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DRAFT AGREED MINUTE ON EXCHANGE OF VIEWS ON
MILITARY, POLITICAL AND ECONOMIC CONDITIONS
IN HUNGARY, ROUMANIA, BULGARIA AND ALBANIA

Note by the Secretary

At their meeting on 12th March, 1951, (D-R(51)19 Item II), the Council Deputies agreed to consult their respective Governments on the text of a draft agreed minute on their exchange of views on Hungary, Roumania, Bulgaria and Albania. The text of the draft minute drawn up by the Ad Hoc Working Group is circulated herewith for transmission to Governments for comment. Discussion of this subject by the Council Deputies will be resumed at an early meeting after the recess.

(Signed) T.A.G. CHARLTON

13, Belgrave Square,
London, S.W.1.

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DRAFT AGREED MINUTE ON EXCHANGE OF VIEWS ON
MILITARY, POLITICAL AND ECONOMIC CONDITIONS
IN HUNGARY, ROUMANIA, BULGARIA AND ALBANIA.

I. As a result of discussion held on 12th March, 1951, general consensus of opinion was reached by the Council Deputies on the following points:

1. Military Conditions

(a) The size of the regular armed forces being maintained by Hungary, Roumania and Bulgaria is in all cases in excess of the limits laid down in the Peace Treaties. While it is impossible to effect an exact reconciliation between the various estimates in the possession of individual NATO Governments it appears that this excess is of the order of 30% for Hungary, 75% for Roumania and, in the case of Bulgaria, nearly 175%. The Peace Treaties permit armed forces to a total of:

70,000	-	Hungary
138,000	-	Roumania
65,500	-	Bulgaria

(b) In addition, all three countries maintain para-military forces on a very considerable scale. The maintenance of such forces is prohibited by the Peace Treaties.

(c) Soviet influence in, and control, of, the armed forces of these three countries have shown a marked increase in recent months. Equipment, including tanks, has been made available in increased quantities from Soviet sources, and the general efficiency of their armed forces has improved. Although it is impossible to judge the combat worthiness of the three armies, the Bulgarian armed forces are likely to be more effective than those of Roumania and Hungary, not only because they are better equipped but also because their morale is higher. There is little doubt that all three

armies would march if the Kremlin ordered them to undertake a war by proxy.

(c) The armed forces of Albania are not, of course, subject to any Peace Treaty limitations. They are estimated to be of the order of 40-60,000 and are poorly equipped by comparison with those of the other three countries.

2. Political Conditions

(a) The Governments of Hungary, Roumania and Bulgaria are in firm control of the internal situation, and there is little likelihood of any effective Titoist defections. Contacts with the West have been virtually broken off and the strength both of the armed forces and of the police is such as to discourage any form of active resistance. In Hungary and Roumania the opposition of the Catholic Church has been largely undermined. In Roumania and Bulgaria the Orthodox Church is under strict control of the regime. While there is no evidence to show that the three governments enjoy any large measure of popular support, and indeed passive hostility to the regime is particularly marked amongst the peasantry, the authorities have ensured by a progressive elimination of all potential opposition leaders that the chances of a successful uprising would be virtually non-existent.

(b) The position in Albania is somewhat different. Owing to its geographical isolation Soviet influence has for long been less than in the other three countries, although recently there has been a steady rise in the number of Soviet "advisers". Albania has a treaty of friendship and mutual assistance with Bulgaria, but not with Hungary, Roumania or the Union of the Soviet Socialist Republics. There is sporadic resistance to the Hoxha regime and there are frequent reports of unrest.

3. Economic Conditions

The economies of the three larger countries are strained as a result of large-scale rearmament and over-ambitious planning, while Albania is facing a grave economic crisis. There is a serious shortage of consumer goods and a general reduction in the standard of living. Nevertheless, progress has been made in the industrialization of these countries. The position might be summarized as follows:

(a) Hungary The original Three-Year Plan was completed successfully and the Hungarian Government has now embarked on a new Five-Year Plan which is more ambitious and envisages increased capital investment. The two major difficulties facing the Government are shortages of labour, and of skilled labour in particular, and of raw materials. The former has been aggravated by passive resistance, especially amongst former Social Democrats, and the latter by the virtual cessation of trade relations between Hungary and Yugoslavia, and the reduction in trade with the west.

(b) Bulgaria. The Bulgarian economy is dependent largely on agriculture, but it is the policy of the Bulgarian Government to encourage industry and the consequent rise of an industrial proletariat. The Government is pressing forward successfully with the collectivization of farms. The collection of the harvest improved in 1950 as a result of an energetic campaign on the part of the Government. In 1949 the Government embarked on a Five-Year Plan which includes the building of additional power stations. The implementation of this plan will undoubtedly place a great strain on the Bulgarian economy and it is doubtful if it can be implemented pari passu with increased expenditure on armaments.

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(c) Roumania. The Roumanian economy is probably the most Sovietized in the three satellites. Following the success of two One-Year Plans, the Government recently launched a bold Five-Year Plan which aims at the complete socialization of industry. Apart from the oil industry, which has been the subject of much self-criticism for its failure to achieve its production targets, it seems probable that the new Plan will be substantially successful. Many sections of socialized industry are largely under Russian control through the machinery of the Sovroms. Agriculture, however, has so far remained outside the socialized sector of the economy and the Government admits that it will remain so for several years at least.

(d) Albania. Economically Albania is a liability to the Soviet bloc. There is evidence that the Two-Year Plan has been at least a partial failure. Conditions of near starvation exist and, in the absence of traditional imports of food from Yugoslavia and Italy, the Soviet Government has found it necessary to export foodstuffs to Albania in order to prevent the complete breakdown of the economy of that country.

II. The Italian Deputy placed on record the view of his Government that the Western Powers must be very careful to avoid giving the impression to the Albanians that they are in any way averse to their national independence and that Greece or Yugoslavia might constitute a menace to that independence. To give such an impression would be a great psychological and political mistake because Enver Hoxha sets himself up as the champion of Albanian independence and endeavours to depict himself as the staunch defender of his country against alleged Italian, Yugoslavia and Greek nefarious designs. The Italian Government has already

conveyed its assurance to Albania that they do not harbour insidious intentions, and it would be helpful if similar assurances were also given to Albania from her immediate neighbours Greece and Yugoslavia.

III. It was suggested that further consultation might take place in the Council Deputies on such problems of common concern as:

- (a) Possibilities of forestalling satellite aggression in the Balkans.
- (b) Breaches of the Peace Treaties (i.e. military and human rights clauses).
- (c) General policy towards admission of the satellites to membership in the United Nations.

Consultation on the following subjects, which are common to all the East European satellites, might take place after the Deputies have discussed Poland and Czechoslovakia:

- (d) Diplomatic representation in the satellite countries and the question of taking counter-measures against restrictions placed on diplomatic representatives in them.

(It is hoped that the study of this subject in preparation by the Brussels Treaty Permanent Commission will be made available).

- (e) General information policy towards the satellites.
- (f) Policy towards democratic emigré groups.