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28 November 1950

SUMMARIES OF TRENDS AND DEVELOPMENTS

USSR

1. Claiming successful implementation of the fourth Five Year Plan (1946-50), and pointing to some imbalances in production, Marshall Bulganin's speech of 6 November, suggests that the next plan period will emphasize electrification, increased mechanization of industry, expansion of productive capacity, and continued increases in the economic war potential.
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2. The Soviet reply to the US proposals for a Japanese peace treaty indicates that the USSR's main interest in the informal talks was propaganda and diplomatic obstruction, and that the Soviet Union is unlikely to participate in formal negotiations.
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EASTERN EUROPE
BULGARIA

3. The Bulgarian Communist Government will be held responsible for direct and indirect repercussions unfavorable to the USSR as a result of the closing of the Turkish border.
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FINLAND

4. Although the Finnish Minority Agrarian cabinet recently received a vote of confidence by 102 to 89, a new showdown is likely in two or three weeks over the Government's economic stabilization plan. Public pressure and economic necessity are likely to result in the cabinet changes required to bring the political unity necessary to

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gain Finland's economic stabilization.

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HUNGARY

5. The Central Committee of the Hungarian Workers Party has announced that, on the recommendation of the Politbureau, a national congress of the Party will be held on 24 February 1951. The agenda will include: (1) Report of the Central Committee and tasks of the Party; (2) Results of the first year of the Five Year Plan; (3) Modification of the Party statutes; (4) Elections of the Central Committee and the Control Committee. This will be the first congress since the one which followed the merger of the Social Democrat and Communist Parties in June 1948. Any new trends in Party policies and politics will probably be revealed at the congress.

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6. The strategic Stalin Bridge connecting St. Margaret's Island to both banks of the Danube river at Budapest was opened on 7 November, fifty-four days ahead of plan. The bridge is used for vehicular traffic and increases trans-Danubian road traffic capacity in Budapest beyond the prewar level.

The bridge was planned before the war and was originally called Arpad. It will have strategic value in that it will permit through traffic, particularly between Vienna and the Soviet frontier, to by-pass the center of Budapest, as well as increasing the permanent road crossing of the Danube in Hungary to a total of seven. It carries a streetcar line with tracks heavy enough to support freight trains and with connections, by spurs, to the railroad yards. Thus the bridge can also be used for both shunting purposes and as an emergency railway bridge.

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YUGOSLAVIA

7. Yugoslav Aid Program is concurred in by the MDAP countries, who may offer at least token assistance of their own. Although it is too early to determine to what extent the Yugoslav leaders will actually tailor their future program to suit the needs and capabilities of Yugoslavia, their "courting" of Western European Labor has apparently met with some success and tends to bring Yugoslavia closer to the West, not only economically and strategically, but ideologically as well.

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INTERNATIONAL COMMUNISM
AND PROPAGANDA ANALYSIS

8. The manifesto and resolutions adopted by the Second World Peace Congress which closed last week in Warsaw mark the highest level of propaganda skill thus far attained by the Peace Partisans. Phrased in the broadest possible terms and incorporating a great number of political and propaganda symbols likely to find appeal in the West, the documents are potent propaganda instruments which could create confusion and dissension in the West. At the same time, the documents confirm the significant role of the Peace Partisans, whose importance as a psychological arm of Soviet foreign policy at this time exceeds that of other Communist front organizations and of local Communist parties in many Western countries.

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EASTERN EUROPE

U S S R

Soviet Five-Year Plan successfully completed "A"

Claiming successful implementation of the fourth Five-Year Plan (1946-50), and pointing to some imbalances in production, Marshal Bulganin's speech of 6 November, suggests that the next plan period will emphasize electrification, increased mechanization of industry, expansion of productive capacity, and continued increases in the economic war potential.

The precise base used by Bulganin in arriving at his announced percentage increase over the "prewar level" of production is not entirely clear. Taking the speech at its most obvious connotation and assuming that the ratios given will hold good for the entire year of 1950, Bulganin's claims imply that production (for the entire year of 1950) is as follows: petroleum 37.5 million metric tons (plan goal 35.4 million metric tons), steel 27 million metric tons (plan goal 25.4 million metric tons), electric power 90 billion KWH (plan goal 82 billion KWH), coal 260 million metric tons (plan goal 250 million metric tons), railroad freight traffic 580 billion ton kilometers (plan goal 532 billion ton kilometers). Comparable figures for 1940 are: petroleum 31 million metric tons, steel 18.3 million metric tons, electric power 48.2 billion KWH, coal 166 million metric tons, railroad freight traffic 415 billion ton kilometers.

A second interpretation will place 1950 production claims in some categories somewhat lower, but still above plan. In view of the ambiguities mentioned and pending the earliest 1951 official announcement from the Central Statistical Administration for production for 1950 and for the whole of the Five-Year Plan, the tentative estimate for 1950 Soviet production is as follows: 26 million metric

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tons for steel, petroleum 37.5 million metric tons, coal 260 million metric tons, 85 billion KWH for electric power, and a slight increase over the original goal of 532 billion ton kilometers for railroad freight traffic.

In comparison, gains in agricultural yields were less than plan for grain and sugar but considerably above plan targets for cotton. Mineral fertilizers are only about equal to the original plan goal of 5 million metric tons.

Imbalances caused by lagging production or failure to meet plan goals were in the timber-paper industry, capital construction, cotton textiles, and animal fats. Continued shortages, in spite of apparent fulfillment of plan targets, are in non-ferrous metals, such as nickel, zinc, lead, and copper, machinery and mechanical instruments.

Four large hydroelectric projects, with the principal two centering around Kuibyshev and Stalingrad, suggest the main emphasis of the next plan period. Their completion would permit substantial advances in industrial mechanization and the development of new productive capacity. As in the past, most rapid gains will be in the further expansion of those phases of heavy industry, contributing directly to the economic war potential. (SECRET)

Soviet reply to US on Japanese Peace Treaty
indicates no progress likely

"B"

The recent Soviet reply to the US proposals for a Japanese peace treaty indicates that the USSR's main interest in the informal talks was propaganda as well as diplomatic obstruction, and that the Soviet Union is unlikely to participate in formal negotiations.

Although the Soviet Union could not well refuse to talk about a Japanese treaty and may have actually sought clarification of US intentions, the fact that the USSR

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published confidential correspondence while negotiable points remained indicates that the main Soviet interest in preliminary discussions was for propoganda purposes and diplomatic obstruction. The questions that the Soviet Union posed were carefully aimed at potential points of disagreement between the US and Japan or among the Western Powers themselves -- i.e., Japanese armed forces, future economic development of Japan and Communist participation in treaty negotiations. Furthermore, for future propoganda exploitation or formal diplomatic protests, the Soviet Union chose to question several points that were already clear in the US memorandum, for example, the possibility of concluding a separate peace with Japan.

The Soviet reply reinforces the conclusion that the USSR is unlikely to participate in formal negotiations. The Soviet Union's extremely legalistic emphasis on past agreements, Cairo and Potsdam, shows no inclination to be flexible on reaching a basis for new negotiations and certainly not for new decisions.

The USSR may be expected, however, to repeat its public declaration favoring a peace treaty and the withdrawal of occupation troops, and may also take part in further exploratory discussions on Japan. In addition to demanding that the Peking regime represent China in all treaty negotiations, the USSR may be expected to: (1) charge that a separate Japanese peace is invalid, (2) claim that Japan is being remilitarized to serve US military purposes, and (3) insist that continued occupation disregards the interests of the Japanese people. (CONFIDENTIAL)

EASTERN EUROPE

BULGARIA

Bulgaria balked by firm Turkish stand

"A"

It is inevitable that the Bulgarian Government will

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bear the brunt of Soviet disapproval for any unfavorable direct or indirect repercussions from its demand that Turkey repatriate 250,000 Bulgarian Turks. This may presage even more drastic Soviet control of the activities of the Bulgarian Government and could result in the further discrediting of already tottering Bulgarian Communists.

Turkey's firm stand in blocking the wholesale expulsion by temporarily closing its borders in early October apparently was an unexpected blow to the Bulgarian Communist regime. Although it is doubtful whether the Bulgarian action could have been taken without Moscow approval, it is likely that the move to expel the unassimilable Turkish minority was initiated by Bulgarian Communist leaders as a comparatively easy way to get rid of a potentially dangerous fifth column, reap the benefits of confiscation of Turkish property to swell the collectivization program, and to weaken the Turkish economy by a huge resettlement problem.

The Bulgarian demand was probably predicated on the belief that Turkey was so anxious to repatriate its Moslem minority that it would accept the unreasonable provisions of the Bulgarian demand and overlook Bulgaria's attempt to use the emigration to dispose of its unwanted gypsies and to plant Communist agents in Turkey.

The abrupt closing of the border confronted Bulgaria with an economic problem of its own - the necessity of caring for at least 10,000 would-be immigrants already uprooted from their homes. That Bulgaria's Communists are now genuinely worried over the possibility that Turkey may keep the border closed until some concessions are made by Bulgaria is evidenced by more moderate recent propaganda releases which indicate that Bulgaria will re-accept 1200 gypsies already sent to Turkey and re-consider the time limit set on the immigration, which has already expired. Bulgaria's recent admonition to would-be immigrants not to dispose of their property for the present indicates that the advantages of the land-grab of the past few months are being over-shadowed by the dawning

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realization that Turkey intends to force Bulgaria to regulate the flow of immigrants and to stop flagrant Bulgarian attempts to use the immigration for its own ulterior purposes.

The sudden closing of the Turkish-Bulgarian frontier and the consequent interference with through rail traffic from Europe to Turkey has pointed up the advantages to the West of opening the alternate line through Greece, which will by-pass Soviet controlled areas. The favorable outlook for Greek-Yugoslav rapprochement will make this possible. Soviet anxiety over this development is indicated by a rather hollow Hungarian protest to the Turkish Government claiming serious consequences to Hungary because of the "arbitrary" action of the Turkish Government in closing the border. The negligible volume of Hungarian-Turkish trade indicates that the note was motivated by Soviet rather than Hungarian concern. (SECRET)

FINLAND

Stability of Finnish Cabinet is questionable

"B"

Although the minority Agrarian Government received a vote of confidence on 17 November by 102 to 89 votes, it is likely that a new showdown will come in two or three weeks when the Diet votes on the Government-sponsored economic stabilization plan. The Government won the recent vote because of having the expected support of the Communists, and the unexpected last minute support of the Swedish People's Party.

If a new showdown does develop, the vote of the Swedish People's Party will again be decisive. The reason for the support of the Government by this Party in the recent confidence vote is unknown. If the Agrarians continue to receive the vote of the Swedish People's Party, the incumbent Cabinet is assured of a relatively long political life. Communist support in a confidence vote is assured

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because of the apparent favor with which the present Cabinet is viewed by the USSR.

Pressures by the other parties of the right will be brought to bear upon the Swedish People's Party to bring it into line against the Agrarians. It is uncertain how effective these pressures will be, but the popular demand for, as well as the economic necessity of, obtaining a broad cabinet composed of representatives from the major parties of the right and left are likely to result in the Cabinet changes required to bring the political unity necessary to gain economic stabilization for Finland. (CONFIDENTIAL)

YUGOSLAVIA

West European countries concur in aid to Yugoslavia

"A"

The US Executive decision to strengthen Yugoslav defensive capabilities through immediate implementation of the US "stop-gap" food program is apparently concurred in by the Western European countries of the North Atlantic Pact and Western Germany. Although in many cases approval has not been formalized, Western European Government spokesmen have been unanimous in expressing their belief that the immediate increased ability of Yugoslavia to defend itself will contribute to the preservation of peace and the security of the North Atlantic area.

Some aid will apparently also be extended to Yugoslavia by the West European countries. The United Kingdom has recently granted a 3-million pound loan to Yugoslavia, part of which may be used for the purchase of food-stuffs and consumer goods. Yugoslav negotiations with the French for the equivalent of a 25 million dollar loan are continuing primarily on the basis of Yugoslav willingness to make concessions regarding pre-war French property claims against Belgrade. The smaller countries such as Belgium,

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Holland, and Denmark apparently do not feel capable of financing more than token aid, such as medical assistance and small food shipments. The Norwegian Government is prepared to ship substantial quantities of fish. Italy and Western Germany are cooperating by immediately starting shipments of approximately 100,000 tons of flour and each country will be reimbursed by ECA. Austria will advance a credit of 10 million dollars, half of which will be reimbursed by ECA.

In addition to the obvious strategic value of a strong Yugoslavia, the policy followed by Belgrade during the past six months in making overtures to the influential Socialist Labor Unions and Parties of Western Europe has also probably contributed to ameliorate the European attitude toward Yugoslavia. The Norwegian Trade Union Delegation, for example, which visited Yugoslavia this past summer returned to Norway with generally favorable reactions. As a result, the Norwegian Labor Party reportedly proposes to ask that all Scandinavian Social Democratic Parties join in an aid program to Yugoslavia. Similarly, the British Labor Delegation which visited Yugoslavia this summer returned to London favorably disposed toward the Tito regime.

The strong hold of Socialism in Western Europe and the new interpretations placed by the Tito regime on Yugoslavia's need for a "humane Socialism" tailored to its capabilities may tend to bring Yugoslavia closer to the West, not only economically and strategically, but ideologically as well. Whether or not this tendency will penetrate very far beneath the top leadership level is still debatable, but developments since the Korean aggression and the onslaught of the drought do permit a tentative conclusion that the top Yugoslav leaders have recovered to a considerable extent from their "infantile disease" of rabid Soviet-type Communism, which was evident through the end of 1949. Although present prospects for the fuller development of this trend in the future appear good, it will not be possible to evaluate its real significance until the

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immediate food crisis of the country is met and the Government is in a position, both economically and politically, to proceed with the implementation of its recent pronouncements. (SECRET)

INTERNATIONAL COMMUNISM
AND PROPAGANDA ANALYSIS

Warsaw Peace Congress proposals are
potent Soviet propaganda weapon

"B"

The manifesto and resolutions adopted by the Second World Peace Congress which closed last week in Warsaw mark the highest level of propaganda skill thus far attained by the Peace Partisans. Phrased in the broadest possible terms and incorporating a great number of political and propaganda symbols likely to find appeal in the West, the documents are potent propaganda instruments which could create confusion and dissension in the West. At the same time, the documents confirm the significant role of the Peace Partisans, whose importance as a psychological arm of Soviet foreign policy at this time exceeds that of other Communist front organizations and of local Communist parties in many Western countries.

The Congress, attended by 1,756 delegates and 309 visitors and observers from eighty countries, was characterized by elaborate efforts to endow the proceedings with a semblance of free deliberation and expression of opinions. Symptomatic of these was the willingness to hear US delegate O. John Rogge and the repeated mentioning of British interference with the Sheffield meeting as contrasted with the "freedom" at Warsaw. Even after the conclusion of the meeting, Moscow was still going to great ends to prove that the views of every delegate were heard prior to the adoption of the resolutions.

The resolutions themselves and the manifesto were catch-alls for practically every idea ever advanced in East or West for the improvement of international relations, and

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particularly those ideas which had previously been omitted from the goals of the Peace Partisans, namely the control of "conventional" weapons (as differentiated from the atom bomb, and bacteriological and chemical weapons).

The highlight of the proposals and the climax of the Congress was the establishment of a World Peace Council as the "Supreme Council of the World Peace Movement --- to be composed of representatives of all countries of the world, regardless of whether these countries are members of the United Nations, or whether they are countries which are still dependent and under colonial rule." Implied in the establishment of the Council was a strong censuring of the UN which it is apparently supposed to overshadow to the extent that the council will safeguard "the vital interests of all nations" and "will finally give all mankind the assurance that in spite of all still-existing difficulties it will be possible to fulfill the great peace mission in the interest of all mankind."

Potent also, as propaganda weapons, were the demands for an immediate settlement of the Korean war by the five Great Powers in the UN Security Council ("including the representative of the Chinese Democratic Republic"); for the "total disarmament" of Germany and Japan and the conclusion of peace treaties with these countries; for "progressive and simultaneous disarmament" by the major powers in 1951 and 1952; and for the establishment of an "International Control Commission" to check on the reduction of conventional weapons and the destruction of atomic, bacteriological and chemical weapons.

Other proposals included demands for the withdrawal of all foreign forces from Korea, "the termination of the invasion by US troops of the Chinese Island of Taiwan and the ending of hostilities against the Republic of Vietnam"; for the ending of "colonial oppression"; for a definition of aggression as "any act committed by a state in using armed force against another state under any pretext whatever" ("No

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political, strategic, or economic consideration, nor any development in the internal situation, or internal conflict in a country, can justify armed intervention by any other state."); for the outlawing of war propaganda; for an investigation of the "crimes perpetrated in Korea --- and particularly the responsibility of MacArthur"; for the restoration of normal economic relations "between various countries on the basis of mutually favorable conditions"; and for "an improvement of cultural relations between nations."

These proposals are potent propaganda weapons because of the skill and astuteness of the wording which gives the documents a tone of statesmanship not attained by previous Soviet Peace propaganda. Also, there is a careful and deliberate avoidance of any outright condemnation of the West or the US and of any Western leaders (except for the single mention of the US in connection with Taiwan--but not in relation to Korea, and the singling out of MacArthur in connection with war crimes, as a sop to the Chinese delegate). It seems likely that these ten proposals will be a major feature of Soviet propaganda for many months to come, and that they will, in fact, provide a cover for Soviet foreign policy. (SECRET)

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