

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

ADDRESS AT THE ANNUAL BANQUET
THIRTIETH ANNUAL MEETING
VIRGINIA STATE CHAMBER OF COMMERCE
RICHMOND, VIRGINIA
APRIL 9, 1954

Date 3/30/92

HRP 89-2

It is a great pleasure to be with you tonight in the historic city of Richmond.

In my job as Director of Central Intelligence, public addresses are the exception as far as I am concerned. But when your distinguished Senior Senator and also your fellow-townsman, Assistant Secretary of State Robertson, joined in asking me to meet with you I could not refuse.

The Central Intelligence Agency has no better friend in Washington than Senator Byrd. As one of the senior members of the Armed Services Committee, I see him often on the affairs of the Agency. He has always been understanding and helpful.

As for Walter Robertson, few men who have come to Washington, in my experience, have made a deeper impression than he by over-all competence and mastery of his subject. If any person thinks that Mr. Robertson has an easy job these days, as the State Department official most directly responsible for dealing with our day by day crises in the Far East, I am sure that Walter Robertson would be glad to let that person take a crack at his job.

Those who are directing our foreign policy these days have a double problem. They need to know the facts bearing on our international relations and then they must decide what to do about them.

Until the Communists introduced the idea of building a kind of Chinese Wall around their domains, it wasn't so difficult to get a reasonable idea as

This is a TEMPORARY DOCUMENT
only, for the use of DCI/HS.
The record copy has been

released to National Archives
under the HISTORICAL REVIEW PROGRAM.

HS/HC-163

to the facts in a given situation. Generally we can get, through normal and overt means; a fair idea of the power potential of the various countries of the world and their intentions and policies can be deduced within a reasonable margin of error.

Today, however, there is a vast area of the globe -- the entire Soviet and satellite world, including Communist China -- which is, in part, a no-man's-land of knowledge.

The Communist world deliberately plans it so. They want to keep us in ignorance of their plans and of their timing and of their power to carry out their plans. Meanwhile we in the free world continue along, with the full light of publicity on what we are doing and of course our major plans in the international field generally require advance approval of the Congress in one form or another.

In a free society this is more or less inevitable and I would not suggest that we can or should change it even though it puts us at a disadvantage vis-a-vis a possible antagonist. Sometimes, however, it seems to me that in the field of technical developments we tell the world, and hence the Communists, more than we need to. This seems to go with our national temperament. Our people like to share with others the satisfaction of our accomplishments, sometimes without realizing how quickly this knowledge can be turned against us.

Of course, one of the main objectives of the Central Intelligence Agency is to try to get at the facts about the Soviet orbit -- the name we generally use to cover the Communist dominated area that extends from the Elbe River in the heart of Germany to the Yellow Sea and deep into Indo china in the Far East.

I do not propose to disclose where in this quest for knowledge we are having successes and where we are running up against a wall of uncertainty. To do so would merely help the Soviet to close off existing sources of information. I can say, however, that in this work we have come across some facts that lead me to believe that here in the U. S. A. we have some popular misconceptions about this Soviet orbit.

Tonight I should like to discuss some of these misconceptions with you.

* * * * *

A little over a year ago Stalin died. Many were then inclined to believe that his death would be a great shock to the Soviet system and would probably leave the USSR weaker than before. That thinking was wrong. It is true that in a totalitarian society, where there are no clear rules of succession except the rules of brute power, the death of a dictator always brings problems. The Soviet, temporarily at least, surmounted the problems of the Stalin succession with less of an internal convulsion than had been anticipated.

It is now quite apparent that Stalin's demise brought vast relief to the ruling Communist circles. Never have a group of men labored harder to deflate their national hero, than have Stalin's heirs and successors. The aging Dictator, during his latter years, had become more of a tyrant than even the members of the Politburo relished. He had dealt arbitrarily in matters of foreign policy and had been ruthless in forcing the Soviet economy into armament production in disregard of the needs of the Soviet people for consumer goods.

Those who try to tell us that human nature can be ignored, even in the strictest of totalitarian states, are certainly wrong. It is true that armed

revolution may be out of the question as long as the army supports the government, but no people, no matter how ground down by dictatorship, can be pushed beyond a certain point without seriously weakening the regime. Clearly Stalin, in his latter days, was close to that danger point.

Even men like Malenkov and Molotov became fearful of the trends of Soviet tyranny under Stalin. While Beria shortly followed his master to the grave -- probably because he was a threat to Malenkov's position -- Stalin's other successors quickly realized that the over-emphasis on industrialization for armament, as practiced by Stalin, had meant the neglect of the consumer goods industries and of agriculture. They also seemed to wake up to the fact that the individual productivity of labor was decreasing because the average Russian citizen was being called upon to work too hard for too little a return. The Malenkov government began to realize that the Soviet economy was seriously unbalanced and that drastic action was required.

A story, of Soviet origin, illustrates this dilemma. It seems that a Soviet officer was telling a peasant how the Soviet Union intended to deal with America. "We will pack twenty atom bombs in 20 leather suitcases and distribute them all over America," he said. The peasant nodded doubtfully, whereupon the officer asked him indignantly if he didn't believe the Russians had 20 atom bombs. "Oh, I wasn't thinking of the bombs" the peasant answered. "But where are you going to get the 20 leather suitcases?"

Thus even a monolithic state like the Soviet Union has its stresses and strains. The Soviet people have not become such complete automatons that the Kremlin can safely act in complete disregard of their human needs.

* * * * *

A second misconception, as I see it, lies in our appraisal of the capabilities of the Soviet people individually and collectively. I believe we have a feeling that the Soviet brain is somehow inferior to our own and that in many fields they cannot do the things that we can do.

In all totalitarian systems the denial of freedom, and of private initiative and the curb on individual resourcefulness have serious consequences. But don't make any mistake about this. Those who succeed in the ruthless power struggle that exists in the Soviet Union are persons to be reckoned with. However cynical and corrupt they may be, when they get to the top in that "dog eat dog" system they are men of outstanding force and ability.

When the Soviet State determines to tackle a particular objective, take for example in the field of industrial production or of scientific development, and lays down the ground rules for the work to be done, Soviet scientists and technicians have proved to be surprisingly efficient in getting results. Of course in some fields they have profited by aid received from foreign scientists, particularly German; from espionage; and sometimes from prototypes obtained from abroad.

It is high time we should disabuse ourselves of the notion that the Soviet are only good as chess players, as musicians, or in the ballet, apart of course from their demonstrated courage and tenacity as soldiers when defending their own country. We have now had it clearly demonstrated that they have high ability in the field of atomic energy, electronics, in aircraft engine design and construction. Here and in several other fields they have at times surprised the rest of the world.

In my own work, I find it far safer to assume that in technical tasks the trained Soviet citizen can do what we can do. And when we find certain areas

in the field of science and development where we are really ahead of them, we can put that down as a happy plus -- but we do not need to tell the Russians where this is.

The disturbing thing about the Soviet effort is that their scientific and productive achievements are almost exclusively directed toward developing engines of destruction for military purposes. We, on the other hand, devote the major share of our inventiveness and of our production to improving the way of life of the ordinary human being by making better automobiles, refrigerators, television and the like. Here, the Soviet are quite prepared to let us do the pioneering with the idea that they can always copy our products and then, of course, claim the credit for the invention.

As we review Soviet achievement in the field of science and technology and the emphasis they are placing on getting their ablest young people into scientific work, we have no real basis for complacency or for assuming an air of superiority. If we do, we are in for a sad awakening. You may be surprised to hear that available statistics indicate that Soviet advanced educational institutions are now turning out more graduates in scientific fields than we are here in the United States.

* * * * *

If possibly Soviet progress in science and technology has been over discounted, on the other hand, there has been a tendency to minimize their problems in another field where normally one would expect them to be strong, namely, in the field of agriculture.

As we look at the map and see the great reaches of the Soviet orbit and further take into account that they can appropriate, at will, the product

of the normally agricultural satellite states such as Poland, Roumania and Hungary, we would naturally assume that food in the Soviet orbit should be the least of their worries, except possibly in China which has perennial agricultural problems. Such is not the case. Today, agriculture is an over all headache in the Communist World.

This requires a little explaining:

In 1944, at the height of World War II, Josef Stalin confided in Winston Churchill, as the latter tells us, that the Soviet Union's battle with the peasant farmer had been a more dangerous and formidable undertaking than the defense of Stalingrad. This was quite an admission. In point of fact, it was probably an understatement. Since the battle of Stalingrad had been won, this implied that the battle with the peasants had likewise been won. Today, however, after twenty-five years of that battle, the new leaders of the Soviet again admit that the farm problem is still unsolved.

When the Bolsheviks inherited this problem from the Czars in 1918, as the aftermath of a disastrous war, they had formidable difficulties to face. The first attempt at solution was the easy one of merely dispossessing the landlord.

As always proves to be the case where this simple remedy has been applied, it has tended to create more problems than it has solved. The peasants didn't know what to do with their new estates and did not have the meagre capital necessary to develop them. In most cases they lacked the incentive to produce more than was essential to keep themselves and their families alive. This left the city population to starve.

In 1930, after a period of prolonged hesitation, the Soviet Communist party decided to strike a final blow against private agriculture, even that of

the small peasant farmer. It decreed the liquidation of the kulaks and announced its aim of complete collectivization within three years.

The objective was threefold: first, to gain political control, for party purposes, of the country population by cutting the roots from under the wealthier peasants who were hostile to the regime; second, to provide the hungry industrial population with minimum subsistence and over and above this to procure some grain for export and, third, to put an end to small scale peasant agriculture which had proved unable economically to use modern machinery and scientific farming methods.

Apparently it was first intended that this process of collectivization should be one of persuasion. The farmer everywhere, however, is a temperamental individualist and the Russian farmer balked at the idea of entering the collectives. Persuasion was ineffective and certain "pressures", to use a polite term, were put into play. The State largely controlled the farm machinery, the seed and manufactured goods, all of which it could distribute to the farmers as it saw fit. Any peasant who resisted official policy ran the risk of finding himself classed as a kulak and deported to Siberia. Or he might simply find that he and his family were deprived of all means of making a livelihood and reduced to starvation.

In spite of all this, passive peasant resistance brought about a sharp reduction in farm output and in the winter of 1932 a serious famine faced much of the country. In the space of the following four years, the peasants slaughtered almost half of the total herd of livestock and during the period between 1932 and the outbreak of the war in 1941, some 18 million horses had been consumed by the hungry population or had perished. The manure supply, vital to the marginal agriculture of north and central Russia, was dangerously

diminished. The propaganda about the virtues of the collective farm system continued to flow copiously. To the farmers, this had somewhat the same odour as their fertilizer but lacked any appeal for their crops.

In the terror that ensued in the 1930's, about 5 million peasants were deported to Siberia and a large proportion of them are said to have perished. This brutal policy of forced collectivization had some results, so that by the time of World War II practically all of the arable land of the Soviet Union was subject to the collective farm system.

Thus Stalin "won" his victory against the peasants. But let us recapitulate the cost: 5 million peasants uprooted and deported including the most energetic and industrious farmers; 30 million cattle slaughtered; loss of 18 million horses; a farm population frightened, sullen and lacking incentive to produce.

Certainly Stalin minimized the situation when he compared this battle with that of Stalingrad. The peasant was subdued -- the problem remained. The World War and the postwar era brought no lasting remedy and when Josef Stalin died in March of last year he left to his successors an agricultural problem largely unsolved.

Last August, after having taken care of the immediately pressing problems following Stalin's death and liquidated Beria, the Soviet leaders turned to agriculture as their number one problem. They began by announcing a series of new incentives for the farmer. At the same time, they ordered more tractors, farm machinery and fertilizer and decided to send scores of technicians back to the farms.

All this, however, did not mean any relaxation of the basic Communist system of supervision over agriculture. In fact, it was to be tightened.

From the Soviet viewpoint, the ideal solution is to treat the farmer like a factory worker. Herded into "farm cities" at night, they would be deposited by trucks and buses in the morning at assigned strips of land and given their materials in the form of seed, fertilizer and supplied with tractors. Thus they would do a daily stint on a piece-job basis and be carted back at night to their city or village domiciles. In this way the farmer would be divorced from his land and his crop as completely as the factory worker is divorced from the tank, the aeroplane or the tractor once it is built. The bait that was to be held out to the farmer by Malenkov was increased consumer goods and better housing.

The Soviet have not as yet achieved this program but it is the logical conclusion of the steps they are now taking. It is true that in some of the Satellites they have been forced to back track on their measures to complete the program of collectivization; not so in the Soviet Union itself.

As their present program got under way it was necessary to tell the farmer about it and in doing so Malenkov and his chief party aid, Khrushchev, also had to tell the world. In this way we have begun to learn the truth about the Russian food situation. Here are some of the facts: --

In the years following the war over-all agriculture production had failed to keep pace with an increasing population and many vital crops had fallen off. Furthermore the cattle herds, as of January 1, 1953, had dropped over 10 million head from the 1940 figures and were even 15% below those in 1928, while dairy herds had dropped by 27%. Sheep and goat herds were 4% short of the '28 level. These are the Soviet's admitted figures. Meanwhile of course the Soviet and satellite population was steadily increasing and the Soviet had acquired an implied responsibility for its Chinese ally with its

perennial food problem and an over-all agricultural output which in 1953 was below that of 1936.

According to the Communists' own admissions, it appears that the only area in the field of agriculture where a real increase is to be noted is in "red tape".

The Central Committee of the Communist Party admits that bureaucratic practices in the handling of agricultural problems have developed to a point where main attention is "concentrated on compiling various directives, resolutions, letters, and so forth."

Even the Communist newspaper, "Pravda", complained that district farm offices were literally inundated with all kinds of paper. One regional executive complained that hours were needed daily to read the government directives and the rest of the time was taken up with a series of unnecessary conferences.

The Soviet leaders have admitted quite frankly the serious nature of their agricultural problems.

First - the USSR is not richly endowed with agricultural resources. The land area where both climate and soil are at all favorable for farming is small relative to the population, and most of it is in use. Hence, expansion of output requires more intensive cultivation.

Second - in pursuit of industrialization, Soviet economic policy has starved agriculture of capital and drained it of labor. This drain of labor has been largely male labor. On the Soviet farms today about 80 percent of the work is done by women. The balance of the workers are old men, war cripples, and children. Few boys over 16 are seen on the farms.

Third - the record of Soviet planning of agricultural production has been consistently unimpressive. Agricultural goals set by the Five Year Plans regularly proved excessive and stop-gap emergency measures generally failed to achieve the results demanded. The official reaction to these failures was to attain output plans by demanding greater shares of output from the farmers. With farm incomes already low, these measures did much to increase the demoralization of the Soviet countryside.

As an illustration of what happens to those who are continually faced with unrealistic plan requirements, there is the case of the clever Soviet factory manager who in order to fulfill his monthly production quota was forced to "borrow" a day or two from the next month. This solution worked very well until after a year he owed the government a month's production. He hasn't been heard from since.

Fourth - the newly adopted "new look" has apparently been delayed until the chronic problems of Soviet farming had taken an acute turn in some important branches. This deterioration will have to be stopped before the new expansion can begin. Yet the measures were decreed too late last year to affect 1953 production and it seems most doubtful that enough of the additional investment planned for agriculture will be supplied in time to have much effect on this year's crop production.

All this justifies considerable skepticism as to whether the new program stands much chance of succeeding on schedule. Moreover, there are good indications that it has actually got off to a slow start, with bureaucratic bottlenecks about as numerous as ever.

What we have just seen in the sphere of agriculture shows the effects of having a strong dictatorial government extend its hand far beyond the

strict field of government itself. The attempt to eliminate private property in the Soviet's productive wealth has not resulted in socialized property but in property in the hands of the dictatorship. As a result, the leading members of the Communist party control the uses of productive wealth, direct the process of investment to suit themselves, decide how large a part of the national income the masses will receive, and are in a position to see to it that their own economic welfare remains at a level satisfactory to them. The gulf between the incomes of the elite in the Soviet Union and the ordinary workers is appalling.

If we feel that we here in the United States have our problems because of farm surpluses, we might well ponder with some satisfaction the consequences of the Soviet agricultural system with a crippling bureaucracy and critical farm shortages. At least we need to have no misconception about the fruits of Communism in agriculture.

* * * * *

In conclusion, I would mention one further misconception about the Soviet world that I believe is shared by many. Here I am glad to report that the evidence indicates that any apprehensions are not well founded.

Many people seem discouraged at the fact that totalitarianism has lasted so long in the Soviet Union. They tell us that in a totalitarian state as new generations come along with no experience of the meaning of freedom, the yearning for it may just die away.

This idea is based on the thought that the love of liberty might come largely from enjoying the fruits of it or from observing the experience of one's neighbor who lived in liberty. There seemed to be some reason to doubt

whether there was here an inherent attribute of men and women apart from past experience, knowledge or upbringing.

During recent years in my present work I have had a good deal of experience, direct and indirect, with persons who have sought asylum in the West from the conditions of human slavery that exist behind the Iron Curtain. I have had contact with young people who have fled to free countries and who had never known any form of life except Communist totalitarianism. Yet somehow they have had a yearning for something better and had experienced a feeling of basic revolt against what they had been taught and against the manner of life they had been forced to live. The two young Polish fliers who brought their planes to freedom not so long ago are good examples of this. They have taught the Soviet and the satellites that it is not safe to expose any of their peoples to the breath of freedom.

This has created a basic problem for the Soviet in handling their military, their diplomatic and their security service personnel, some of whom must come in touch with the free world to carry out their official duties.

At least here is one misconception about the Communist world of which we can all disabuse our minds: If we press forward with a vigorous defense of the liberties for which this country and the free world stand, we have no need to fear that we are in a losing race against the totalitarian way of life.