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OFFICE OF CURRENT INTELLIGENCE

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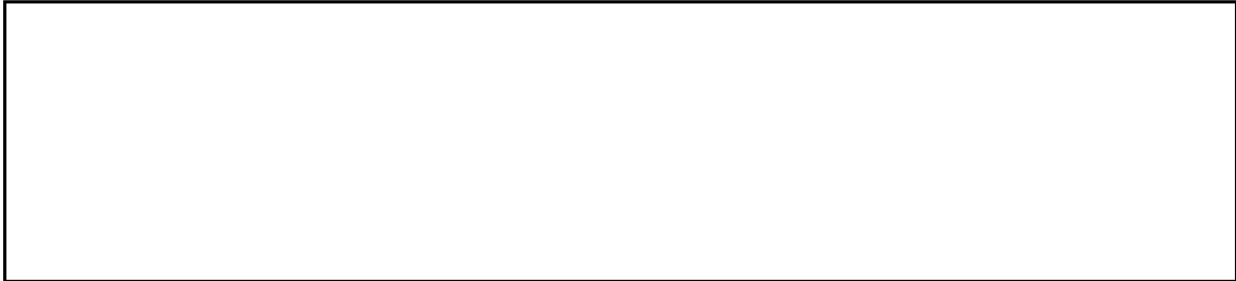
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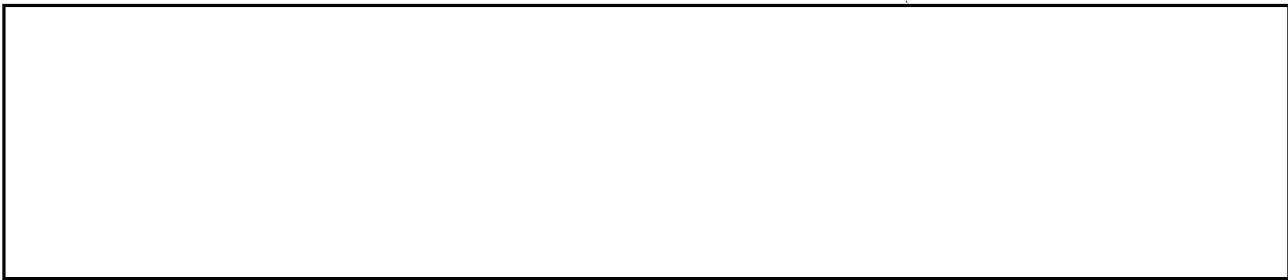
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HUNGARIAN REGIME FACES CONTROL PROBLEMS UNDER "LIBERAL"  
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The advantage taken by many Hungarians of the relaxation of political pressures which characterizes current Orbit policy has forced the Budapest regime to renew its pressure on certain elements of the population, particularly "kulaks." Recent speeches by Communist leaders indicate, however, that the present basic reliance on incentives and persuasion will continue, possibly until the end of the second Five-Year Plan in 1960.

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## THE SOVIET WORLD

Immediately following the shooting down of a British airliner off Hainan Island on 23 July, Soviet and Chinese Communist propaganda was on the defensive. The Chinese apology to Britain was unprecedented, and both Moscow and Peiping showed some anxiety lest their gains from the Geneva conference be jeopardized by the incident.

However, following the 26 July clash between Chinese and American fighter planes off Hainan Island, in which two Chinese aircraft were shot down, Communist propaganda resumed the offensive. Peiping described American sea and air activity in the area as "flagrant and savage acts of aggression" for which the United States will have to "suffer the consequences." Moscow described the clash as a "provocative attack" aimed at "maintaining the state of tension" in the Far East which had been noticeably eased by the Geneva conference.

The Communists have been proclaiming the Geneva conference as a great victory for their policy of "relaxing international tensions through negotiations" and as a major defeat for the United States. Official comment on the conference and the quick follow-up for a new European conference suggest that Moscow hopes to capitalize on the psychological momentum gained at Geneva to undermine defense policies in Asia and Europe.

Besides achieving general acceptance of Communist China as a great power and recognition of Ho Chi Minh's "liberation" movement, the Indochina settlement, according to Moscow and Peiping, fulfilled at least one of their other major objectives by obstructing the establishment of foreign bases and the conclusion of military alliances in Indochina. A Pravda editorial of 22 July emphasized that the area will not be permitted to join in any "aggressive groupings." While Ho Chi Minh's statement calling for "unification and complete independence" of Indochina had belligerent overtones, it endorsed the Geneva settlement and pointed to a Communist strategy of relying on political rather than military means to achieve these objectives in Indochina.

There are further indications that the Communists are planning to counter American efforts for a Southeast Asian defense pact. On two different occasions since the conclusion of the conference Chou En-lai has publicly stated that Asian

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states should work out their own security arrangements. He has suggested that these be bilateral agreements, along the lines of his "five principles" for friendly relations.

In an apparent attempt to impress the non-Communist world with their avowed "good will" and desire for normalizing relations, the Communists have been paying marked attention to Western diplomats and non-Orbit delegations visiting Moscow. In the most specific high-level Soviet pronouncement of Moscow's intentions to improve relations with Japan, Soviet foreign minister Vyshinsky told a group of visiting Japanese Diet members that the USSR hopes to establish formal diplomatic relations with Japan "as soon as possible."

The infamous doctors' plot, long dead in Soviet propaganda, was resurrected on 23 July with the announcement that M. D. Ryumin, former chief of the investigation section of the Soviet Ministry of State Security who was denounced and arrested in April 1953 at the time of the repudiation of the plot, has been tried and executed. Ryumin, who was earlier accused of being behind the doctors' plot and leading the minister, Ignatiev, "around by the nose," had disappeared from view, and according to an article by the minister of state control of the RSFSR, published on 22 May 1953, had been "punished for his crimes."

While the motivations for this latest action are as unclear as the motivations behind the doctors' plot itself, it is possible that the regime is using the case as part of the current line on "socialist legality" and the rights of citizens against arbitrary arrest and extortion of confession. It may also be intended to offset any unfavorable popular reaction to the reinstatement of the death penalty for murder and the re-establishment of a separate security organ. It may further be a warning to Soviet police officials that the methods permissible under Stalin and Beria, as exemplified in Ryumin's case, are no longer permissible.

On the other hand, it is possible that Ryumin was shot as a move against or a warning to some group within the Party Presidium--the same group that was most intimately associated with the original doctors' plot in January 1953. Since the original doctors' plot seemed aimed at Beria, this apparent repudiation of it would not be aimed at any surviving members of the Beria group. Of the present rulers, Malenkov was perhaps most closely identified with the original plot, and he may be the ultimate target of this latest action.

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## SOVIET STRATEGY OF NEGOTIATIONS SWINGS TO EUROPE

The Soviet proposal of 24 July for an all-European conference represents the latest move in the USSR's strategy aimed at undermining the Western coalition. Having achieved at Geneva a major objective in eliminating a "hot" war that threatened to make mockery of its peace campaign, the Soviet Union is now turning toward other international problems, in the hope of demonstrating Soviet "peaceful" intentions and further isolating the United States.

Moscow's interest in pressing its security scheme was foreshadowed by the attempt to force Finland to issue a declaration in support of the plan as a condition for concluding a trade agreement. Similarly, a "Russian hour" broadcast in Vienna on 22 July said that to "pave the way" for a state treaty, "all the Austrian government needs to do is support the Soviet proposal regarding the establishment of an all-European security system." A post-Geneva editorial in Hungary's Magyar Nemzet frankly states that the "next task of the world peace camp is to thwart EDC."

The Soviet security plan, originally proposed at the Berlin conference, calls for an "organization of 32 states" pledged to aid any member who is attacked. This would, of course, represent an alternative to EDC. While the Western powers rejected this scheme in a note of 7 May, the Kremlin may estimate that proposing another conference at this crucial time is all that is necessary to cause a further postponement of French parliamentary action on EDC. This would, in turn, stimulate American and British efforts to seek alternative solutions.

German rearmament in some form unquestionably would be an alternative, and this raises the question as to which the USSR is most eager to prevent--EDC or a rearmed Germany. The Kremlin's sustained effort to defeat EDC would suggest that it regards it as the cement of the Western alliance. Soviet propaganda indicates that any US-led coalition is viewed more seriously than German rearmament outside a Western coalition. The USSR probably believes that any attempt to devise an alternative to EDC would result in Western difficulties at least as troublesome as those manifested in the past few months. A France that looks with suspicious disfavor upon a rearmed Germany under EDC is not likely to regard with glee a rearmed Germany as a relatively free agent.

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That the USSR would not stop its campaign for negotiations on a European security plan was suggested by the 22 July statement of the Soviet government regarding the Geneva conference. It maintained that the settlement created "favorable conditions for the settlement of other important unsolved international questions, which bear not only on Asia, but also on Europe, and first of all on such questions as stopping the arms drive and banning the atomic weapon, safeguarding collective security in Europe and settling the German problem on a peaceful and democratic basis."

While the German question is not specifically included on the agenda of the proposed conference, it unquestionably will be a target of Soviet strategy. The shift of Soviet ambassadors in East Germany and the presence of Deputy Premier Ulbricht in Moscow suggest that policy decisions regarding Germany are being framed. The Kremlin is not, however, in a position to make a major compromise on Germany. Perhaps the primary Soviet aim is to split France from its allies by winning its support of a European security program implying the continued division and neutralization of Germany. Another likely purpose would be to win a conference voice for East Germany and to establish committees of East and West Germans to continue the debate on unity.

While the USSR cannot compromise, it can make a debate on Germany embarrassing for the West. Thus, in May 1952, the Western powers implied that a united Germany would be bound to EDC. At the prodding of Molotov at Berlin, however, the Western ministers were forced to admit that a united Germany would be free to accept or reject EDC. France obviously is the nation most concerned over whether a rearmed Germany will be a free agent.

The Soviet statement on Geneva, together with the new proposal's emphasis on the arms race, suggests that disarmament too will be pushed as a pertinent peg for an international conference. The USSR probably does not envisage breaking the disarmament deadlock, but may believe that holding out the possibility of abandoning the arms race will effectively mask Soviet intentions and facilitate the campaign for negotiations.



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THE SITUATION IN CENTRAL AMERICA  
FOLLOWING THE OVERTHROW OF ARBENZ

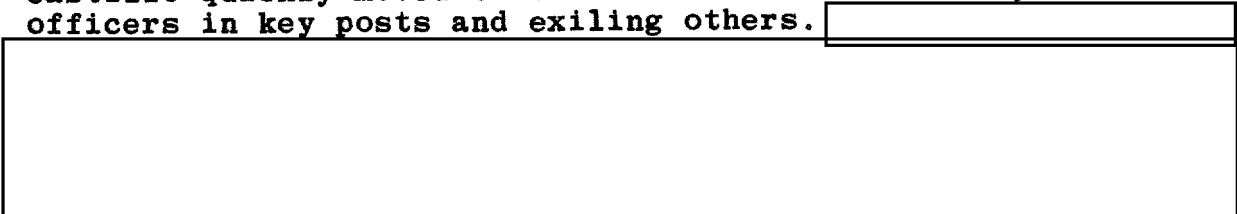
The overthrow of the Arbenz regime in Guatemala and settlement of the crippling strikes in Honduras have reduced but not eliminated tension in Central America. Stability is still threatened by an explosive pre-election atmosphere in Honduras and by a "war of nerves" between Costa Rica and the rightist regimes in Nicaragua and Venezuela. Only El Salvador is enjoying domestic quiet and friendly foreign relations.

In Guatemala, Castillo Armas became president of the new junta on 7 July amid popular acclaim. In a bid for labor support he promised to consolidate the social and economic advances made since 1944, but his program remains unclear. His government may be increasingly hampered by disunity among its supporters, who range from moderates to extreme conservatives. Current plans call for rule by decree for up to three years until the basis for sound constitutional government can be laid and Communist influence eradicated.

Although the Communist Party's overt organization collapsed with Arbenz, not one top Communist leader has been arrested. Five of the 11 members of the party's political committee have found asylum in foreign embassies; the others are unaccounted for. Of the 4,000 "Communists" jailed, most are peasants and few can be considered indoctrinated party members.

Underground Communists may still be able to incite rural workers to violence, particularly in the Communist stronghold around Escuintla on the Pacific slopes. Police seized a sporadically operating clandestine radio transmitter in this area in mid-July, but failed to capture those using it.

The Guatemalan army continues to be the ultimate locus of power, despite its humiliating defeat in the rebellion. Castillo quickly moved to consolidate his control by removing officers in key posts and exiling others.



Castillo's government has now been recognized by all Latin American countries except Ecuador and Uruguay, despite

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the hostile reception hemisphere opinion gave him in late June. Popular attention in Latin America moved away from Guatemala as the situation stabilized. Furthermore, as the atrocities of the previous regime and the wide Guatemalan support of Castillo were publicized, and the propaganda carried on by Arbenz diplomats abroad largely ceased, press comment became considerably less unfavorable to the United States.

In Honduras, organized labor emerged as an important political factor from the two months of strikes which ended on 12 July after affecting nearly 40,000 workers and virtually paralyzing the north coast region. Communist agitators played an important organizing role but now appear to have lost control of the workers. They may be able to stage a comeback, however, unless the inexperienced non-Communist labor leadership shows exceptional ability.

None of the three major parties campaigning for next October's presidential and congressional elections in Honduras is believed capable of securing the required majority. The balance of power is held by the moderate Reformist Party, which has nominated General Abraham Williams for president. As political passions rise, however, this party will be less able to form a coalition with either the conservative Nationalist Party, led by ex-dictator Carias, or the leftist Liberal Party, which supports Dr. Ramon Villeda Morales. The constitution provides that if election returns are inconclusive, the contest is to be decided in congress, but the traditional partisanship of the politically divided army could well lead to violence.

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## WEST GERMANY BIDS FOR ECONOMIC PREDOMINANCE

At a time when West Germany's future political course remains in doubt because of the impasse over integration, the country is demonstrating its intention to gain first rank as an economic power in Europe, and to acquire the political influence that goes with such a position.

So far, the Germans have done well, considering their standing start in 1945. Their gross national product in 1953 was \$31 billion, almost \$14 billion above Italy's and \$10 billion under Britain's. West Germany's steel production in 1953 was 15,400,000 tons, about 21 percent higher than that of France and the Saar, and 2,200,000 tons below that of Britain.

The effort to capitalize on its remarkable postwar recovery is most apparent in West Germany's drive for free world markets. The percentage increase, by both value and volume, of Germany's exports in 1953 was greater than that of Britain's. Since 1950, the Federal Republic has increased the volume of its exports 75 percent, giving stiff competition to other European countries and provoking expressions of alarm from their diplomats.

In trade with its European neighbors, West Germany has built up an EPU surplus of over a billion dollars--and has incurred considerable disfavor by its policy of "exporting at any price" and restricting imports at the cost of under-consumption at home. In May, Britain's Chancellor of the Exchequer Butler obtained Economics Minister Erhard's agreement that export subsidies would be dropped; but West Germany's debtors would also like to see Bonn practice what it preaches by reducing import restrictions, particularly on farm products.

The West Germans are also showing a growing interest in trade with the Orbit. On 11 July, German industry asked the government to conclude a trade agreement with Communist China, and Chancellor Adenauer himself has endorsed "normal Eastern trade relations." Year-long efforts of the semiofficial Eastern trade group, Ostausschuss, have failed to produce a commercial pact with the Soviet Union, but the group was able to conclude the republic's first agreement with Rumania this spring. Though the Bonn government seems determined to abide by COCOM regulations, and the prospects for large Orbit trade seem poor, demands for expanding this commerce to the limit will continue, especially if EDC and European integration plans fall through.

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Germany apparently has set its trade goals well beyond recovery of prewar markets. Awareness of the difficulties involved was indicated when Fritz Berg, president of the Federation of German Industries, warned a group of industrialists in May that "our present satisfactory position can by no means be considered as secure." The previous month, Erhard had been doing what he could to make it secure by a long promotional swing through Latin America, where Germany's trade was already near prewar levels. Moreover, Erhard continues to work tirelessly for currency convertibility, which he expects will work to Germany's trade advantage.

The success of the expansionist drive thus far is due in large part to the Germany's willingness to grant more favorable credit terms than its rivals. As a result, it is winning contracts for such projects as the construction of steel plants in Argentina and Burma, a tin smelter in Thailand, an oil refinery in Greece. The large reparations shipments to Israel, widely expected to be a handicap for Bonn, have resulted in Germany's supplying 23 percent of Israel's imports.

Of considerable assistance to Bonn in the promotion of trade are the German assets--which include valuable patents--seized by other countries during and immediately after World War II. In defiance of Allied policy, Germany has successfully negotiated with Greece, Chile, and several other countries for the return of these external assets, presumably using as leverage the desire of these countries for favorable trade agreements. The Allies recognize the German interest in recovery of the properties, but to protect smaller countries from this sort of pressure they have decided to authorize such negotiations only if Bonn will admit at the outset that it has no legal claim to the assets.

Berg has cautioned his countrymen that they are throwing their entire economic forces into "the front line" (foreign trade) "while our reserves are weak." He and many other Ruhr industrialists consider that the first objective should be the reinforcement of economic foundations to improve German industry's international competitive position. They have therefore been trying to restore the old industrial combines, which the Allies have opposed since 1945. Economics Minister Erhard, who has also opposed cartels, has lately been conceding something to industry's viewpoint; his draft anticartel law permits combinations in a variety of "special cases."

Berg has declared that the Federal Republic is not striving for economic objectives which would serve exclusively its own interests, and Vice Chancellor Bluecher is promoting a broad concept of European economic integration. Yet German activities suggest that, with integration or without it, the Federal Republic is intent on achieving an economic position, and consequent political influence, second to none in Europe.

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## PEIPING'S RUBBER PURCHASES HAVE POLITICAL OBJECTIVES

Extensive rubber buying by the Chinese Communists during the past year and a half, partly on behalf of other Orbit countries and at higher than world prices, apparently has been a political move to incite Asian governments to ignore the United Nations embargo and thus damage their relations with the United States.

China's rubber buying more than satisfies its total annual requirements, which have been estimated at from 30,000 to 50,000 metric tons, with the lower figure being more likely in view of the domestic austerity program. Most of the rubber used in the expanding rubber industry has gone toward the manufacture of shoes, while at most 7,000 tons are used in the manufacture of 400,000 motor vehicle tires. Stockpiles are probably large, since China purchased 140,000 tons between the outbreak of the Korean war in mid-1950 and May 1951 when the UN-sponsored embargo temporarily cut off supplies.

Peiping concluded a five-year trade agreement with Ceylon in late 1952 for the purchase of 50,000 tons of rubber a year, and actually received 65,700 tons last year from this source. In the spring of 1953, Peiping purchased 3,500 tons of rubber from Burma, at a time when American-Burmese relations were strained over the Chinese Nationalist problem.

A Polish ship has been loading rubber at Djakarta, Indonesia, since 1 July; the cargo is said to be the first shipment of 60,000 tons contracted for by China. The view is general in Indonesia that the United States manipulates the rubber market for its own purposes, and a press report that the United States was pressing Indonesia to stop this shipment brought forth a spate of charges against American "economic imperialism."

Peiping's buying activities thus appear to be part of a calculated policy to disrupt the friendship of Asian nations with the United States. The rest of the Orbit countries apparently co-operate with this policy and even support it.

Communist China could have bought rubber last year through the USSR, which failed to purchase the quota allowed it by the West. Instead, Peiping bought heavily at prices 50 percent higher than those paid by the USSR--a premium estimated at \$15,000,000--and for over a year has been buying not only for its own needs but for the USSR and some Satellites as well.

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A substantial quantity of Communist China's purchases of natural rubber from Ceylon and Burma may have been re-exported to other Orbit countries. Some shipments to the European Satellites have appeared in ship manifests. China's exports to the USSR may in part explain why the USSR's direct purchases from the West have been negligible since May 1953.

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**SECRET****HUNGARIAN REGIME FACES CONTROL PROBLEMS  
UNDER "LIBERAL" DOMESTIC POLICY**

The license taken by many Hungarians as a result of a relaxation of political pressures--originally more liberal in Hungary than in the other Satellites--has forced the Budapest regime to renew its pressure on certain elements of the population, particularly "kulaks." Recent speeches by Communist leaders indicate, however, that the present basic dependence on incentives and persuasion will continue, possibly until the end of the second Five-Year Plan in 1960.

The major step the regime has taken to prevent distortion of the new course policy by "an opportunist right-wing trend" among party and government officials and to regain full control over the population has been to renew the antikulak campaign, which had been de-emphasized since the inauguration of the new economic policy. During this period, the acreage of collective farms has decreased from 26 to 18 percent of total arable land. Since late April, the government has sentenced as "kulaks" several peasants who tried to get back their land when they left the co-operatives. More recently, private lawyers who defended the "kulaks" in court have been disbarred and sentenced for "inciting the disruption of the co-operatives."

In addition, the American legation in Budapest reports "persistent rumors" that the security police are quietly rounding up old-regime bourgeoisie, dissident priests and ministers, and politically unreliable army officers.

Actually, the regime has not so far rescinded or fundamentally altered any of the basic new course policies. Criticism of the government is still permitted and has become more frequent and bolder. Peasants are still allowed to leave the collectives despite strong "persuasion" to stay in. Fines for "labor indiscipline" have not been restored and industrial managers have been forced to resort to unauthorized incentive pay to induce workers to fulfill norms. Steps are still being taken to "consolidate Socialist legality."

As long as the new course remains in effect, the Satellite regimes are committed to a policy of easing tensions as a means of increasing labor productivity and gaining popular support for the Communist program. Considerable attention will be paid to "legality" and "persuasion," and appeals will be aimed at the broad masses of the population rather than strictly at the proletarian class.

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SPECIAL ARTICLE

SOVIET PLAN REPORT SHOWS CONSIDERABLE ECONOMIC SUCCESS\*

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The mid-1954 report on Soviet plan fulfillment shows that the initial phases of the new programs in agriculture, consumer goods, and trade are being implemented with considerable success and without detriment to progress in heavy industry. Continued progress toward planned goals was achieved, however, largely by increasing above original plans the area under crops and the size of the labor force, which have compensated for failures to meet targets for higher crop yields, increased labor productivity, and reduced costs (see table, p. 23).

Production

Industry: Gross industrial output in the first half of 1954 was 14 percent higher than in the same period of 1953, and the annual and five-year goals appear certain of fulfillment. The 3-percent reduction in production costs was, however, the lowest reported in recent years. Maintenance of the half-year growth rates in production during all of 1954 would indicate probable fulfillment of the five-year goals for steel, coal, and electric energy. The targets for pig iron, oil, and cement are less likely to be achieved, while those for zinc and mineral fertilizers are seriously endangered.

Agriculture: Production of basic foodstuffs such as meat, fish, dairy products and canned goods is behind schedule. Output of sugar and butter was not even reported. Except for a lag in cotton fabric, planned increases are being achieved in textiles and clothing, accompanied by marked gains in quality. Large percentage increases were reported in the output of a number of consumer durables for which increased tasks were assigned to heavy industrial plants in the last half of 1953. These gains relate, however, to output levels which are low in absolute terms.

In agriculture, substantial preparations for increased food supplies are revealed by the data on sown areas, machine deliveries, and livestock numbers. Expansion of sown area, undertaken largely to compensate for the failure to raise crop yields, has resulted in a 9,500,000 hectare increase (6 percent) over 1953, the largest annual increase in the Fifth Five-Year

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\*Prepared by the Office of Research and Reports.

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Plan. However, this increase may incorporate the resowing of fall-sown, winter-killed grain crops, the area of which is believed to have been extensive due to a severe winter. The published plan for sowing grain crops on virgin and reclaimed lands was considerably overfulfilled in 1954, and progress toward the 1955 goal of 13,000,000 hectares is indicated by extensive fallow plowing. It remains to be seen whether production increases comparable to those acreage gains will be achieved.

Tractor deliveries to agriculture totaled 92,000 (in 15-horsepower units) in the first half of 1954, and were 17 percent above the 1953 rate. Two thirds of the machines were dispatched to new areas. The 11-percent increase in mineral fertilizer output indicates, however, that the five-year target for this key agricultural input may not be met.

Total numbers of cows, swine and sheep increased over 1 July 1953, but figures are not comparable to those in previous reports. Figures on private livestock owned by collective farmers were reported for the first time in recent years and showed increases of 7 percent in cows, 15 percent in calves and heifers, 26 percent in pigs, and 25 percent in sheep, reflecting the success of incentive measures introduced in the fall of 1953. The build-up of herds occurred at the expense of current meat availabilities.

### Labor

While the decline in the rate of growth of labor productivity was reversed in the first half of 1954, the increases of 7.5 percent in output per industrial worker and 7 percent in output per construction worker in the first half of 1954 are based on the poor performance record of the first half of 1953. In April planned goals for 1954 were announced as 8.3 and 8.6 percent respectively; and the fact that these rates are far below those necessary to meet the five-year targets implies abandonment of the original 1955 goals.

The successful fulfillment of the goal for gross industrial output is due in large measure to increases in the labor force. As in the previous Five-Year Plan, the targets for numbers of workers are being considerably overfulfilled; the 1955 goal for the industrial labor force was in fact passed in 1953.

The shift of workers to agriculture required by the new economic policy is being successfully carried out. Present

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estimates indicate that total agricultural employment is now about 5 percent greater than at the end of 1951. The most significant feature of this increment has been the sending of more than a million workers in the past year from other sectors of the economy to state farms and machine-tractor stations, where many of them will bring advanced skills to such key problems as agronomic techniques, mechanization, and animal husbandry. In an innovation in Soviet labor policy, two thirds of the 1954 graduates of trade schools have been assigned to agriculture.

### Capital Investment

The volume of capital investment rose by 14 percent in the first half of 1954 compared to the same period in 1953, when the investment increase was unusually low. If this rate of growth can be maintained throughout the year, most of the ground lost in 1953 will be recovered and the five-year target of a 60-percent increase in investment will probably be achieved. Soviet capital investment plans for 1951-1955 call for not only a 60-percent increase in expenditures, however, but also for a further 30-percent gain in investment, to be derived from reductions in material and overhead costs and increases in labor productivity. Continued failure to meet these cost reduction targets, most particularly those dependent upon productivity gains, indicates that this additional goal will be missed by a considerable margin.

The greatest increases in capital investment were achieved in trade (130 percent higher than the first half of 1953), agriculture (53 percent higher), and light and food industry (48 percent higher). Housing investments rose by 20 percent as opposed to an 11-percent gain in 1953. In absolute terms, however, the bulk of investment funds continued to be devoted to heavy industry.

### Transport

In transport, despite a 6-percent increase in railway freight car loading over the first half of 1953, the rate of increase was well below the 1954-1955 requirement needed to fulfill the Fifth Five-Year Plan goal. A program of heavy freight car and locomotive building has begun, but this is not expected to ease the load on the Soviet rail system until 1956. Freight turnover in river and sea transport increased 4 percent in the first half of 1954 over the same period in 1953, but the plan was fulfilled by only 91 percent.

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Retail Trade

Despite candid admission that the demand for certain consumer goods is not being met satisfactorily, state and co-operative retail trade increased 21 percent in comparative prices over the first half of 1953, an appreciable gain. Maintenance of this annual rate of increase will easily assure fulfillment of the revised retail trade goal for 1955. Soviet attempts to extend the rural trade network are also meeting with success, despite noted shortcomings. Retail goods turnover of the Consumer Co-operatives, which handle rural trade, increased 32 percent over the first half of 1953.

The lack of any reference to sales on the free kolkhoz market is significant. Since prices here are usually reported as decreasing, the omission is a further indication that these prices have not fallen in 1954 due to increased consumer purchasing power, stable food prices in state stores, and temporary meat shortages resulting from decreased slaughterings.

It is difficult to correlate the increased production and sales of foodstuffs and consumer goods. For example, meat and sausage production rose 2 percent whereas meat produce sales increased 30 percent, fish production by 13 percent and fish sales by 24 percent. Factors such as overgrading of products and reduction of nonmarket allocations could account, in part, for an increase in the value of state and co-operative turnover without increasing total consumption. Deficits in some commodities may have been made up of by imports and releases from State Reserves.

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SOVIET OFFICIAL PLAN GOALS AND ACCOMPLISHMENTS  
(percentage increases over comparable periods  
of preceding years)

ITEM	1951	1952	1953	1954-1955	First Half 1954
				Annual Requirement <sup>a/</sup>	
Industrial Output	16	11	12	9	14
Industrial Labor					
Productivity	10	7	6	10	7.5
Industrial Labor					
Force <sup>b/</sup>	5	4	6	--	6
Construction Labor					
Productivity	9	7	4	13	7
Capital Investment	13	10	4	11	14
Retail Trade	15	10	21	15	21
Rail Transport	12	9	7	16	6
Pig Iron	14	14	9	11	6
Steel	15	10	10	8	9
Zinc	15	24	13	24	7
Coal	6	8	6	9	8
Oil	12	13	12	14	10
Electrical Energy	14	13	13	12	11
Mineral Fertilizers	7	8	9	22	11
Prefabricated Housing <sup>c/</sup>	16	27	9	--	2
Cement	19	15	15	18	15
Paper	12	9	10	5	9
Radio Sets	16	6	27	44	107
Bicycles	78	43	15	37	30
Cotton Fabrics	22	6	5	10	3
Woolen Fabrics	13	8	9	13	19
Meat	12	15	12	18	2
Vegetable Oil	12	9	16	17	17
Canned Food	18	11	14	22	5
Sugard/	18	3	12	20	--

a/ Revised official goals have been included.

b/ Derived from industrial output and industrial productivity figures which indicated that by the end of 1953 the Fifth Five-Year Plan goal was achieved.

c/ Plan goal unknown.

d/ First half 1954 not reported.

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