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19 September 1950

SUMMARIES OF TRENDS AND DEVELOPMENTS

USSR

1. The main objectives of the Soviet Union at the UN General Assembly will be to (1) split the Asian countries from the West and (2) promote discord among the NAT Powers and deter the rapidly mounting Western defense effort.

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2. The inclusion of Kazakh and Uzbek members in the Soviet delegation to the UN General Assembly marks the latest step in the current Soviet campaign to promote pro-Soviet sentiment in the Near East and Asia by presenting the USSR as a non-colonialist, semi-Asiatic power.

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EASTERN EUROPE
GENERAL

3. Reports of transportation sabotage in Eastern European countries are exaggerated.

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FINLAND

4. The Finnish Social Democratic Party does not now wish to force an entry into the Government and believes that it will be better tactics simply to publicize the current strike situation as another "achievement" of the Kekkonen Government, according to Party Secretary Leskinen.

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POLAND

5. The Polish Government has promulgated a new Land Tax Law, the effect of which will be to encourage more collective farming. It is likely that the Government will achieve some measure of success through this new law.

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RUMANIA

6. Rumania's Communists appear confident that the stage has been set for a nationalized Roman Catholic Church, despite the opposition of Bishops and vicars. To put through their proposal for a national Church, the Communists will sponsor a Congress of picked Catholics who will accept the Government's proposals.

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YUGOSLAVIA

7. The economic predicament of the Yugoslav Government is serious and if allowed to develop could constitute the gravest political threat to its existence since the Cominform break.

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SPECIAL ARTICLE

8. Propaganda features of proposed huge Soviet hydroelectric projects.

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EASTERN EUROPE

U S S R

Soviet tactics in the UN General Assembly

"A"

The main objectives of the Soviet Union at the UN General Assembly will be to: (1) split the Asian countries from the West and (2) promote discord among the NAT Powers and deter the rapidly mounting Western defense effort.

In order to facilitate further expansion of Communism in Asia, the Soviet Union will attempt to weaken the unity of Asian nations and Western Powers which resulted from Soviet-sponsored aggression in Korea. The Soviet Union will attempt to play upon Asian fears of revived Western "colonialism" and assert that the United States is attempting to crush the "national liberation" movements in Asia and colonial areas by its illegal intervention in Korea and its aggression in Formosa. In partial preparation for this campaign the USSR has designated the Foreign Ministers of the Uzbek and Kazakh Central Asian Republics as members of the Soviet GA Delegation. Their presence will be utilized as evidence of the autonomy, progress, and racial equality possible under the Soviet system. (See article immediately following for more detailed summary of Soviet tactics in attempting to influence Asians).

The overall purpose of the Soviet Union will be to deter the newly increased Western defense effort in both Europe and Asia. The USSR will maneuver to promote discord among the Western Powers in regard to such questions as the settlement of the Korean war and the future status of Formosa. The issue of Communist China not only presents an opportunity to aggravate disagreements among the Western Powers but also the threat of Chinese Communist intervention in Korea and elsewhere can be exploited in an effort to gain concessions from the West by intimidation.

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As part of its propaganda campaign to destroy popular support of Western governments, the USSR will play upon fear of the revival of German armament and of the "inevitability of World War III" if Western governments continue their present policies. The Soviet delegation will utilize the Stockholm "peace" appeal as evidence of world-wide support of its policies, including its proposals for disarmament and the outlawing of the atomic bomb. (CONFIDENTIAL)

USSR steps up campaign to appeal to Asians

"A"

The most recent step in the Soviet campaign to promote pro-Soviet sentiment in the Near East and Asia is the appointment of the "Foreign Ministers" of the Kazakh and Uzbek Soviet Republics as members of the Soviet delegation to the UN General Assembly. Their presence as deputy delegates is calculated to demonstrate to other Asians the autonomy and progress of Soviet minority peoples and to present the USSR as a non-colonialist, semi-Asiatic power, willing and able to assist backward nations to attain "independence" and industrialization.

Soviet efforts to attract Asians have been strongly evident in 1950. Most recently, the USSR has been pursuing a conciliatory policy toward Iran; it proposed a trade agreement, the establishment of a commission for frontier rectifications, and the settlement of other long-standing problems. Previously, the USSR had effected closer diplomatic relations when it: (1) recognized Indonesia and HO's regime in Viet Nam; (2) agreed to exchange ambassadors with Burma; (3) dispatched the first Soviet Ambassador to Pakistan; and, (4) filled the Cairo post which had been vacant since early 1947.

Soviet cultural relations with the Near East and Asia have been especially promoted. A Russian Orthodox mission visited Orthodox communities in Syria and Lebanon; a Soviet cultural delegation to Pakistan, and one scheduled for Ceylon, included Central Asian and Caucasian representatives. Soviet

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films, publications, and broadcasts are increasingly reaching the Middle East and Southeast Asia, and are being issued in a greater number of languages.

India, especially, has been cultivated by the USSR. Nehru's proposals for the settlement of the Korean issue were welcomed by Stalin and widely hailed by Communist propagandists. Indian diplomats have been the recipients of marked social attention by Soviet and Satellite officials. A prominent left-wing Indian Socialist is now visiting the USSR under the auspices of VOKS (Soviet society for cultural relations abroad), and is even touring Uzbekistan, usually tightly closed to foreigners.

The present acceleration of Soviet political and cultural activity in the Near East and Asia was preceded in 1949 by special sessions in Moscow and Tashkent of important oriental academic groups. Even further stress on Soviet relations with the East is indicated by the recent amalgamation of all oriental study groups into one "Institute of Oriental Science of the USSR Academy of Sciences" with its emphasis on the "national liberation" struggles of the East and the study of eastern languages, including the various languages of India. (SECRET)

GENERAL

Reports of transportation sabotages in Eastern European countries are exaggerated

"C"

An increased number of reports of anti-Communist transportation sabotage in Eastern Europe have been made recently. In Rumania, rail lines have been reported cut; In Hungary and Yugoslavia, plant machinery has been "sabotaged"; Czechoslovak truck drivers are reported to have fled into Germany, taking their vehicles. Earlier in the year, trains were reported ambushed so frequently in eastern Poland that reparations shipments had to be rerouted. A full list of the

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incidents would appear to present a condition fairly serious for Eastern European governments. It is significant that in no single first hand report from Western observers have any attacks been made on trains in which the observers were riding, although Westerners make frequent rail trips.

It is thought much sabotage is sabotage in name only. Negligence and incompetence in industry are often represented as sabotage and equipment failure, due to over-utilization and superannuation, is also explained away as sabotage. In addition, expatriate East European nationals, who regard themselves as democratic leaders in exile, sometimes exaggerate reports to gain support for their "movements."
(SECRET)

Finnish Social Democrats avoid
provoking Government crisis

"A"

The Finnish Social Democratic Party does not now wish to force an entry into the Government and believes that it will be better tactics simply to publicize the current strike situation as another "achievement" of the Kekkonen Government, according to Party Secretary Leskinen. Leskinen's remarks are probably a reliable statement of present Social Democratic intentions, although the Social Democrats and Kekkonen, himself, have spoken of new elections as the only solution to the Government's dilemma.

The imminence of communal elections in early October would be one factor in the Social Democrats' decision to avoid provoking a Government crisis at this time. Furthermore, successful settlement of the strikes would improve the Social Democrats' prospects in the communal elections and increase their present slight majority in the Metal Workers' Union -- both at the Communists' expense. If, at the same time, they succeed in putting the Kekkonen Government in a bad light because of its inability to handle labor troubles, they will again come out on top of the political heap. An excellent

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weapon for the Social Democrats in the strike negotiations will be the threat that, if a settlement is made which the rank and file could consider favorable to the employers, the Communists could move quickly to continue labor unrest through wildcat strikes.

Both Leskinen and the vice-chairman of the Employers' Federation agree that settlement of the metal workers' strike will lead to industrial peace. Kekkonen and his government, however, predict disastrous effects on Finland's economic life if the settlement raises wages still higher than the 15 percent of the Fagerholm agreement. The predictions include either widespread unemployment, resulting from increased, non-competitive export prices, or another devaluation of the Finnmark (thus boosting domestic prices) plus heavy reparations penalties. This forecast is overly pessimistic. At the opening of the strikes (1 Sept) Finland was about three months ahead on reparations deliveries: at the same time, all parties are fully aware of the effect of such penalties on the already heavily burdened Finnish economy. Furthermore, Finnish producers of timber and timber products have been unable to meet the demand. This situation, plus the effect of Korea and Western rearmament on world commodity prices, will partially counteract the initial production cost increases which would result from settlement of the strikes on terms favorable to SAK. It would thus appear that the Social Democrat-led trade federation has a good chance of achieving both its political and economic objectives. (SECRET)

POLAND

New Polish land tax favors cooperative peasants

"B"

To encourage and support collective farming and certain other branches of the agricultural industry, the Polish Government has promulgated a new Land Tax Law which in effect will act as another subsidy for agricultural collectivization. An additional result will be to encourage

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the production of crops essential to Poland's economic plans as well as stock and poultry breeding. The growing of industrial crops as well as live stock and poultry breeding will not be subject to special taxation as was formerly the case.

Specific provisions of the law are: (1) tax rebates to farmers based on the number of children in the family, (2) tax rebates for taking over and using idle land, (3) reduction of taxes for peasants who are members of land-cultivating associations, and (4) no taxes of any kind for farmers who are members of production cooperatives.

It is likely that Government will achieve some measure of success through this new law inasmuch as more and more owners of small farms will be unable financially to continue independent farming. (RESTRICTED)

RUMANIA

Drive to set up National Rumanian Catholic Church nears culmination

"B"

The campaign of the Rumanian Communist regime to nationalize the National Rumanian Catholic Church has made notable progress since the conference of fellow-travelling Catholics last May, which called for the integration of Church and State. Inasmuch as during the summer the press contained almost daily lists of priests who signed - willingly or under duress - the integration resolution, it is now estimated that over three-fourths of Rumanian Catholic priests have been identified with the reorganization drive. This success is, in large measure, the result of the skill with which the Action Committee sponsoring the movement linked the call for integration with the Stockholm "Peace" Appeal. This device made it easier for the Committee to get signatures for the integration appeal: Those who expressed hopes for peace were made to

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appear to favor the Communist scheme to reorganize the Church.

Meanwhile the regime supplemented the activities of the Action Committee by enlisting in its support the traditional organization called "Status." In the prewar period, "Status" was a semi-autonomous assembly of clergy and laity exercising extensive powers in Church administration in Transylvania, where most of Rumania's Catholics are concentrated. In early August the Government granted a group of Catholics who had taken over the leadership of the organization the title to "those movable and immovable properties which help the free activities of the Roman Catholic Church in Rumania," i.e., church buildings and monies.

Emboldened by the success of its summer operations, the Communist regime now appears confident that the stage has been set for a nationalized Rumanian Catholic Church. To circumvent the recalcitrant Bishops and their vicars who refused to accept the Government's statute for a Church, the Government is taking steps to fabricate a dummy organization to act on behalf of the Catholic community. On 10 September, a group of Catholics met in the town of Ghergani, expressed regret for the failure of Church leaders to come to terms with the state authorities, and agreed to make preparations for "a statute Congress." Such a congress will probably be composed of representatives of Catholic Action and the new-style "Status" organization, as well as unattached but cooperative priests and laymen. Once the Congress accepts the Government's proposals, the Communists will have achieved their goal of establishing a nationalized Catholic Church, led by excommunicates and serving the regime as a pressure group supporting Communist aims. (RESTRICTED)

YUGOSLAVIA

Economic set-backs a potential threat to Tito

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The current purge of Croatian Communist officials

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on charges of Cominformism, together with the widespread hardship and discontent among the Yugoslav people, has given rise to considerable speculation regarding the degree of political threat to the Tito Government implicit in the situation. It is estimated that the economic predicament of the Yugoslav Government is serious, and if allowed to develop, could constitute the gravest threat to its existence encountered since the Cominform break. It is not believed, however, that the arrests in Croatia are symptomatic of any substantial increase of pro-Cominform sentiment within the Yugoslav Communist Party, even though the recent setbacks to Yugoslav economic progress would suggest a possible divergence of opinion among Yugoslav Communists over their ability to "build socialism" outside of the Soviet orbit and in isolation.

The recent trial of seven Cominform agents in Nis may be cited as some evidence that the USSR is continuing, if not increasing, its efforts to infiltrate espionage and subversive agents into Yugoslavia. A reliable source has indicated that the group was instructed to confine its activities to the establishment of a fifth column in Yugoslavia. Taken in conjunction with the Croatian affair, it might appear that the Cominform has achieved some success in establishing such a network within the CPY. However, although the Croatian deviationists were accused of sabotage and propaganda acts on behalf of the Cominform, evidence now available indicates that their acts of criticism and obstruction were probably due to their Serbian origin and represented a protest of the Serbian minority in Croatia against economic discrimination by the dominant Croats. In charging "Cominformism," the Belgrade Government probably sought to divert attention from the nationality question with its dangerous implications for Yugoslav unity while warning Yugoslav Communists generally that disapproval of Tito's internal and foreign policy could be taken as evidence of pro-Cominform sentiments.

The strength and efficiency of Tito's security forces are so impressive that revolt is unlikely to occur except in the remote regions where control is difficult. Although a few

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violent outbreaks of peasant unrest occurred during the summer in some poverty-ridden areas, they were put down with dispatch, and steps were reportedly taken to remedy the causes. As a result of the drought-induced food shortages, regional and national antagonisms are likely to increase. Peasant fears of prospective food shortages are growing, and it is expected that the Government will be faced by greater peasant resistance to the forced collection of foods. US observers report no signs of disorder throughout the country, but there is evidence that the declining standard of living is adding to popular discontent, not only among the peasants but within the labor force as well. If this condition worsens, the resultant effects on Yugoslav morale, national cohesiveness, and loyalty could seriously undermine the Government and weaken its ability to resist any intensification of Soviet pressures. (SECRET)

SPECIAL ARTICLE

Propaganda features of proposed huge Soviet hydroelectric projects

The Council of Ministers of the USSR has announced, with much publicity, its intention to proceed immediately with the construction of two huge dams on the Lower Volga, one near Kuibyshev, and the other about 400 miles downstream near Stalingrad. These projects involve the development of the Lower Volga as the producer of tremendous quantities of electric power and as the center of a vast irrigation system.

On 21 August, announcement of the Kuibyshev project was made. This was followed ten days later by the announcement of plans for the Stalingrad dam. The former is to be completed in 1955, and the latter in 1956. The 2,000,000 KW Kuibyshev plant could rightfully be claimed as the world's largest. The 1,700,000 KW at Stalingrad would be second only to US Grand Coulee. Each would be more than three times the size of the Dnieper Dam, largest in the USSR and the "show-piece" of Soviet electrification.

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The motivation of the Council of Ministers in making two such momentous announcements at this time is subject to question. It is admitted that both projects are desirable and of great advantage to the electrical, industrial, and agricultural economy of a large sector of the nation. The additional electric generating capacity, equivalent to about one-sixth of the present total of the Soviet Union, will not only serve the Lower Volga region, but will also provide an important link between the electric systems of the Central Industrial Region and of the Ural Region. At the same time it would send 61 percent of the Kuibyshev output of hydro power to Moscow and would supplement or replace more costly thermal power. The irrigation features of the program are also drawn on a large scale, with prospective benefits to immense areas now subject to drought.

It is not difficult for Soviet propagandists to point out the advantages of such projects and to appeal to national pride in the accomplishment of public works of such record-making size. The Kremlin has evidently taken great pains to publicize these projects and the impression given is that the completion of the dams in 1955 and 1956 can be achieved.

Much has been made of the "largest-in-the-world" and "blossoming-of-the-desert" motifs, and odious comparisons have been made as to speed of construction compared to such US projects as Grand Coulee and Hoover Dams. The USSR appears to be glossing over the tremendous outlays of labor, materials, transportation, and manufacturing facilities required, as well as the need for qualified technicians to administer and supervise such great works. Apparently the Kremlin has forgotten that American engineering skill made the Dnieper Dam a reality, and that on other sizeable hydro projects foreign equipment and technical assistance were large contributing factors. Despite the ability of the USSR to reproduce the designs of others, and the fact that Soviet technical capabilities have advanced in recent years, the completion of either of these projects in any five year period, much less simultaneously, appears as highly improbable.

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Double-barrelled propaganda seems a likely answer at least in large measure for the real motive behind this dual announcement. Projects of this type are readily understandable by all classes of people and make a strong appeal to their pride and patriotism. For external propaganda, they provide a perfect staging for the claim that the USSR builds for peace while US and other capitalist nations build for war. For internal propaganda they furnish a prime rallying point for the expected Fifth Five Year Plan. In fact, these announcements may indicate that the draft of the 1951-56 Plan has been completed. It may also indicate a declining emphasis on the policy of dispersal of industry to the Urals and eastward.

The possibility of failure to complete these developments by 1956 should cause the Kremlin no great concern. It has failed before to fulfill promises on similar grandiose hydro-electric and irrigation programs. These proposals are more feasible than several others included in previous Five Year Plans, but they are not so critical as to require completion in five years. (SECRET)

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