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5 December 1950

SUMMARIES OF TRENDS AND DEVELOPMENTS

USSR

1. The USSR apparently feels the urgent necessity of striking a blow at the ever-expanding US policy of containment, of which UN action in Korea is the most clear-cut application. Therefore, Communist China, bolstered by the USSR, has accepted the risk of full-scale war with the US in order to drive UN troops out of Korea. The Kremlin would undoubtedly be satisfied if this objective can be achieved without extension of the fighting.

If a war between the US and Communist China should ensue, it is believed that the USSR would wish to refrain initially from becoming directly involved in the conflict.

It is probable, however, that the USSR recognizes the strong possibility that it would be involved in a US-Chinese war within a relatively limited period of time after the outbreak of formal hostilities, perhaps within one year, and must have accepted the attendant risks of global warfare. Nevertheless, the Soviet leaders probably wish to avoid, if possible, global war now or in the near future and calculate that the odds to do so are still in their favor.

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2. There is an increasing possibility that the USSR, overestimating the disunity among the NAT powers, is planning further aggressive Communist action or diplomatic maneuvers expecting a disunited and ineffective reaction from the West.

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3. The World Peace Council created recently at Warsaw by the Communist-dominated Second World Peace Congress (SWPC) has been hailed in Soviet bloc propaganda as an organization which will "assist" the UN in fulfilling its functions. The somewhat ominous threat is made, however, that if the UN fails to fulfill these functions the World Peace Council will provide a more effective international forum. The more immediate purpose of this move is to impose pressure on non-Communist members of the UN not to adopt too strong a position against the USSR and Satellites.

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4. With the invasion of South Korea, Communist purchases of rubber, as well as other strategic materials, began to rise sharply, especially in the Far East. The outstanding feature of this trend has been the increasing emphasis on China. Unofficial figures for October suggest the diversion to China of purchases originally intended for Eastern Europe.

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5. A drive to expand cotton cloth production in the USSR was initiated during the past month. The aims of the drive reflect a direct effort to increase the consumer availability of textile products and to stimulate the expansion of a declining industry.

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6. The results of the ECE grain trade conference that has just closed in Geneva were quite favorable to the Soviet Union from both political and economic points of view.

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EASTERN EUROPE  
HUNGARY

7. Problems arising from the Communist program for education of the youth are again receiving prominent attention in Hungary.

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POLAND

8. Poland is apparently initiating plans to bring about greater coordination between military requirements and the industrial production goals of the six year plan.

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RUMANIA

9. The Rumanian Government has recently published orders which tightens its control over the people's bread supplies. This has been accomplished by requiring all processing and distribution of bread to take place only through State enterprises.

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YUGOSLAVIA

10. Cominform propaganda has recently seized upon the Greek-Yugoslav rapprochement and US emergency aid program for Yugoslavia as a basis for charging Yugoslav-Greek "aggressive plans" against Albania and Bulgaria "within a matter of days." Similar, if somewhat less specific, charges have been repeatedly made over the past two years. Thus the latest propaganda attacks do not, in themselves, serve as certain indication of Soviet intent.

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SPECIAL ARTICLE

11. At the present juncture in the Eastern European Church-State struggle, Communist leaders in Czechoslovakia, Poland, Hungary and Rumania are concentrating on establishing "national" Catholic Churches -- churches which will be ostensibly Catholic, but removed from the direction of the Holy See and actually subservient to the various Communist regimes.

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12. Hungarian coal production is failing to keep pace with industrial expansion. Planned requirements for 1950 will undoubtedly depend upon solution of labor problems.

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EASTERN EUROPE

U S S R

Prospects of Soviet intervention in a war  
between Communist China and the US

"A"

The USSR apparently feels the urgent necessity of striking a blow at the ever-expanding US policy of containment, of which the UN action in Korea is the most clear-cut application. It is evident from the strength of Chinese Communist forces sent south of the Yalu River and from the recent offensive action of these forces that Communist China, bolstered by the USSR, is prepared to accept risk of full-scale war with the US and any or all of the UN member-states now attempting to put down armed aggression in Korea. There is further evidence of this unconciliatory attitude in the preparations for an expansion of hostilities which are going forward throughout China, and in the Peiping radio's recent promise of 600,000 "volunteers" in Korea. If, however, UN troops can be driven out of Korea without extension of the fighting, the Kremlin would undoubtedly be satisfied with this result.

There still remains the rather unlikely possibility that enemy forces in Korea, having once again dealt a powerful blow to the UN troops and thereby revealed their strong capabilities, will curtail offensive operations short of attempting to expel those troops from Korea. This strategy would force the US and its UN allies to determine the next unpalatable move, i.e. (1) extend the hostilities into Chinese territory, (2) accept an indefinite and probably increasing commitment of troops in Korea, (3) accept a settlement largely on Communist terms, or (4) withdraw from Korea, either abandoning the UN objectives or attempting to achieve them by other means. In order to gain its objectives without global war, the USSR may be counting on growing disunity among NATO powers (see article immediately following)

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and the widespread unwillingness of the free world to become involved in another world war.

Along these lines, there is also a faint possibility that negotiations will still take place between the West and the Soviet bloc in spite of the markedly intransigent speech of the chief Communist representative at the UN - in which not only is the demand made that the US "withdraw" from Taiwan and Korea but that the West cease its interference with the "struggle of liberation" of Asian peoples.

Nevertheless, the risk of unlimited war between the US and Communist China cannot be minimized at this time. If such a war ensues, the question remains whether the USSR, in encouraging the Chinese intervention, has estimated that it can avoid involvement in the struggle or whether it expects that it will eventually have to intervene and thus become involved in warfare on a global scale.

While remaining officially aloof from a Chinese-US conflict, the USSR might hope that veteran Communist troops equipped with Soviet materiel and aided by Soviet technical know-how will succeed in driving US-UN forces out of Korea and over-running Southeast Asia. At least the USSR might have a reasonable expectation of a stalemate between the warring powers and a possibility of forcing the US into a "Portsmouth treaty" similar to that imposed upon Russia after the Russo-Japanese war of 1904-05.

Furthermore, there have been no significant indications that the USSR is planning for imminent Soviet military action anywhere in Europe or Asia, although the USSR is already in a state of advanced readiness for war and could conceal troop dispositions and other late measures for global war up to the very outbreak of hostilities. The reported movements of Soviet military personnel to key points in China and Manchuria are believed to be still limited chiefly to advisory and technical personnel.

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On the basis of available evidence, it is considered unlikely that the USSR would plan to intervene immediately in hostilities between the US and Communist China. The USSR would probably prefer to refrain from overt intervention until: 1) It has had an opportunity to observe US reaction in the form of mobilization and political and military strategy; 2) Communist China's military fortunes and the success of guerrilla operations elsewhere in Asia can be gauged; and 3) The international situation (particularly the attitudes of the NATO powers: Germany, Greece, Turkey, India and Iran) has resolved itself.

It is probable, however, that the USSR recognizes the strong possibility that it would be involved in a war between the US and Communist China within a relatively limited period of time after the outbreak of formal hostilities, perhaps within one year, and must have accepted the attendant risks of global warfare. Nevertheless, the Soviet leaders probably wish to avoid, if possible, global war now or in the near future and calculate that the odds to do so are still in their favor.

The fact that Communist China cannot fight this war without substantial quantities of war materiel and large numbers of technicians from the Soviet Union involves one such serious risk. It cannot be estimated whether the US will be able to ignore this flow of materiel and military personnel from the USSR to China while engaged in a struggle of large dimensions which is known to be instigated and encouraged by Soviet leaders.

Another serious risk for the USSR is possible adverse development of the war for the Chinese Communist regime. The Kremlin can hardly delude itself that a combination of US air and naval operations supported by guerrilla activities on an ever-growing scale might not reduce the area of effective control of the Communist regime and, if unchecked, ultimately result in its overthrow. If the Chinese Communists find themselves confronted with a critical

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situation, the USSR would then have to decide whether or not to give the regime direct support both in maintaining itself internally and in depriving the US of bases from which war would be waged against the Chinese mainland. In determining the probable Soviet reaction to this situation, a consideration of the motives for the original Chinese intervention in Korea is entailed. It now appears reasonably certain that this intervention was motivated by unwillingness on the part of the Soviet bloc to accept the significant loss of International Communist prestige and important strategic territory involved in abandoning North Korea.\* The same elements are even more strongly present in similar situation with respect to the Chinese People's Republic, and it is, therefore, seriously to be doubted that the USSR could afford to dishonor the Chinese-Soviet pact of mutual assistance or refuse additional assistance to the CPR. (SECRET)

USSR's overestimation of disunity among Western Powers may result in new Communist aggression

"A"

A major objective of the Soviet Union has been to divide the Western Powers with regard to both political and military policy toward the Soviet orbit and prevent the development of a force in Western Europe capable of presenting effective military opposition to the Soviet Union. To this end, the Soviet Union has recently: (1) attempted to aggravate differences between the US, Great Britain and other non-Soviet nations with regard to questions involving Communist China and, (2) issued the Prague Communiqué and proposed a Four power conference on Germany partly to dissuade France from support of German rearmament and Germany from participation in Western European defenses.

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\*In this connection, it should not be overlooked that the USSR, mindful of Japan's past role as an important balance of power in areas adjacent to the Soviet Far East, sees the danger of a Korean economic vacuum being filled by Japan as a stabilizing influence in the area.

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The most important Soviet newspapers have also recently published extensive US press comments asking the question: "Will not the war in Korea lead to the complete disintegration of the Atlantic Alliance and to the international isolation of the United States?" Although there was little editorial comment, it should be remembered that Communist ideology forecasts inevitable and deepening conflicts of interest among capitalist, imperialist powers. There may be a tendency, therefore, for the Kremlin to over-estimate the degree of disunity existing among the Atlantic Powers and to miscalculate accordingly.

It is possible that the Kremlin actually expects, as a result of Chinese intervention in the Korean war, to achieve two objectives: (1) to break the common Western front with regard to the war in Korea and isolate the US in at least a limited war with China, (2) to weaken the North Atlantic Alliance through disagreements over courses of action and from fear that the US will be unable to fulfill its commitments, and (3) to undermine generally the US policy of containment of Communist expansion. In order to achieve these objectives, Soviet policy may be to continue its current policy of pressure without aggressive action with regard to Western Europe and Yugoslavia. The Soviet Union may believe that a relatively moderate policy in this area may bring about a widening split between the US and its Western European allies.

However, the Soviet Union has often used intimidation and strong-arm tactics where a deceptive peaceful appearance might have succeeded in preventing or forestalling Western unity. The possibility increases, therefore, that Communist forces, estimating a disunited and ineffective reaction from the West, will take further aggressive actions for example against West Berlin or Yugoslavia. Chinese Communist pledges to "liberate" all former Chinese territory may result in conflicts in Burma or Hong Kong, and the Soviet bloc will intensify aggressive actions against Indo-China and Malaya despite the danger of arousing

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greater hostility from France and Britain and in Southeast Asia itself. The Soviet Union, in supporting large-scale Chinese intervention in the Korean war, has evidenced increased willingness to accept the risk of war. This fact, in combination with the Soviet estimate of the weakness of Western unity and US weakness in actual forces available for resistance to limited aggressions, could cause the Soviet Union to undertake ventures that it previously avoided because of the risk involved or because of an estimate that the undertaking would not succeed in the face of Western counteraction. In the meantime, it is probable that the USSR will at least attempt to capitalize on its estimate of the situation by diplomatic approaches to countries such as France, Austria, Iran, India or Indonesia, designed to frighten or lure them away from support of US policy toward the Soviet Union. (SECRET)

USSR using World Peace Congress  
to bolster its UN position

"A"

The World Peace Council recently created at Warsaw by the Communist-dominated Second World Peace Congress (SWPC) has been hailed in Soviet bloc propaganda as an organization which will "assist" the UN in fulfilling its functions. The somewhat ominous threat is made, however, that if the UN fails to fulfill these functions (from the point of view of the USSR and its Satellites), the World Peace Council will provide a more effective international forum. As the Literary Gazette expresses it, "The nations of the world now possess an instrument by means of which they can arrive at a mutual understanding even without these gentlemen (the UN majority group) if need be." Pravda states that this new Peace Council "will be a more representative agency than the General Assembly."

On the other hand, Radio Warsaw denied on 27 November that the World Peace Council is intended to "supplant the United Nations." The general line, as stated for example

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in a proposal of the SWPC Political Committee, is that the organization will act in the capacity of "alert observer and critic" of the UN, with the assistance of states not yet UN members and regions which are now colonies of the big powers.

These facts suggest that an alternative international body has been created in case the Soviet bloc deems it necessary or desirable to withdraw from the UN. However, in order to utilize the World Peace Council as a competing organization to the UN, it would probably be necessary to carry out a fundamental structural change so as to make it an organization of states. In view of the shadowy distinction in the Soviet world between non-governmental associations and governmental agencies, such an alternation of the structure of the Peace Council would be a relatively simple matter. The more immediate purpose of this move is to impose pressure on non-Communist members of the UN not to adopt too strong a position against the USSR and Satellites. (SECRET)

Communist purchases of rubber rise sharply

"A"

With the outbreak of war in Korea, Communist purchases of rubber, as well as other strategic materials, began to rise sharply, especially in the Far East. In the first half of 1950, Communist imports of rubber were considerably below the level of 1949, except for the USSR, whose purchases remained at approximately the same rate. With the Communist invasion of South Korea, Communist purchases began to mount, and by the end of September had already approached the level of 1949.

The outstanding feature of this trend has been the increasing emphasis on China. Unofficial figures on Soviet and Chinese purchases in October not only indicate an intensification of this trend, but suggest the diversion to China of purchases originally intended for Eastern Europe.

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Also to be noted is the increasing proportion of Chinese imports of rubber which are coming direct from Malaya instead of being re-exported by Hong Kong. While further evidence is needed for substantiation, this is in keeping with recent reports of a Chinese decision to cut down on trans-shipments from Hong Kong.

The following incomplete table gives the principal rubber-importing Communist countries and their major sources of supply:

MAJOR COMMUNIST SOURCES OF RUBBER

	<u>Malaya</u>	<u>UK Re-Exports</u>	<u>Indonesia</u>	<u>Hong Kong</u>
<u>USSR:</u>				
1949	63,414	540		
1950-1st half	35,800	54		
-3rd quarter	28,000	3,882		
-October*	1,272			
<u>Czechoslovakia:</u>				
1949	4,641	3,917		
1950-1st half	1,197	871		
-3rd quarter	4,508	319		
<u>Poland:</u>				
1949	7,909	149	709	
1950-1st half	10	168	488	
-3rd quarter	2,415		342(July)	
<u>China:</u>				
1949	6,990			20,510 (e)
1950-1st half	250			4,900
-3rd quarter	9,334			12,000
-October*	12,061			

\* - Unofficial  
(e) - Estimate

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In addition, UK re-exports provided another 2190 tons to Hungary in the first 9 months of 1950, while Dutch re-exports to the Soviet Orbit in the first half of the year amounted to 2,584 tons, exclusive of the USSR.

Effective measures to curtail Communist purchases of rubber, as of other strategic commodities, must deal with the problem of transshipment. One difficulty is the price factor. In January-September 1949, for example, the UK received an average of £110 per ton for the rubber re-exported to the USSR. In January-September 1950, the average price received was over £208 per ton. Even when the devaluation of the pound sterling is taken into consideration, this represents an increase of from \$440 to \$582 per ton. Increased Communist purchases despite such increases in prices emphasizes the urgency of their need for rubber. (CONFIDENTIAL)

Renewed effort to improve consumer goods in USSR

"B"

An active drive to increase cotton cloth production in the USSR during the fourth quarter of the 1950 Plan was launched in the Moscow area during the past month. The intended aim appears to be a renewed effort to improve lagging availability to the consumers of textile products.

During the first three quarters of the current year total output of cotton textiles recorded the lowest percentage increase of all reported consumer items. The basic reason for this deficiency was the lack of raw materials, but, paradoxically, greater emphasis has been placed on inefficient labor and machinery requirements. As a result of these combined factors the textile industry has become the subject for application of a modified Stakhanovite movement.

There are several existing deficiencies in textile products in the USSR. Present production has not as yet

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attained the prewar level, and only marginal gains have been reported from supplementary Satellite production. Increased consumer consumption is impossible without further investment in the supply of both machinery and raw materials.

A drive at this time is primarily an attempt to achieve planned goals, but long range possibilities do indicate increased confidence in the recently expanded cotton program. Because the utility of cotton for clothing and industrial purposes represents the bulk of textile requirements, any sizeable increase resulting from this present drive would be noted by corresponding gains in availability to the consumers of other textile products. Resulting larger supplies could provide present and future production incentive to the urban and farm population, and under emergency periods must be weighed as a plus factor toward satisfying military needs.

A further point of conjecture, viewed in the light of decreasing emphasis in light industry in some satellite areas, offers plausible evidence that a continued expansion of the textile industry in USSR must be promoted in order to meet necessary requirements. (CONFIDENTIAL)

Geneva Grain Conference closes  
with favorable results for Soviet Union

"B"

The results of the ECE grain trade conference that has just closed in Geneva were quite favorable to the Soviet Union from both political and economic points of view.

Although no immediate or long-term grain agreements were concluded at Geneva, the way has been opened for bilateral negotiations between the Soviet Union and five prospective West European importers.

The original intention of discussing long-term multi-lateral trade agreements similar to the International Wheat

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Agreement was pushed to one side when the Soviet Bloc offered only small quantities of coarse grains and no bread grains.

The concrete results of the meeting were: (1) bilateral negotiations will begin between the Soviet Union and the importing countries of Norway, Sweden, Denmark, Netherlands, and France for the remaining 500,000 to 1,000,000 tons of coarse grains the Soviets have indicated to be available for trade; (2) confirmed the fact that the Satellites have only small quantities available for export; (3) the USSR refused to discuss bilateral grain treaties with West Germany and Austria; (4) the Soviet Bloc favored long-term agreements of three to five years, estimating that 1.5 to 2 million tons of coarse grains would be available each year; (5) the chairman suggested that another ECE sponsored grain meeting be held next summer when 1951 crop data becomes available.

From the Soviet point of view the results of this conference have been quite satisfactory. They have succeeded in keeping the negotiations on a bilateral basis, thus dealing with the West European countries individually.

Because of the large European demand for the world's supply of non-dollar coarse grains, the Soviets will be in a better position to exact a relatively high price and may well cause the importers embarrassment if they do not agree to reciprocate with strategic commodities.

The apparent willingness of the Soviet Bloc to talk in terms of long-term agreements could add fuel to the propaganda theme of "peaceful" intentions.

EASTERN EUROPE

HUNGARY

Hungarian Communists facing difficulties in implementing education program

"B"

Problems arising from the Communist program for

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education of the youth are again receiving prominent attention in Hungary. The same problems were widely publicized last spring when the Central Committee of the Communist Party passed a resolution describing the serious difficulties and outlining necessary corrective measures. Despite efforts to overcome the failures of the education program and despite repeated boasts of achievements along this line, it is apparent that the Communists are not meeting with success in their plan to train a politically reliable potential corps of technical and administrative specialists from the sons and daughters of workers and peasants.

Among the problems still faced are: (1) a shortage of teachers indoctrinated with Marxist-Leninist-Stalinist ideology; (2) failure of 88,000 children of school age to enroll in school; (3) completion of minimum education requirements (8 years) by only 40-45 percent of the students; (4) a decrease in the number of workers' and peasants' children who continue into secondary schools and universities; (5) overcrowding in some secondary school courses such as engineering and economics and a shortage in the faculties of law and teaching.

A number of measures aimed at solving these problems have been taken. The period of training for teachers has been reduced from three to two years through the elimination of all "superfluous" subjects. The ideological reorientation of present teachers was provided for in summer courses which all teachers were forced to attend. The need to educate pupils in the spirit of Communist morality and love for the Soviet Union and Stalin was emphasized in these courses. In addition, a two-year post-graduate course is required for the teacher "to acquire the fundamentals of Marxist-Leninist ideology and unify his knowledge with the application of Marxist-Leninist ideology."

Failure of children, especially peasant children, to register for school is blamed on the lack of previous educational opportunities, distances to school, bad roads, and "the undermining work of the enemy." Continuing efforts

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to weaken the ties between children and their parents and between the children and the Catholic Church are part of the battle against the "enemy."

Inducements for worker and peasant children to continue school include: (1) elimination or reduction of tuition fees; (2) enactment of Students' Health Insurance; (3) holding of special coaching classes during the summer for students who failed their examinations.

A recent shake-up in the Ministry of Education was directed at those officials who allegedly had sabotaged the Communists efforts to increase the proportion of workers and peasants among the students. Forcing the student to cope with textbooks that were too difficult for him was the charge leveled at the Education officials. Children of the former ruling class, according to the Communists, had a better cultural foundation than those of worker and peasant descent and so were better able to meet the higher requirements.

The present grave situation and the seriousness of the difficulties encountered in establishing a Communist system of education were revealed by Minister of Education Jozsef Darvas in a lecture on 22 November. Addressing a conference organized jointly by the Ministries of Education and Peoples' Culture, he stated: "The school has always been the most acute weapon in the political battles, and it will always remain so .... I am confident that by making the utmost effort we will be able to improve production in the field of public education." (RESTRICTED)

POLAND

Poland planning closer coordination between military requirements and industrial production "A"

Greater coordination by Poland between military

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requirements and overall industrial production under the six-year plan may come into being following the appointment on 25 November of General Piotr Jaroszewicz as Vice-Chairman of the all-important State Economic Planning Commission. That such emphasis may be under consideration is also indicated by an unconfirmed report that new recruits of the Polish Army are being given non-military industrial assignments.

General Jaroszewicz has served since February 1946 as Vice-Minister of National Defense in charge of Supply and Finance for Poland's Armed Forces. He is presumably well acquainted with the military requirements of the Armed Forces and the possible effects upon Poland of rising industrial requirements for military purposes. Aside from this military service, Jaroszewicz has been a Communist Party activist, and an army political commissar, which would add to his qualifications for strengthening the State Economic Planning Commission. (CONFIDENTIAL)

RUMANIA

Rumanian Government tightens  
control of people's bread supply

"B"

The Rumanian Council of Ministers has announced a token increase in bread rations to the lowest category of card holders, while at the same time putting into force stringent controls over the processing and distribution of bread. Brown bread rations distributed to ration categories D 1 and D 2 (members of families and persons not employed) have been increased from 250 to 300 grams per day. White bread and flour will now be sold only on the free market; although the price has been reduced it is still a prohibitive price for the majority of people. Before this order, white flour had been obtainable on ration cards, at reduced prices, twice a year.

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In the same order increasing bread rations for one category of the population, it was announced that all processing of bread as well as of other flour products will take place only in State enterprises. This, in effect, prevents independent bakers from producing and marketing bread except under strict Government supervision. Since bread rations are inadequate and the bread is of such inferior quality, most people have been forced to supplement their rations through purchases of bread on the black and free markets. By eliminating the private bakers, the Government will be in a more favorable position to control the amount of bread available on the free market and can use this as both an economic or political weapon against the people -- particularly those classes forced to purchase all of their bread on the free market.

The tightening of distribution facilities, which was expected in view of Rumania's current corn shortage, can in the long run effectively reduce the total consumption of bread among the urban population. Because of the shortage of other staples, it was probably necessary to increase the bread ration for the people only receiving 250 grams per day. Thus the move is not regarded as politically motivated, despite the fact that it was made six days before the elections for people's councils.

The most significant aspect of the published order is the State's assumption of control over all production and distribution of bread and other flour products, which will probably decrease the total amount of grain used for bread, eliminate competition to State bread enterprises, and strengthen political control by giving the Government complete control over all marketing channels available to the urban population. (CONFIDENTIAL)

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YUGOSLAVIA

Yugo-Greek rapprochement evokes heightened  
Cominform propaganda attack

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Cominform propaganda organs have recently seized upon the Greek-Yugoslav rapprochement and the US emergency aid program to Yugoslavia as a basis for renewing specific charges that Yugoslavia, in conjunction with Greece, plans direct aggression against Albania "within a matter of days." Bulgaria is also cited as a target of joint Yugoslav-Greek military operations, to be carried out under US direction. Reference is made to recent visits into Greek Macedonia of a number of prominent Greek political leaders, including the King and Queen, and an alleged visit of US Ambassador Peurifoy to Salonika for military consultations is compared to the tour of the Korean frontier by Mr. Dulles prior to the "South Korean aggression".

However, similar charges have been periodically launched against Yugoslavia ever since the end of the Greek civil war. Beginning early in 1950, when the question of an exchange of Ministers between Greece and Yugoslavia was first raised, Cominform organs clamored that the US was organizing a "Belgrade-Athens Axis" in preparation for a war in the Balkans. Whenever Western diplomatic personnel have visited the Greek-Yugoslav capitals, the Free Greek Radio in particular has immediately seized the pretext for reiterating its charges, thereafter repeated by other Satellite organs in both home and foreign broadcasts. Renewed emphasis by the Cominform on the "aggressive plans" of both Yugoslavia and Greece indicates concern over the strengthening of the anti-Cominform front in the Adriatic and Aegean area and a possible East Mediterranean regional pact, as well as over the threat to Albanian security implicit in a Greek-Yugoslav rapprochement.

The fact that events appear to be moving rapidly in the direction of better Yugoslav-Western relations is

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likely to evoke still more virulent outbursts in Cominform propaganda. Despite the hysterical note regarding Albania's "immediate peril" in the current propaganda line, the volume of output against Yugoslavia and Greece has not noticeably increased over the past weeks. This propaganda serves, however, to "document" Cominform accusations against Yugoslavia and Greece in the event of any Satellite "defensive action" against either or both countries and adds additional fuel to the Balkan "war of nerves." Although the value of such propaganda peaks as a certain indication of Soviet intent is lessened by their frequent recurrence on an ascending scale over the past two years, the steadily improving military capabilities of the Satellites lend an increasingly ominous note to their propaganda chorus. (RESTRICTED)

SPECIAL ARTICLES

Communists lay ground for National Catholic Churches in Eastern Europe

At the present juncture in the Eastern European Church-State struggle, Communist leaders in Czechoslovakia, Poland, Hungary and Rumania are concentrating on establishing "national" Catholic Churches -- churches which will be ostensibly Catholic, but removed from the direction of the Holy See and actually subservient to the various Communist regimes. The Communist leaders do not seek to destroy the Churches as institutions, but to intimidate the various hierarchies into putting the Churches at the service of the State for indoctrination, persuasion and control. The position of the Church has already been seriously weakened through the imprisonment or immobilization of many Catholic leaders, the closure of religious schools, the disbandment of Catholic religious orders, and the intimidation of Catholic laymen.

The recent trial of Church dignitaries in Czechoslovakia, in which the nine defendants were sentenced to

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prison terms ranging from ten years to life, was intended to bring the Czech hierarchy closer to submission. Besides eliminating the accused from future participation in the struggle, the trial laid the ground work for an intensified campaign against the intransigent Archbishop Beran and Bishop Matocha. With Beran and Matocha neutralized, the State would be in a much better position to force the remaining clerics to accept an agreement similar to those already obtained in Hungary and Poland. The Hungarian Church has already agreed to support the Government's social and economic program, and Catholic dignitaries have been warned against recalcitrance. Similarly, the Polish Church is at the mercy of the State through a Church-State agreement, by which the State is empowered to pass on Church appointments, and to interpret the agreement's provisions concerning religious education and relations with the Holy See to its own advantage. The Church has also been deprived of its revenue-producing activities and has lost control of its national charity agency. The Polish Communists have, meanwhile, made some progress in creating a schism in the hierarchy and in organizing a group of pro-Government Catholics who are supporting the State's program against the Vatican.

Rumanian Communists, having failed to force a Church-State agreement on Rumanian Catholic Bishops or their vicars, have formed a nucleus of anti-Vatican priests and laymen which is being groomed to sign a Church-State accord in the name of Rumania's Catholics. This pro-Communist group has already received title to all Roman Catholic Church property in Rumania.

To further the process of weaning Eastern European Catholics away from the Vatican and establishing national Catholic Churches, the Communist courts and propaganda organs repeatedly emphasize that in Satellite Europe anyone who serves an alien organization is bound to suffer. Thus the nine Czech defendants in the recent trial are represented as being persecuted, not for their religious activities, but

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for their alleged services to the Vatican's espionage and sabotage net.

Despite the strong anti-Communist sentiments of Eastern European Catholics and the likelihood that many priests will prefer persecution and martyrdom to submission to Communist domination, the Communist regimes will probably succeed in securing control of Church organizations in Eastern Europe. (CONFIDENTIAL)

Hungarian coal production failing to keep pace with industrial expansion

Hungary is experiencing a coal shortage similar to that existing in other European nations, despite the fact that this year's production will be 13 percent greater than in 1949 and more than double that of 1946. Total output will be about 14 million tons, of which only around 1.5 million tons is bituminous coal and the balance is brown coal and lignite. Imports of at least 160,000 tons of bituminous coal and probably 250,000 tons or more of coke will be received from Poland and Czechoslovakia. Exports of brown coal are small, probably no more than 125,000 tons.

There has been much concern over the inability of the coal industry to keep pace with the progress of other industry and to satisfy the expanding requirements for fuel. It is indicated that industrial output for 1950 will be about 35 percent higher than last year and that freight traffic on the railways increased by about 25 percent. This has resulted in a substantial increase in consumption, especially by railroads, power plants and the machine industry. Also, there has been a sizeable increase in household consumption because of a shortage of wood. During last winter, householders were asked to convert to coal so that, prior to August 1950, workers were reported to have bought about 35 percent more coal products than in the comparable period of 1949.

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Presumably there have been moderate stockpiles upon which to draw and it is likely that these have been depleted. A ten percent increase over actual production per shift is necessary to satisfy current coal requirements. Since Hungary depends almost entirely on coal for heat and power, it is evident that this shortage will have a restraining effect on the rapid expansion of the industrial economy.

The gravity of the situation is such that it was the principal issue at a joint conference of the Hungarian Council of Ministers and the Central Executive Committee of the Hungarian Workers' Party in Budapest on 22 November. It was resolved at this conference that coal production in 1951 must be increased by 20 percent as compared with 1950. To accomplish this end, it was further resolved that the mechanization of coal mining must be speeded up, better organization secured, administration of mines improved, manpower guaranteed, work discipline consolidated and strict economy practiced in all aspects of the use of coal. Benefits must also be guaranteed to those engaged in mining to show the respect for coal miners.

Mihaly Zsofinyecz, Minister of Heavy Industry, enumerated the principal shortcomings of the coal industry: The indicated 1950 increase of 13 percent over 1949 is unsatisfactory since the national economy requires an even more rapid tempo of increase or it will have to slow down. Only 20 percent of the sum invested in the coal industry in 1950 was spent on mechanization. During 1950 there was extensive absenteeism and production was very often hampered by the improper use of the manpower available. The number of workers above ground was continually increasing while the number of underground workers showed a steady decline. The decrease in the number of coal face workers was particularly grave because it resulted in the decrease of new development which had assumed alarming proportions in certain mines. Also, certain sectors of management and technical personnel were not working wholeheartedly for increased

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been exhorting their co-workers to greater efforts, have created considerable dissension because they were not fulfilling their norms or participating in work competitions. The resultant harm is obvious and the offenders were taken to task and told it was their obligation to be producers.

There is also some antagonism on the part of both labor and management toward mechanization, according to Vice Premier Rakosi. References were made to Soviet equipment and criticism of it. The miners do not favor pneumatic pick hammers because they are too heavy. On 17 August, the first USSR coal combine and the first machine of such type used in Hungary was put into operation. This machine, which cuts and loads coal simultaneously, was claimed to be idle too much of the time, but it did not receive a fair trial because it was used in a thick coal seam for which it is unsuitable. Actually, it proved to be satisfactory in the USSR when used in the thickness of coal for which it is designed.

The Hungarian coal industry is handicapped by the scarcity of mechanical equipment. The majority of the coal is extracted manually. Probably little more than 36 percent is cut with machinery and this mainly with pneumatic pick hammers which are extremely tiring for the user. The amount of coal mined underground that is mechanically loaded is virtually nil. A partial solution of Hungary's coal problems depends on the obtaining of equipment. Three times more cutting machines are planned for 1951 than in 1950 and, if obtained, they will alleviate some of the labor shortage. It is doubtful whether the USSR or the Satellites can provide much mining equipment because of their own urgent requirements.

Until recently, miners' wages have been lower than those in other industries. This situation has probably contributed to migration to other work, scarcity of new labor, absenteeism and general discontent. The status of the

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miner has now been raised to that of the highest paid worker, although increased norms minimize the overall pay raises.

The solution to Hungary's coal problems depends primarily on furnishing sufficient financial incentive to increase labor productivity and to hold as well as attract the right type of new labor. The current prevalence of grievances and absenteeism would indicate that wages are still not high enough to compensate for better working conditions elsewhere. (SECRET)

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