruction has already been eliminated in over 80% of the schools.

36. Despite this, the regime has made certain gestures to the Church, possibly with an eye to the April national elections. It has reduced the privileges of the Stalinist-oriented Catholic PAX Association. It is also reported to have released some seminarists, previously drafted for military service.

37. The Polish press tends to reflect a tighter degree of Party control, but controls over cultural and intellectual activities show no further significant tightening.

38. Prospects of reducing Poland's adverse balance of payments in 1961 will depend heavily on foreign trade and the success of the 1961 economic plan. Much will in turn depend on Poland's ability to sell more capital and consumer goods, particularly to the underdeveloped countries of Asia, Africa and Latin America.

39. The American decision to restore most favoured nation treatment for Polish goods with effect from 16th December, 1960, is expected to enable Poland somewhat to increase her exports to the United States, particularly of manufactured goods.

Hungary

40. The Hungarian regime's confidence in its stability was reflected in the adoption of highly unpopular measures, including the virtual completion of collectivisation, the raising of workers' norms, and a frontal assault against the Church involving numerous arrests of clergy. During this period the unpopular Gerö and other former prominent "Stalinists" were permitted to return from exile in the USSR. Relations with Austria deteriorated somewhat because of border incidents. Although Hungary made charges of espionage against the United States, it followed the Soviet line in expressing cautious optimism over the change of administration in Washington.

Czechoslovakia

41. Although in 1960 important constitutional and administrative changes took place, and the "Victory of Socialism" was proclaimed, the last six months have been comparatively uneventful.

42. The mood of self-confidence of the doctrinaire and stable leadership of the regime appears to have increased because of relative success in the further consolidation of its internal position, including the carrying out of major administrative and territorial reforms, and because of Communist successes in establishing footholds in some areas of Africa and Latin America. While there is no increase in popular enthusiasm for the regime, there are increasing signs of its acceptance as an enduring fact of life on the part of the population, which enjoys a relatively high standard of living.

43. Among the questions which received attention from the Czechoslovak leadership and in the press were cultural and technical education, anti-religious propaganda, urban improvement, and leisure activities for the workers. That the regime is now able to devote itself to the latter two problems is a clear measure of Czechoslovakia's lead over the other Eastern Europe countries which are still grappling with more fundamental economic and political questions.

Rumania

44. Although repression continued, there were some signs of relaxation. A considerable number of political prisoners are believed to have been released in December. Some of the Rumanian provinces have been allowed to resume traditional names which had not been used officially under the Communists since 1950. It appears from the 1961 budget and economic plan that the regime intends to make a greater effort to improve the standard of living.

45. In December a law was promulgated revising the territorial and administrative division of Rumania. The changes made are evidence of efforts to achieve further decentralisation and to increase initiative at local level.

Bulgaria

46. Bulgaria's dependence on the Soviet Union has been further increased as a result of additional large scale Soviet economic assistance granted for industrial development. At the same time Bulgaria has continued its efforts to expand relations with the West, particularly in the field of trade. Claims negotiations with the United States are currently in progress. Although Greece hinted at a possible reduction of her claims against Bulgaria, negotiations between the two countries on outstanding financial problems have been broken off for the time being. Similarly, the Bulgarians' declared desire for improved relations with Turkey is contradicted by their policy of Bulgarising the Turkish minority. On the internal scene, the regime is responding to problems created by the 1959 administrative re-organization by restoring certain centralised controls.

THE POSITION OF YUGOSLAVIA

47. On most international questions Yugoslav policy closely followed that of Moscow. On certain issues, however, such as Mr. Hammarskjöld's position and the re-organization of the United Nations Secretariat, Yugoslavia diverged from Moscow and made common cause with the neutralist countries.

48. Yugoslavia continues to pose as champion of the uncommitted countries. At the first round of the Fifteenth United Nations General Assembly it co-operated fairly closely with the neutralist countries in pursuit of common objectives, e.g. by co-sponsoring various resolutions. Tito's seven country tour through North and West Africa further served to demonstrate Yugoslav determination to play a leading rôle in the uncommitted countries. Yugoslavia strongly supported the "Casablanca Charter" and joined in anti-Western propaganda on such issues as the Congo, Algeria, Netherlands New Guinea, Laos and Cuba. The Yugoslav reaction was especially violent over Lumumba's death.

49. Following the Moscow Conference, Yugoslavia refused to accept the Soviet argument that the ideological differences between Yugoslavia and the bloc countries should not affect their governmental relations. However, except in the case of Albania and Communist China, Yugoslavia's state relations with Moscow and other bloc countries continued to show in practice limited improvement, particularly in the economic and cultural fields.

50. The state relations of Albania and Communist China with Yugoslavia have been characterised by constant friction and tension. Since December Yugoslavia has convicted a number of alleged Albanian spies, has protested repeatedly to Albania about its subversive activities, and has reduced its staff in Tirana to the minimum.

51. A significant development in Yugoslav relations with the West was the adoption in January of an exchange reform which tends to align the Yugoslav economy more closely with the West. For this purpose, Yugoslavia was helped by promises of aid totalling over \$275 million from Western countries and the International Monetary Fund. Bilateral relations with Greece have continued to expand and those with Turkey have shown some improvement. As regards the Balkan pact, the attitude of Yugoslavia remains negative.

(Signed) R.W.J. HOOPER
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