

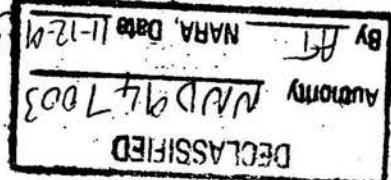
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PROBABLE DEVELOPMENTS IN THE EUROPEAN SATELLITES THROUGH 1960



Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 10 January 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN THE EUROPEAN SATELLITES THROUGH 1960

THE PROBLEM

To estimate the current situation and probable developments in the European Satellites¹ through 1960.

CONCLUSIONS

1. The military, political, and economic significance of the Satellites to the USSR is so great that Moscow almost certainly regards the maintenance of control over the area as an essential element of its power position. The Satellites provide the Soviet Union with a defense in depth and an advanced position for launching attacks on western and southern Europe. The Satellite regimes themselves are valuable to the USSR as instruments in the conduct of Soviet foreign policy, propaganda, and economic and subversive operations. The Satellites represent an important element of over-all Bloc economic strength. The total gross national product (GNP) of the Satellites is roughly two-fifths that of the USSR and includes significant production of certain key materials and heavy manufactures. (Paras. 12-16, 48-51)

2. The USSR now has, for all practical purposes, complete control over the Satellite regimes and will almost certainly be able to maintain it during the period of this estimate. Within the limitations suggested below with respect to East Ger-

many and Albania, we believe that it will remain firm Soviet policy to retain such control. This control rests fundamentally on the USSR's military capability of maintaining its domination over the area. Control is exercised primarily through the Satellite Communist parties, assisted and guided by a complex of Soviet diplomatic and military establishments, economic advisors, and police agencies. Moscow has made clear that the status of the Satellites is not a matter for international negotiation. In the case of Germany, the USSR has held open the possibility of reunification on the basis of negotiations between the East and West German regimes. We believe, however, that the USSR will not voluntarily relinquish East Germany except in exchange for a solution of the German problem favorable to Soviet interests. It is also possible that the USSR might be willing to reconsider its position with regard to Albania. For example, there is a slight chance that the physical isolation of Albania from the Soviet Bloc and its minor strategic value to the Bloc would induce Moscow to use Albania as a pawn in Balkan intrigue. (Paras. 14, 17, 22)

3. The maintenance of effective Soviet control over the Satellites does not pre-

¹ As used in this paper the term "European Satellites" includes East Germany, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and Albania.

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clude policy modifications calculated to take greater account of local conditions, to promote smoother economic development, and to diminish the impact of Soviet rule on Satellite national sensibilities. In addition, Moscow might expect that such measures would document the claim of Satellite independence, and would thereby impress opinion in neutral and underdeveloped countries and improve the propaganda position of Free World Communist parties.

4. Despite Moscow's firm control of the Satellites, there are a number of local factors which hamper the execution of Soviet policy. In some of the Satellites factionalism has become evident in the party leadership and has caused confusion in the program. Some elements privately resent dictation by Moscow and favor a reduction of political terror and an increase in consumer goods. There are many party members with a nationalist tinge who constitute a potential for "deviation." All the governments are still confronted with problems arising from their unpopularity with the masses and from the difficulties inherent in developing an efficient administration in a totalitarian state under an alien ideology. We believe, however, that none of these difficulties will jeopardize either the control by Moscow-oriented Communists or the implementation of Soviet policy.² (Paras. 27-28)

* The Assistant Chief of Staff, Intelligence, Department of the Army and the Deputy Director for Intelligence, The Joint Staff while conceding the existence of certain ideological and administrative problems in the Satellites, nevertheless, believe these problems are currently of no great magnitude and are likely to diminish during the period of this estimate. They would therefore omit this conclusion.

5. Dissidence³ is widely prevalent in the Satellites. It is unlikely that an additional five years of Communist rule will appreciably reduce this dissidence, or greatly diminish the traditional national aspirations of the East European peoples. On the other hand, dissidence is offset by a tendency of the Satellite population to become resigned to Communist rule and by the gradual increase in the number of Communist indoctrinated youth. We believe that, except possibly in East Germany, no development short of a drastic impairment of Communist controls or the approach of friendly forces in time of war would be sufficient to stimulate important outbreaks of open resistance. (Paras. 31-35)

6. The Satellite regimes have as fundamental goals the expansion of industry, the collectivization of agriculture, and the Sovietization of the countries generally. In 1953, however, faced with mounting difficulties, they reduced the pressure for rapid achievement of these goals. Industrialization and collectivization of agriculture were slowed and police controls became somewhat less obtrusive. In early 1955, however, pressures for increasing output were revived, the priority of heavy industrial development was reaffirmed, and collectivization efforts were renewed. These modifications do not appear to represent a full return to the pre-1953 program. (Paras. 36-40)

7. We estimate that the Satellite economies, taken together, will increase their GNP through 1960 at the rate of slightly

² On this subject, see NIE 10-55, "Anti-Communist Resistance Potential in the Sino-Soviet Bloc," dated 12 April 1955. "Dissidence" is defined as a state of mind involving discontent or disaffection with the regime. "Resistance" is defined as dissidence translated into action.

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less than four percent per annum, a substantial decline from the extraordinary average annual rate of over seven percent achieved in 1949-1954. Satellite agricultural output in 1960 will probably be about 11 percent greater than in 1954, while nonagricultural production will increase by about 28 percent. Meanwhile, total population is expected to increase about seven percent by 1960. Manufactured consumer goods will account for the major part of the small prospective rise in living standards. (Paras. 43-47)

8. During the period of the estimate Satellite trade with the Free World may continue to rise somewhat faster, in percentage terms, than total Satellite trade. For economic as well as political reasons, the Satellites apparently desire to increase their trade with the Free World. In the absence of substantial medium- or long-term credits from Free World countries, however, an early expansion of Satellite exports will be necessary to balance any increase in imports from the Free World. This confronts the Satellites with the problem of adjusting the character and prices of their exports and their way of doing business, in order to improve their position in Free World markets. It will probably be easier for the Satellites to increase trade with the underdeveloped areas than with the industrial countries of the West. (Paras. 52-54)

9. We believe that the scope of Bloc-wide⁴ regional planning will substantially increase as compared with the period 1949-1953. During the period of this estimate,

this policy will probably not contribute greatly to the growth of the economy or to the resolution of basic economic problems, although some benefits can be expected. Over a longer period, integration may make significant contributions to the economic strength of this area. (Paras. 55-58)

10. The Satellite armed forces constitute a substantial element in the balance of military power in Europe. Ground forces now number 77 divisions, which, given extensive Soviet logistical support, could be expanded to 188 divisions by M+180 days. There are currently about 3,000 Satellite operational military aircraft of all types. We believe that the capabilities of these forces will be substantially augmented by continued conversions to newer weapons and equipment and by an increase in numbers of aircraft. (Paras. 70-71, 77, 80)

11. The combat effectiveness of the Satellites armies varies considerably from country to country. However, we estimate that up to 50 percent of present Satellite divisions could be employed initially in combat alongside Soviet forces. Several of the armies, with Soviet logistical support, would be capable of sustained independent operations against traditional enemies. The reliability of these armies is such that they would be unlikely to defect on a substantial scale until victorious Western forces approached the Satellite area. Indoctrination and improved personnel selection have increased the political reliability of the Satellite air forces. We believe that the combat effectiveness of these air forces is such that they could be employed in a defensive role in the event of general war and would

⁴The terms "Soviet Bloc," "Bloc-wide," or "intra-Bloc" refer to the USSR and the European Satellites. Where Communist China is also referred to, the term "Sino-Soviet Bloc" will be used.

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have some offensive capability, particularly against traditional enemies. The Satellite navies are small in size and poor-

ly equipped and constitute only a minor contribution to Bloc naval strength. (Paras. 73-74, 77, 82)

DISCUSSION

I. SOVIET POLICY IN THE SATELLITES

Basic Soviet Interests in the Area

12. The military, political, and economic significance of the Satellites to the USSR is so great that Moscow probably regards the maintenance of control over the area as an essential element of its power position.

13. The Satellites provide the Soviet Union with defense in depth, a consideration which may become of increasing importance to the USSR in view of the prospective rearmament of West Germany. The fact that the Satellites are being given current Soviet aircraft and that their air defenses are being integrated with those of the USSR, indicates the importance which Moscow assigns to the area as an advanced line of air defense. Similarly, Satellite ground forces constitute increasingly effective obstacles along the land approaches to the Western USSR. For offensive purposes, control of Poland, Czechoslovakia, and East Germany provides the USSR with an advanced position for an assault on Western Europe; Hungary, Bulgaria, and Rumania provide a base from which to operate against the States on the northern shore of the Mediterranean and against the Dardanelles.

14. The Soviet leaders probably regard continued control over the Satellites as essential to prevent the recreation of a German state of prewar size and power, which in their view might once again exert dominant influence in Eastern Europe and threaten the security of the USSR. Directly, or through the Satellites, the USSR controls not only East Germany, but also the formerly German areas of Silesia, Pomerania, and East Prussia, from which most of the German population was expelled in 1945. In 1938 the eastern provinces of Germany now held by Poland and the USSR had a population of nine million, and the terri-

tory of present-day East Germany 17 million. In other words, Moscow now controls territories which constituted one-fourth the area of 1938 Germany, and sustained more than a third of its population. We believe that the USSR will not voluntarily relinquish any of these territories except in exchange for a solution of the German problem favorable to Soviet interests.

15. The Satellites represent for the USSR an important economic component of power in the over-all East-West struggle. Satellite gross national product and Satellite population are approximately two-fifths as large as those of the USSR, and the area provides the USSR with important strategic raw materials and manufactured goods. Economically, the three most important Satellites are Poland, Czechoslovakia, and East Germany, which together contain 61 percent of the Satellite population and account for 85 percent of Satellite GNP.

16. Finally, control of the Satellites has great political value for the Soviet Union and the international Communist movement. The Satellite regimes are used by the USSR in the conduct of foreign policy, propaganda, and subversive operations. In addition, the mere existence of the "People's Democracies," with their population of almost 100 million, proclaims to the outside world that Communism is on the march. Communist domestic and foreign propaganda has made capital of the fact that these varied and populous states are members of the "progressive camp."

17. The USSR has made clear that it regards incorporation of these areas into the Soviet Bloc as an accomplished fact, and that the status of the Satellites is not a matter for international negotiation. In the case of Germany, the USSR has held open the possibility of reunification on the basis of negotiations

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between the East and West German regimes. We believe, however, that the USSR will not voluntarily relinquish East Germany except in exchange for a solution of the German problem favorable to Soviet interests. It is also possible that the USSR might be willing to reconsider its position with regard to Albania. For example, there is a slight chance that the physical isolation of Albania from the Soviet Bloc and its minor strategic value to the Bloc would induce Moscow to use Albania as a pawn in Balkan intrigue.

Tactical Shifts in Soviet Policy in the Satellites

18. Soviet policy in the Satellites has followed a changing but generally consistent course since Soviet troops occupied the area in the wake of the German retreat. From 1944 to 1947 the Soviet tactic was to direct and assist the local Communist parties in gaining control of the East European governments under a facade of legality. The Communists championed causes which could give them some initial popular support, such as land reform, the expulsion of some 12 million Germans from East European territories, and the transfer of the property of these Germans to Poles, Czechs, and Slovaks. Coalition cabinets were the order of the day, and prime ministers sometimes came from non-Communist parties, but key ministries were held by the Communists. The Communists most in view were frequently those who had acquired local stature as underground resistance leaders, rather than those who had spent the war years in the USSR. On the economic front, the USSR exploited the Satellites, particularly those identified as ex-enemies, for its own benefit, and simultaneously introduced Soviet-type institutions into the nonagricultural sectors of their economies. The USSR as yet showed little interest in the long-range economic development of the area.

19. In 1947 the next phase of Soviet policy began to develop. The Communists, well established in key positions, proceeded to consolidate their power and to sovietize the Satellites. In some countries coalition governments were eliminated by means of intimidation and

rigged elections. In September 1947 the Cominform was founded, in part to provide Moscow with closer control over the Satellite parties. Early in 1948 the vestiges of freedom in Czechoslovakia were wiped out by a coup d'état. In June 1948 the Yugoslav party was expelled from the Cominform for "nationalist deviation." In September, Wladislaw Gomulka was dismissed as secretary general of the Polish party on the same charge. There followed a series of purges, the object of which was to decapitate nationalist Communist factions throughout the Satellites. Communist leaders especially loyal to Moscow, men who had spent long years in the Soviet Union and who in many cases were Soviet citizens, openly took over the direction of the local parties. A beginning was made at screening undependable elements from the large Communist parties which had been built up in the period 1945-1948. After 1948 direct exploitation of East Germany, Hungary, and Rumania was gradually eased, and every effort was devoted to the rapid development of heavy industry throughout the Satellites. This development was patterned after Soviet practice, which involved a high rate of forced savings through depressed consumption levels, and concurrent neglect of agricultural development. A policy aimed at full agricultural collectivization was inaugurated. Security measures were tightened. Western correspondents were expelled, or arrested as spies, and Western embassies were cut off from contact with the local populations. Pressure on the churches was intensified, and religious leaders were imprisoned on charges of treason. This pattern continued until the death of Stalin, in March 1953.

20. Beginning in mid-1953, a shift in Soviet tactics in the Satellites became evident. This shift emerged primarily in the economic field with announcements of a "new course" which held out the promise of a higher standard of living for the Satellite populations. Planned rates of economic growth were cut back to more realistic levels, and the emphasis on the development of heavy industry was toned down. In general, collectivization of agriculture was greatly slowed, and in some countries it actually lost considerable ground. Invest-

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ment in agriculture was increased substantially. Most of the joint Soviet-Satellite companies, which had become symbols of Soviet exploitation, were dissolved, and other overt signs of Soviet economic control were reduced. In early 1955, however, there was some modification of the "new course" economic approaches, concurrent with the consolidation of the present regime in the USSR. Pressures for increasing output were revived; heavy industrial development was re-emphasized, and collectivization efforts were renewed. At the same time, Soviet and Satellite planners began to place more emphasis on Bloc-wide co-ordination of economic planning and on regional specialization in economic activity.

21. In the political field, security and police pressures became somewhat less obtrusive. Mass deportation of urban middle class elements in Hungary came to a halt. In a few countries, some representatives of former opposition parties were released. A special effort was made to persuade political refugees to return home. The isolation of the Western diplomatic corps was somewhat reduced, and a few Western correspondents were permitted entry.

II. THE FUTURE OF SOVIET POLICY IN THE SATELLITES

22. The USSR now has, for all practical purposes, complete control over the Satellite regimes and will almost certainly be able to maintain it during the period of this estimate. Within the limitations suggested in paragraph 6 with respect to East Germany and Albania, we believe that it will remain firm Soviet policy to retain such control. Control rests fundamentally on the USSR's military capability of maintaining its domination over the area for an indefinite period. Soviet control is exercised primarily through the Satellite Communist parties, assisted and guided by a complex of Soviet diplomatic and military establishments, economic advisors, and police agencies. Under the aegis of the Soviet security apparatus, the various Satellite security services have become in effect a part of the Soviet police mechanism. These controls are so designed as to bind the Satellites to the USSR individually, rather than as a group.

23. The Soviet leaders will continue the policy of controlling the Satellite area in such a way as to produce the greatest possible internal and foreign policy advantages for the USSR. This aim, does not preclude Soviet policy modifications calculated to take greater account of local conditions and to produce smoother economic development. Such flexibility may also diminish the impact of Soviet rule on Satellite national sensibilities and support Soviet claims that these states are independent. Bloc statements on the importance of "local conditions for the development of socialism" may portend increasing flexibility in planning and in socialization, aimed at a more realistic program of economic development for the area as a whole. Moreover, Communist control being well established, the regimes can now afford to grant minor relaxations of political pressure and police control. In addition, Moscow might expect that such measures would document the claim of Satellite independence, and would thereby impress opinion in neutral and underdeveloped countries and improve the propaganda position of Free World Communist parties.

24. The USSR may somewhat reduce or refine its more visible means of control. Soviet troops might be withdrawn from Rumania and Hungary, where the USSR probably estimates their presence is not essential. Abolition of the Cominform would be an even more inexpensive gesture, since this agency has become largely a Soviet Bloc information and propaganda link with the West European Communist parties, rather than an instrument of control. In matters essential to Soviet control, such as the building up of a reliable and subservient Satellite Communist leadership and the staffing of key positions with Soviet or Moscow-oriented personnel, the Soviet rulers will almost certainly continue to maintain the policies of the Stalin era.

25. Soviet leaders are almost certainly aware, however, that some of the actions they have already taken involve certain risks for their position in the Satellites. The visit to Belgrade, for example, had the effect of building up the prestige and influence of Tito, and the public acknowledgment of Yugoslavia's right to pursue its own "way to socialism" aroused

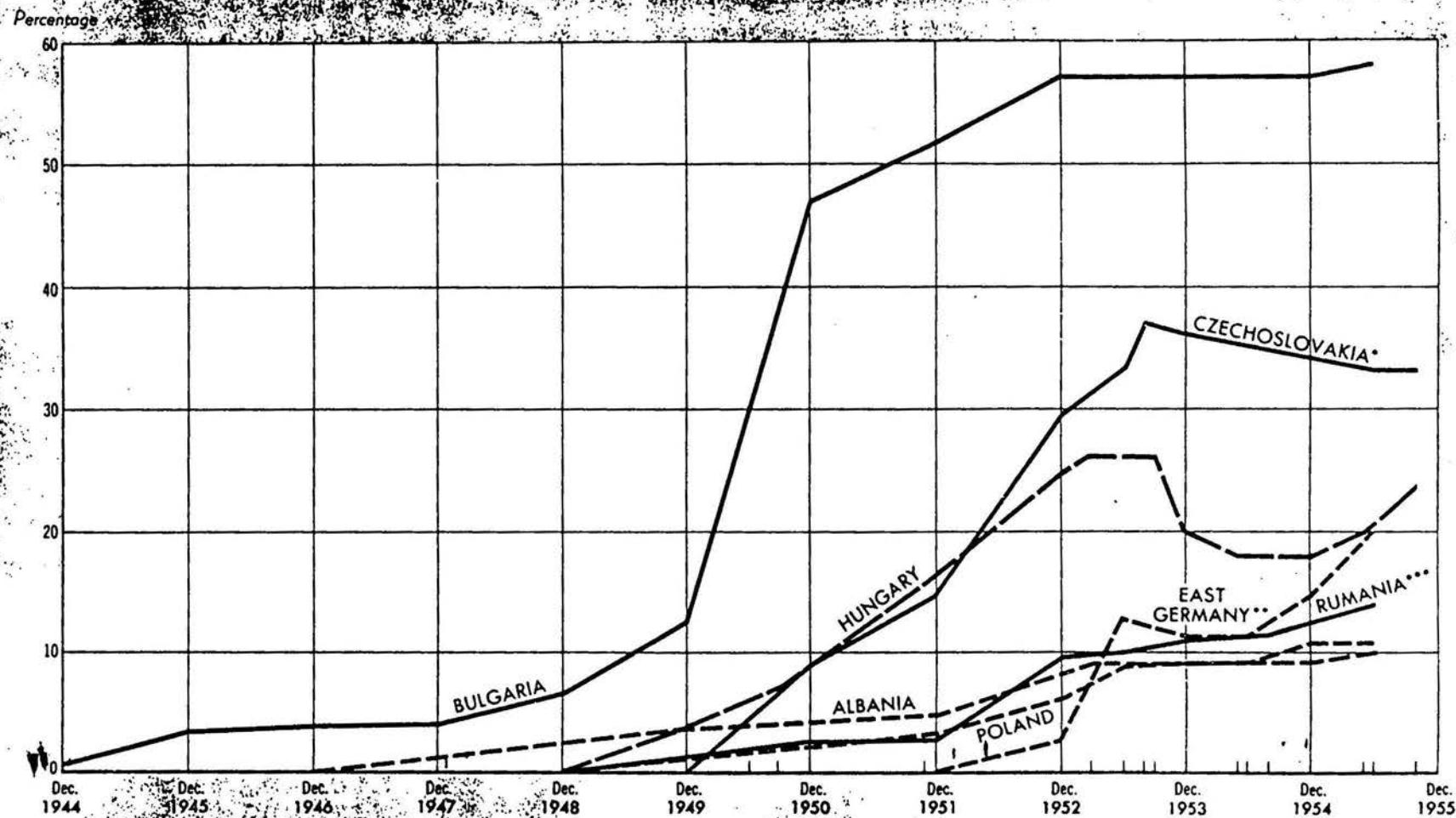
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EUROPEAN SATELLITES

Figure 2

TRENDS IN COLLECTIVIZATION, 1944-55
Percentage of Arable Land in Collective Farms



*Includes only the more advanced types of collective farms (Types III and IV).

**Percentage of agricultural land, which includes permanent meadows and pastures as well as arable land.

***Includes agricultural tillage associations, which are lower forms of collectives.

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hopes in the Satellites for a substantial lessening of Soviet control. The case of the Imre Nagy regime in Hungary indicates the existence of latent conflicts within the Satellite party leadership which may have to be resolved by Moscow from time to time.

26. We believe that Soviet authorities will avoid any actions which, in their judgment, would jeopardize their control of the Satellite regimes or the regimes' control over the local populations. There are, therefore, narrow limits to the freedom of action which Moscow can afford to permit the Satellite regimes to develop.

III. INTERNAL DEVELOPMENTS IN THE SATELLITES: POLITICAL

27. The Communist regimes, backed by the ultimate sanction of Soviet power, almost certainly have firm control of the Satellite populations. Nevertheless, there are indications of factionalism within some of the party leaderships, and all governments are still confronted with problems arising from their unpopularity with the masses and from the difficulties inherent in developing an efficient administration in a totalitarian state. We believe, however, that during the period of this estimate, Soviet dominated regimes will be able to maintain their control over the populations and gradually to increase their administrative effectiveness.

28. Since the Communist parties are the basic instrument of the regimes' control over the populations, any weakness or inefficiency within these parties acts as a conditioning factor on the execution of policy. Approximately seven percent of the total Satellite population, or 6.5 million persons, are Communist party members. This means that one of every 10 adults in the Satellites is a party member. Obviously, the development of such large parties from very small beginnings (there were probably less than a thousand Communists in Rumania in 1944) could not have been accomplished without taking in large numbers of people who were not dedicated to Communism. In staffing positions at the lower echelons of the bureaucracy, the party has often had to sacrifice technical qualification in favor of political loyalty. At

higher levels an element of the party membership with technical qualifications is opportunistic. Some elements privately resent dictation by Moscow and favor a reduction of political terror and an increase in consumer goods. There are many party members with a nationalist tinge who constitute a potential for "deviation." We believe, however, that these "unreliable" elements will not attain sufficient influence within the parties to jeopardize either the control by the Moscow-oriented Communists or the implementation of Soviet policy.⁵

29. In the field of education, Communist attempts to indoctrinate the adult generation have apparently had little success. Within the youth, however, intensive indoctrination, coupled with the bait of advanced schooling, career opportunities, and other material benefits, has begun to produce a greater degree of cooperation with the regime. Educational opportunities, especially for favored classes, have in fact been greatly increased, particularly in technical fields.

UNIVERSITY STUDENTS
per thousand population¹

Country	1937-1939	1953-1954
Bulgaria	1.7	4.1
Czechoslovakia	1.9	3.7
Hungary	1.3	5.7
Poland	1.4	5.3
Rumania	1.4	3.8

¹The comparable figure (1954) for the US is 15.2, for the USSR 5.4, for West Germany 2.7, and for the UK 1.4.

*The Assistant Chief of Staff, Intelligence, Department of the Army, while concurring in the estimative conclusion contained in the last sentence of this paragraph, considers that the paragraph as a whole conveys an impression of weakness in the Satellite Communist parties that is not supported by intelligence and recommends the substitution of the following for paragraph 28:

"Satellite Communist parties are large in comparison to immediate postwar size, and membership now consists of seven percent of the total Satellite population or 6.5 million persons. Although the parties probably contain some unreliable elements, we believe that these elements either will remain submerged or will be eliminated and will not exercise significant influence on control by the hard core Communists or implementation of Soviet policy."

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As a result, the regimes will probably become increasingly able to find adequate personnel for positions in the state apparatus and the nationalized economic enterprises. Some of these younger people are likely to constitute an element with a vested interest in the Communist regimes, even though the majority of youth will probably not become convinced Communists during the period of the estimate.

30. In relations between church and state, the Satellite regimes have avoided a head-on collision with popular devotion to traditional religious observances, which appears to have been increasing. Instead, they have directed their policy primarily toward strangulation of the independent organizational and institutional features of the churches, in the hope of making these churches subservient to the regime. This aim has to a large extent been realized in the case of the Orthodox, Protestant, and Moslem churches of the area. Even the Catholic Church has been forced to adopt a policy of avoiding open controversy with the regime, in order to conserve the position of its clergy and as much as possible of its traditional functions.

31. All available evidence indicates that throughout the Satellite area the regimes have made no appreciable progress in inducing the people to give active support to the Communist system and its program. For a number of reasons, of which economic hardship and regimentation, hatred of Soviet domination, and fear of the police state appear uppermost, a substantial majority of the people continue to be antipathetic toward the regimes. Dissidence is widely prevalent among the peasantry, which stubbornly resists collectivization, and is a significant factor even within groups which are ostensibly favored by the regimes, such as youth and industrial workers.

32. The effectiveness of the Satellite governments in combatting dissidence and promoting Communist indoctrination will be limited by a number of factors. A shortage of capable and ideologically grounded teachers and writers will probably continue. The traditional affinity of the Satellite intelligentsia for

Western culture will probably remain strong in the older generations. Western broadcasts will probably continue to reach the Satellite populations, and there may be greater exchange of cultural, technical, and sport delegations with Western countries.

33. The failure of the Satellite governments to win mass support will be partly offset by a tendency of the population to become resigned to Communist rule. Next to general positive support, the Communist regimes probably regard a growth of popular acquiescence and resignation as the second best development for their purposes. If the Soviet policy of "relaxation of international tensions" continues, attitudes of resignation among many elements of the population will be reinforced. The Satellite populations have placed their main hope for eventual liberation on Western Europe and the US, and they have tended to believe that this could be accomplished only through war. This hope of liberation apparently remained fairly strong up to 1953, but since then has been diminishing. The Summit meeting at Geneva intensified the belief that the Western Powers were determined to avoid war and, if necessary, to accept a modus vivendi with the USSR involving the maintenance of the status quo in Eastern Europe.

34. So far as is known, no active resistance organizations survive in the Satellite area at present. There are today, and probably will be for many years to come, a few elements of potential resistance scattered throughout Satellite society which may be able to survive by remaining inactive and deeply concealed. Only in the event of war, however, would they be likely to attempt conspiratorial activity. Except possibly in the case of East Germany, we believe that no development short of a drastic impairment of Communist controls or the approach of friendly forces in time of war would be sufficient to stimulate important outbreaks of open resistance.

35. While the number of Communist supporters will probably increase over the period of the estimate, it is unlikely that anything like a majority within the Satellite populations will accept Communism, or that the

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national aspirations of the East European peoples will be extinguished. These peoples have a long history of suffering under oppressive masters. While submitting to the exploitation of the Turk, or the Tsarist Russian, or the German over many centuries, they yet managed to maintain their national identity. They will probably continue to do so. Nevertheless, there will probably be some increase in support of the government by more favored elements in the population and, among the people generally, an increasing resignation to life under Communist rule.

IV. ECONOMIC

Trends in Economic Policy

36. While Satellite economic policy in the period 1948-1953 resulted in a considerable growth of heavy industry, this was accomplished at the expense of consumer goods and agricultural production. Moreover, a considerable imbalance developed in heavy industry, resulting from overrapid build-up of manufacturing facilities without corresponding expansion of the raw material, fuel, and power base. By the end of 1952 rates of industrial growth began to fall at a pace which made it apparent that many of the augmented plan goals set in 1951 would not be met. The growth rates of previous years had been realized primarily as a result of substantial additions to the industrial labor forces and of fuller utilization of capacities. By 1953, additions to the total labor forces and transfers of workers from agriculture to industry had greatly diminished, so that further economic growth depended increasingly on improved labor productivity. Disaffection of both workers and peasants, however, seriously hampered efforts to achieve such an improvement.

37. Beginning in mid-1953 all the Satellites adopted, under Moscow's guidance, an economic "new course." This new policy involved an acceptance by the Satellite regimes of much lower planned rates of industrial growth than they had foreseen in 1951 for the period 1953-1955. It entailed some shift in emphasis within industry from heavy machinery to basic raw materials, power, and consumer

goods. In agriculture, the "new course" called for increased investment and for the enhancement of incentives through such concessions as the lowering of delivery quotas and, in some countries, permission to withdraw from the collectivized sector. By means of such a program, the regimes also hoped to improve the economic response of workers and peasants and thereby to alleviate the major economic difficulties of the previous period.

38. During 1954 some progress was made in altering the structure of industry. However, the "new course" ran into serious economic difficulties and even created a certain political threat. Slowness in implementing unrealistic promises of improved living standards led to widespread disillusionment and skepticism. Noncooperation was encountered from almost all elements of the population. The doctrinaire elements in the Communist parties objected to what they considered a "deviationist" economic course. The workers and peasants were inclined to hold out for greater and more effective concessions. Changes in production and allocation patterns adversely affected industrial schedules and unfavorable weather reduced crop yields. As a result, performance in both industry and agriculture was extremely disappointing during 1954. Even the reduced industrial goals were not fulfilled, and rising wage levels without corresponding increases in productivity began to cause fiscal problems for the regimes.

39. Early in 1955 modifications of the "new course" were undertaken, coinciding with the ouster of Malenkov and Soviet reaffirmation of the primacy of heavy industry. These modifications called for restoration of some degree of emphasis to heavy industry, reaffirmed the eventual goal of full collectivization, and reintroduced some of the earlier discipline into economic activities. During 1955, the stress was placed on the restoration of discipline in such matters as workers' norms, wage payments, and peasant delivery obligations. In some countries, collectivization activity was resumed. The implementation of the renewed emphasis on heavy industry, however, was put off, at least in part, until 1956.

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40. The early 1955 modification does not appear to represent a full return to pre-“new course” programs. Emphasis on heavy industry is coupled with a determination to keep development plans more in line with capabilities and with a recognition of the danger of neglecting agricultural development. In some respects discipline has been restored, but many of the “new course” incentives remain intact.

41. The present industrial program emphasizes for the immediate future the full utilization of existing industrial capacities. Such an effort will continue the “new course” stress on the production of raw materials, fuel, and power. Only limited major new investments in the field of heavy manufactures are scheduled. Industrial investments are to be concentrated to a greater degree on replacement and modernization of outmoded equipment and on technological improvements, rather than on wholesale expansion of industrial capacity. The program also seeks to reduce the disparity which had existed prior to 1953 between the rate of expansion in the output of producer goods and that of consumer goods. It envisages, moreover, greater use of heavy industrial plant for the production of agricultural equipment and durable consumer goods.

42. The Satellite regimes are faced with thorny policy problems in the field of agriculture. As a matter of doctrine, they continue to insist that full collectivization of agriculture is a prerequisite for the “building of socialism,” yet they have an acute awareness that rapid and forced collectivization depresses agricultural production. Consequently, they can increase agricultural output significantly over the next five years only if collectivization is carried out at a slow pace, and private agriculture is given at least limited encouragement. They will be faced with a delicate problem of maintaining a judicious balance between the incentives given the collectives and those provided the free sector. In any case, as long as a substantial private sector remains, the regimes will have difficulty in getting maximum results from the collectivized sector. On balance, in view of the serious concern of the Satellite leaders to in-

crease agricultural output, we believe there will be only moderate increases in collectivization during the period of this estimate.

Rate of Growth

43. The application of the “new course” was accompanied by a reduction in the rate of growth of Satellite GNP. In 1954 estimated GNP was only five percent greater than in 1953, a modest rate as compared with preceding years. Only Poland was able to fulfill its initial industrial production goal for that year. In all seven Satellites, the announced percentage gains in industrial output over the previous year were smaller than in 1953. The average gain in the productivity of labor was also significantly less than in previous years; in the case of Hungary, output per industrial worker actually declined. Total Satellite production of agricultural commodities showed no increase in 1954 over the preceding year.

44. We estimate that even with the modifications of the “new course” undertaken in 1955, the rate of increase in the total GNP of the Satellites for the years 1955–1960 will average somewhat less than four percent per annum. This is lower than the projected Soviet rate of about five to six percent, and represents a substantial decline from the extraordinary Satellite average of over seven percent for the years 1949–1954.

ESTIMATED GROSS NATIONAL PRODUCTS OF THE EUROPEAN SATELLITES (excluding Albania)

	Billion 1951 US dollars				Percent increase 1960 over 1954
	1938	1948	1954	1960	
European Satellites	44.5	32.4	49.4	61.4	24
Poland	14.5	11.0	17.1	21.1	23
East Germany	16.1	9.0	15.8	19.3	22
Czechoslovakia	7.3	6.8	9.2	11.6	26
Rumania	3.1	2.6	3.0	4.1	36
Hungary	2.5	2.0	3.0	3.7	24
Bulgaria	1.0	1.0	1.3	1.6	29

45. Assuming only moderate increases in the collectivized sector, we estimate that Satellite

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agricultural output in 1960 will be about 11 percent greater than in 1954. Relatively large increases are projected for Hungary and Rumania, where agricultural output is still far below the prewar level, but the anticipated increase for the Satellites as a whole is much smaller than during the period 1949-1954. Realization of the projected 11 percent increase would still leave Satellite agricultural production about 10 percent below the prewar level. The agricultural labor force is expected to increase slightly rather than decline as in the past, even though mechanization is to be accelerated. The increased use of labor in agriculture, where productivity is low, rather than in industry where productivity is higher, will tend to have an adverse effect on the rate of economic growth.

46. We estimate that nonagricultural production will increase by approximately 28 percent in the period 1954-1960. This will be made possible by an estimated increase of 11 percent in the nonagricultural labor force and by an expected growth in output per worker on the order of two to three percent per year. The productivity of labor in the Satellite area in 1960 will still be considerably less than that of the industrialized countries of the West.

47. We estimate that there will be a small increase in Satellite living standards by 1960. The total population of the European Satellites is expected to increase about seven percent from 1954 to 1960, approximately from 93 to 100 million persons. Since the projected increase in total agricultural production amounts to 11 percent, only a very small per capita increase in agricultural output is probable. Even with some increases in imports of agricultural products, comparatively little improvement in the per capita consumption of foodstuffs will result. The diet will remain low in proteins and high in starchy substitutes, and the caloric intake will not be substantially increased. Manufactured consumer goods will account for the major part of the small prospective rise in living standards. Producer goods output will increase at a more rapid rate than consumer goods, and investment will rise more rapidly than consumption.

Satellite Contributions to Bloc Strength

48. The European Satellites represent an important element of over-all Bloc economic strength. Satellite GNP in 1954 is estimated at roughly two-fifths that of the USSR. The ratio probably will be somewhat smaller in 1960, since the estimated rate of growth of GNP is significantly lower for the Satellites than for the USSR.

49. Satellite production of basic materials such as uranium, coal, petroleum, bauxite, calcium carbide, and caustic soda represents a particularly significant contribution to Bloc strength. The largest Satellite reserves of bituminous coal are in Poland, which ships important quantities to the USSR and East Germany, and lesser amounts to Czechoslovakia and Hungary. Hungary has the largest bauxite reserves in Europe and accounts for approximately 60 percent of Soviet Bloc production. Although Satellite oil reserves are estimated to constitute only seven percent of the reserves of the Soviet Bloc, the Satellites currently provide 16 percent of Bloc production.

50. It is estimated that, in 1954, the Satellites provided approximately two-thirds of Bloc uranium ore production. East Germany alone provided almost 50 percent of the Soviet Bloc total. The uranium production of East Germany can be expected to remain about the same during the period of this estimate, and the other Satellites may show a slight increase. The USSR, however, is not dependent upon Satellite sources. If necessary the Soviet atomic energy program could probably be supported at its present level of operation from internal Soviet sources alone. Nevertheless, the USSR will almost certainly wish to continue its rapid and large-scale exploitation of Satellite ores in order to accumulate maximum reserves.

51. The Satellites also produce some types of machinery and equipment which the USSR continues to import in large quantities. Most of the production of rolling stock has been exported to the Soviet Union, leaving Satellite railway systems in a deplorable condition by Western standards. Satellite shipbuilding

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capacity has been expanded, and the bulk of the output, consisting chiefly of merchant ships, has been exported to the USSR, thus freeing Soviet shipyards for construction of naval vessels.

Foreign Trade and Bloc Economic Integration

52. After having steadily increased since 1948, the trade of the Satellite countries within the Sino-Soviet Bloc remained constant in 1954, while their trade with the Free World increased. During the period of this estimate, trade with the Free World may continue to rise somewhat faster, in percentage terms, than total trade. However, the intra-Bloc trade will probably again begin to show annual increases and, in any case, will remain the predominant part of the trade of each Satellite.

53. For political as well as economic reasons, the Satellites apparently desire to increase their trade with the Free World. Politically, the development of trade ties with the Free World coincides with the current Soviet drive to extend Communist influence, particularly in underdeveloped areas. Economically, the achievement of the planned rates of growth and the improvement of living standards will be significantly facilitated if the Satellites can import from the Free World certain key commodities, such as agricultural products, iron ore, nonferrous metals, and machinery. Some items in these categories are at present embargoed by the COCOM countries.

54. In the absence of medium- or long-term credits from Free World countries, which are unlikely to be offered on any substantial scale during the period of this estimate, an early expansion of Satellite exports will be necessary to balance an increase in imports from the Free World. Thus, the Satellites are now facing the problem of adjusting the character and prices of their exports and their way of doing business in order to improve their position in Free World markets. Except in East Germany and to some extent in Czechoslovakia, products of the newly-created Satellite manufacturing industries have been high in

cost and indifferent in quality. The large agricultural surpluses formerly used by some Satellites in their foreign trade have dwindled rapidly. Moreover, Satellite regimes have gained a bad reputation in the Free World for abruptly terminating the exchange of particular commodities and for unsatisfactory performance on commitments and deliveries. Under these circumstances, it will probably be easier for the Satellites to increase trade with the underdeveloped areas, particularly in South Asia, the Middle East, and Latin America, than with the industrial countries of the West.

55. Despite this interest in East-West trade, Soviet planners are also placing greater stress on the economic integration of the Soviet Bloc. The particular aspects of integration to which they are giving attention are regional co-ordination of production planning and a more rational adjustment of the industrial structure of the Satellite area. Beginning in 1956, the Five-Year Plans of all the Satellites except Bulgaria will cover the same time period as the Soviet plan, and it has been officially announced that these plans will be coordinated with one another and with the Soviet plan to a greater extent than heretofore. As in the past, the plans will reflect broad economic policies and goals laid down by the USSR. The Council for Economic Mutual Assistance (CEMA), will probably play the major co-ordinating role. The planners apparently hope that, as a result of closer coordination of production plans for particular commodities, together with a continued high volume of intra-Bloc trade and increasing exchange of technical information, critical deficiencies in materials, plant or labor can be avoided during the next five years. They further hope that the concept of better balanced economic development applied to the area as a whole, with individual countries concentrating on their most efficient economic activities, will increase the benefits of intra-Bloc trade and help avoid imbalances, strains, and bottlenecks. Such an adjustment would presumably require the maintenance or elevation of the already high priorities established for expanding the output of coal in Poland, petroleum in Rumania and Hungary, machines and

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equipment in Czechoslovakia and East Germany, and chemicals in East Germany and Poland. In agriculture the highest priorities would logically be assigned to Hungary and the Balkans.

56. We believe that during the period of this estimate the scope and effectiveness of Bloc-wide regional planning will substantially increase as compared to the period 1949-1953. Economic interdependence of the Soviet-Satellite area has already grown significantly through the forced shift of the Satellites during the past seven years to intra-Bloc trade at the expense of trade with the Free World. The benefits from such trade could be increased by further developing the complementary character of the Satellite economies.

57. The success of these efforts will, however, be limited by a number of factors. The task of coordination is intrinsically difficult, and its extension will almost certainly encounter practical and doctrinal obstacles. Centralized planning and organization of supply channels on an international scale are much more complex than on a national scale. Greater interdependence will multiply the area-wide repercussions of plan failures in individual countries. While it would be rational for each country to intensify concentration on its most efficient production lines, it will apparently be necessary, at least during the period of this estimate, for individual Satellites to maintain or even increase their efforts along certain uneconomical lines, pending anticipated production increases by their Bloc trading partners. Finally the nationalistic and doctrinaire position that each Communist country should concentrate on the development of heavy industry will probably militate against the full acceptance of the concept of interdependent economies.

58. On balance, we view the current stress on economic integration as indicative of a long-term policy which will increasingly influence Satellite development plans. During the period 1956-1960 this policy will probably not contribute greatly to the growth of the economy or to the resolution of basic economic problems, although some benefits can be ex-

pected. Over a longer period, integration may make significant contributions to the economic strength of this area.

V. SCIENTIFIC DEVELOPMENTS

59. During the period 1956-1960 Satellite capabilities in many fields of science will continue to grow. At the same time, however, the USSR will probably cease to be dependent upon the Satellites for its basic research and development needs in such fields as scientific instruments, precision tools, optical goods, photographic equipment, and electronics. This trend will probably result in a general redirection of effort toward the development of items for the domestic economy and foreign trade.

60. Since World War II, East Germany and, to a lesser extent, Czechoslovakia have made significant contributions to the scientific and technological development of the USSR by supplying instruments for scientific research and development and for industrial process measurement and control. During 1955, the USSR cancelled large contracts for instruments, probably reflecting an increased supply from domestic sources. The loss of these contracts may at least temporarily reduce funds allocated for East German instrumentation research and development. Unless Soviet support is revived, East German research and production in this field will depend upon the development of other trade outlets, including the West. Progress, in any case, will probably be slower than prior to 1953.

61. Competent scientific manpower is still in short supply, but there are many young and well-trained research workers in East Germany, Czechoslovakia, Poland, and Hungary whose capabilities are increasing with experience. The current trend toward the decentralization of scientific research, which has been noted particularly in East Germany, may release a number of scientists from administrative duties and make them available for more productive work. While the scientific-technical manpower shortage will not be overcome during the period of this estimate, it will probably be considerably alleviated.

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62. Satellite restrictions on the dissemination of scientific-technical information have been eased, and the controlled interchange of such information has been encouraged. Greatly increased attendance at international scientific meetings, together with an easing of security policy, have permitted contacts with scientific colleagues on a world-wide basis. Such exchanges of ideas and experience, if they continue, will be of considerable benefit to the Satellites.

63. There has been a sharp increase in nuclear physics research. In East Germany, Poland, and Czechoslovakia new institutes of nuclear physics have been established, and capabilities in this field are expected to increase. The Soviet Union has announced a broad program of assistance to the Satellites, including the supply of nuclear reactors and fissionable materials. Such a program, if carried out, would considerably broaden the base and enhance the capabilities of the Soviet Bloc in the nonmilitary aspects of nuclear research. In any case, the full impact of this program would not be felt before 1960.

64. The direct contribution of the Satellites to the Soviet Bloc air, ground, and naval weapons research and development program is of little significance. There is a small amount of work being done in Czechoslovakia and in East Germany which gives support to Soviet weapons programs. Soviet policy, however, has been to limit Satellite research and development work on weapons. The Satellites have been encouraged to apply their scientific and technical effort to the development of test and research equipment, of ancillary military items, and of industrial techniques related to military production. We believe that, during the next five years, there will be no significant change in this policy.

VI. MILITARY DEVELOPMENTS

65. Soviet control of the Satellites has moved the Soviet military frontier into Central Europe. In view of the strategic importance of this region, the USSR has given great emphasis to its development for military operations. It has maintained and modernized

large forces of its own in the area, and has intensively developed airfields and communications. It has sought to build reliable Satellite forces and has increasingly supplied them with modern weapons and equipment.

Soviet Forces Stationed in the Satellites

66. Of an estimated 494,000 Soviet Army ground forces (plus 24,000 security troops) stationed in the Satellites, approximately 400,000 (22 line divisions) are located in East Germany, while the remaining 94,000 (6 line divisions) are located in Hungary, Poland, and Rumania. It is possible that the Soviet troops in Hungary and Rumania will be withdrawn during the period of the estimate, since their presence is probably not considered necessary to the maintenance of Soviet control. The Soviet leaders might make such a move in support of their diplomatic and propaganda campaign against NATO. At present, however, the indications are that these troops will remain. Provided there is no basic change in the German situation, the number of divisions in East Germany and Poland will probably not change substantially during the period of the estimate, although their combat effectiveness will be increased through the re-equipment and reorganization program which has been in progress since late 1954.

67. The most significant change in Soviet air strength in the Satellites over the past year has been a sizeable increase in jet light bomber strength. This substantially enhances Soviet capabilities for direct and indirect support of ground force operations. Of the 14 light bomber regiments currently in the area, 9 are based in East Germany, 2 in Poland, and 3 in Hungary.

68. About 25 percent of the Soviet FAGOTS (MIG 15) based in the Satellites on 1 July 1954 have been replaced by FRESCOS (MIG 17). This represents a significant increase in combat effectiveness. All indications point to the probability that this re-equipment program will continue until all FAGOTS are replaced by improved fighter types by mid-1957. At present there are a limited number of jet all-weather fighters which are probably being

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used for training purposes. While these planes do not materially increase the over-all combat effectiveness of the Soviet air force in the Satellites, their presence portends a build-up in all-weather fighter strength and defensive capabilities. It is also expected that all BEAST (IL-10) attack aircraft will be phased out by mid-1959 and replaced in the attack role by jet fighters and light bombers. In short, present Soviet authorized air strength of some 2,500 military aircraft of all types stationed in the Satellites will probably not change substantially over the period of the estimate. Actual strength is presently estimated at about 85 percent of TO&E. The capabilities of this force will be increased by the continued phasing in of new types; actual strength could be brought up to the TO&E figure in a relatively short time.

69. The USSR bases a small number of patrol vessels and minesweepers in several Satellite ports on the Baltic and Black Seas. The primary purpose of these forces is to direct the training of the Satellite navies in the use of Soviet equipment and operating procedures. In the size, composition, disposition, or capabilities of the Soviet naval forces based in the Satellites there have been no significant changes and none are anticipated over the period of the estimate.

Satellite Forces⁶

70. *Ground.* The Satellite ground forces have become a substantial element in the balance of military power in Europe. We estimate that currently the ground forces of the Satellites comprise 1,085,000 men organized in 77 divisions, of which six are tank and 15 mechanized. Recently cuts have been announced for the major Satellite forces ranging from nine to 18 percent.⁷ Even if these cuts are actually carried out, the over-all effectiveness of the ground forces will not be significantly impaired. These ground forces are

⁶See the tables in the Appendix for detailed figures on the strengths of Satellite military forces.

⁷In the case of Albania the figure is 29 percent. In East Germany no cut has been announced in the strength of the military forces.

supplemented by Satellite security troops which total 321,000 men. By M+180 days the Satellites could mobilize 4,700,000 men in 188 divisions, provided there was extensive Soviet logistical support.

71. We do not believe that there will be significant increases in the Satellite standing armies over the period of the estimate, with the possible exception of the East German army. If conscription is adopted the latter could be doubled in size (from 100,000 to 215,000 men), but quality and political reliability would sharply decline. Such a development will probably depend in large part upon the extent of West German rearmament.

72. There appears to have been little joint planning or training among Satellite armies. The recent formation of a unified Soviet-Satellite armed forces command has changed only the forms under which the established Soviet control over military affairs is effected. There is as yet no conclusive evidence of inter-Satellite or Soviet-Satellite training under direction of the unified command. There is no evidence of plans for tactical integration of Bloc forces in wartime. It is probable, however, that integrated planning is under way and that combined maneuvers will be held within a few years. In the meantime, in the event of general war, the Satellite forces would probably be used separately under the direction of the Soviet high command and might be placed directly under Soviet officers.

73. The morale and reliability of Satellite ground forces has increased over the past year and will probably continue to improve during the period of the estimate. This trend will be largely the result of continued indoctrination and training. We believe that the reliability of these armies is such that they would be unlikely to defect on a substantial scale until victorious Western forces approached the Satellite area.

74. The combat effectiveness of the Satellite armies varies considerably so that no over-all generalization is possible respecting their probable performance in the event of general war. The amount of transport and mecha-

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nized equipment allocated to major Satellite forces has increased significantly in the last year, and mobility approaches that of Soviet forces. We believe that up to 50 percent of existing Satellite divisions could be employed initially in combat alongside Soviet forces. With Soviet logistical support, several of the armies would be capable of sustained independent action against traditional enemies. In general, the Bulgarian army is probably the most reliable, best trained, and effective of all the Satellite forces; division-level maneuvers have been held each year for the past five or six years. Bulgarian reserve training is extensive and thorough. Against such traditional enemies as the Turks or the Greeks, the Bulgars would fight with their maximum effectiveness. If the enemy forces included sizeable German contingents, the Czechoslovak and Polish armies would probably give a good account of themselves, for the Poles would fear the loss of the "recovered" lands and the Czechs the reoccupation by Germans of the Sudeten areas. The Hungarians and Rumanians, on the other hand, would probably regard a revival of German influence in Eastern Europe as favoring their chances of liberation from the USSR, and consequently their troops would suffer from poor morale if pitted against German units. The Satellite army with the lowest combat potential except for the small Albanian force, is that of East Germany. The Garrisoned People's Police (KVP), as this army is still called, could probably not be used for operations against NATO forces in West Germany, especially if the latter included components of German Federal Republic troops. KVP units would, in this case, have to be used for guarding lines of communication and in other secondary roles.

75. The Satellite militarized security forces have not changed significantly in strength over the past several years, although they have probably become more efficient. It is believed that they will retain approximately their present status through the period of this estimate, and that they will remain capable of protecting the local regimes against any threat of internal subversion. The one exception to this general capability is provided

by East Germany where, until recent years, most security functions were performed by Soviet security forces. During the past year, however, there has been a strengthening and reorganization of East German security forces, probably in anticipation of their assuming greater responsibility for security operations.

76. The total Satellite output of arms and ammunition will remain a small share of total Soviet Bloc production. Although these countries will manufacture small arms, artillery, tanks, ammunition, personal and optical equipment, no significant increase in production of army equipment is expected.

77. Air. The Satellite air forces now have an estimated TO&E strength of 4,400, and an estimated actual strength of 3,000 operational aircraft of all types. We estimate that by 1960 TO&E strength will probably be 5,000, and that actual strength by that date will be nearly 4,000. Personnel strength is at present estimated to be 102,600. The capabilities of the Satellite air forces will probably be augmented as a result of an over-all increase in available aircraft and in the proportion of jet aircraft. We believe that, even if the recently announced manpower cuts are actually carried out, the over-all air capabilities will not be affected. No heavy bombers are expected to be introduced but piston medium bombers could be made available to the Satellite air forces as they are phased out of the Soviet air force. The greatest stress will continue to be placed on air defense, with secondary emphasis on air support of ground operations. Throughout the period of this estimate, the Satellite air forces will continue to constitute a significant increment to Soviet air strength in Europe.

78. The USSR provides intensive training for carefully selected Satellite pilots in the doctrines, techniques, and tactics of the Soviet air force. Soviet policy appears to be directed toward the attainment of a high degree of co-ordination between the air force of each Satellite and the Soviet air force, and the integration of the Satellite air forces into the Soviet air defense system. There has been little co-ordination among the individual Satellite air

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forces. While the Eastern European Defense Pact (EEDP) suggests that such coordination is contemplated, probably no significant progress in this direction will be made. We estimate that the policy of close Soviet control of the Satellite air forces will continue through 1960.

79. After the Polish defections of 1953, the USSR strengthened its control over flying activities in all Satellite air forces. Concomitantly, there were increased efforts to improve personnel selection and political indoctrination. Emphasis was also placed upon the role of each Satellite air force in the defense of its own territory, thus stressing the national interest. These measures have increased the political reliability of the Satellite air forces. We believe that the combat effectiveness of these air forces is such that they could be employed in a defensive role in the event of general war and would have some offensive capability, particularly against traditional enemies.

80. Combat aircraft production in the Satellites now accounts for 11 percent by number and five percent by airframe weight of Bloc production. This share will probably increase to 14 percent by number and seven percent by weight by 1960. We believe that aircraft models now being produced in the Soviet Union will gradually replace obsolescent models on Satellite production lines, after the Soviets have converted to newer models. For example, we estimate that the FAGOT (MIG 15), the only jet fighter now being produced in the Satellites, will be phased out and will probably be replaced by the FRESCO (MIG 17) jet fighter in Czechoslovakia and in Poland by mid-1956. The FRESCO will probably be phased out after about three years and be replaced by either the FARMER jet fighter or the FLASHLIGHT all-weather fighter, or by both. The BEAST (IL-10), a ground attack aircraft, was phased out in Czechoslovakia in December 1954, and it is expected that the production of a light jet bomber, probably the BEAGLE (IL-28), will begin in 1956. The BEAGLE will probably be phased out by about 1960 and be replaced by a new light jet bomber. A new plant under

construction in Rumania will probably begin production of FRESCO jet fighters in 1956. No production of guided missiles in the Satellites is expected during the period of the estimate.

81. An extensive program of airfield improvement and construction is being continued in all the Satellites. Principal emphasis has shifted from East Germany to Poland, but other Satellites continue to pursue a vigorous airfield construction effort. Runways now being built are at least 7,000 feet long and many are 8,000 or more. There are more than 400 airfields available to Soviet forces in the Satellites. Currently the number of major airfields (permanent runways of 6,000 feet or more) in the Satellites is 117, of which more than one-half are located in Poland and East Germany. If recent trends in construction continue, this figure would be almost doubled by 1960. Airfields in the Satellites are numerous enough to support elements of the Soviet air force, as well as the Satellite air forces, in a general war occurring during the period of this estimate. Many Satellite fields are being equipped with night lighting, radio navigation aids, radar, increased POL facilities, and improved structures. This growing network of modern well-equipped air facilities, as it progresses toward completion, will add materially to Soviet Bloc air capabilities.

Satellite Naval Forces⁸

82. The Satellite navies are small in size and poorly equipped and constitute only a minor contribution to Bloc naval strength. At present their primary function is the development of trained and politically reliable cadres for coastal patrol operations. They are gradually attaining some degree of defensive capability. Offensively they could give limited seaward support to ground forces. The Polish and East German navies have the capability of providing appreciable assistance to the Soviet Navy in such fields as minesweeping, minelaying, escort and coastal defense. In addition Poland has a limited potential for

⁸For detailed figures on Satellite naval strength, see Table 6.

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defensive submarine operations within approaches to Polish waters. The Rumanian and Bulgarian navies, however, will be capable of rendering only token assistance. Satellite ports and bases provide the USSR with a considerable extension of naval logistic and operational facilities. While in the past, Satellite navies have not been considered entirely reliable, the recent acquisition of several submarines by Poland and a steadily increasing number of mine warfare and patrol vessels in the East German Sea Police attest to increasing Soviet confidence in their reliability. However, it is not expected that any long-

range program to build up the strength of the navies will be undertaken until the USSR is certain of their reliability.

83. The Polish Naval Air Arm, the only naval air arm in the Satellites, has progressed slowly to its present strength of one regiment of jet fighters and a possible regiment of piston attack type aircraft. It is considered to have limited capabilities for fighter defense and air strikes on surface vessels in the South Baltic area. The effectiveness of this air arm will probably remain limited. A small East German naval air arm may also be formed during the period of this estimate.

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TABLE 1

SOVIET FORCES ESTIMATED TO BE STATIONED IN THE EUROPEAN SATELLITES, OCTOBER 1955

COUNTRY	ARMY ¹		SECURITY TROOPS ²	SOVIET-MANNED AIRCRAFT (TO&E ³)											
	NUMBER OF TROOPS	LINE DIVISIONS		FIGHTERS		LIGHT BOMBERS		ATTACK		TRANSPORT		RECONNAISSANCE		TOTAL	
				JET	PISTON	JET	PISTON	JET	PISTON	JET	PISTON	JET	PISTON		
E. Germany	400,000	22	15,000	738	...	224	...	126	126	96	96	1,406	
Poland	35,000	2	2,000	111	...	32	210	10	64	...	427	
Czechoslovakia	
Hungary	24,000	2	1,500	333	...	96	10	32	...	471	
Rumania	35,000	2	2,000	111	10	121	
Bulgaria	1,000	
Albania	
Total	494,000	28	21,500	1,293	...	352	...	126	336	126	192	2,425	

¹ Plus 31,000 troops withdrawn from Austria, location of which is not known.² Plus 2,500 security troops withdrawn from Austria, location of which is not known.³ Actual strength is estimated to be roughly 80-85 percent of TO&E. Full TO&E could be achieved in a short period of time.

TABLE 2

SOVIET AIR STRENGTH IN THE SATELLITES BY AIRCRAFT TYPE, 1956, 1958, and 1960
 (AUTHORIZED TO&E STRENGTH)¹

AIRCRAFT TYPE		MID-1956	MID-1958	MID-1960
Fighter	Day A/W	1,160 140 <hr/> 1,300	750 550 <hr/> 1,300	650 650 <hr/> 1,300
Attack	Jet Piston	200 340 <hr/> 540	450 140 <hr/> 590	590 <hr/> 590
Light Bomber	Jet Piston	320	270	270
Medium Bomber	Jet Piston
Heavy Bomber	Jet Prop
Transport	Medium Light	130	130	130
Helicopters		20	20	20
Reconnaissance	Jet Fighter Jet Light Bomber Prop	110 90 <hr/> 200	120 90 <hr/> 210	120 90 <hr/> 210
Total		2,510	2,520	2,520

¹ Actual strength is estimated to be 80-85 percent of TO&E.
 Full TO&E could be achieved in a short period of time.

TABLE 3

SATELLITE GROUND FORCES, OCTOBER 1955

COUNTRY	TOTAL ARMY	TOTAL SECURITY	% OF TOTAL POPULATION IN ARMY & SECTY.	DIVISIONS				MOBILIZABLE IN M+180 DAYS	
				ARM.	MECH.	RIFLE	TOTAL	PERSONNEL	DIVS.
East Germany	100,000	40,000	0.77		3	4	7	250,000	12
Poland	250,000	65,000	1.11		5	12	17	1,100,000	42
Czechoslovakia	170,000	45,000	1.66	2	4	8	14	1,000,000	40
Hungary	150,000	38,000	1.95	1	2	8	11	650,000	25
Rumania	215,000	78,000	1.70	1	1	12	14	900,000	35
Bulgaria	170,000	45,000	2.88	2		12	14	700,000	28
Albania	30,000	10,000	3.10					100,000	6
Total	1,085,000	321,000	1.88	6	15	56	77	4,700,000	188

¹ Includes two mountain divisions.

TABLE 4

SATELLITE GROUND FORCES, 1958-1960

COUNTRY	TOTAL ARMY	TOTAL SECURITY	DIVISIONS				MOBILIZABLE IN M+180 DAYS	
			ARM.	MECH.	RIFLE	TOTAL	PERSONNEL	DIVS.
East Germany	215,000 ¹	45,000	2	4	8	14	400,000	18
Poland	250,000	65,000	2	4	12	18	1,100,000	42
Czechoslovakia	170,000	45,000	2	4	8	14	1,000,000	40
Hungary	150,000	38,000	2	2	8	12	650,000	25
Rumania	215,000	78,000	1	2	11	14	900,000	35
Bulgaria	170,000	45,000	2	3	10	15	700,000	28
Albania	30,000	10,000					100,000	6
Total	1,200,000	326,000	11	19	57	87	4,850,000	194

¹ See Paragraph 71.

TABLE 5

ESTIMATED AIRCRAFT STRENGTH OF EUROPEAN SATELLITE AIR FORCES (TO&E)

OCTOBER 1955												
AIRCRAFT		E. GERMANY	POLAND	POLISH NAVY	CZECHO-SLOVAKIA	HUNGARY	RUMANIA	BULGARIA	ALBANIA	TOTAL	% ACTUAL	
Fighters	Jet Day	...	666	37	555	222	333	333	37	2,183	69	
	Jet A/W	
	Piston	450	50	...	500	24	
	Total	450	666	37	555	222	333	383	37	2,683	...	
Attack	Jet	
	Piston	...	378	...	336	126	126	126	...	1,092	77	
	Total	...	378	...	336	126	126	126	...	1,092	...	
Light Bomber	Jet	...	96	...	32	32	32	192	68	
	Piston	42	...	126	...	168	53	
	Total	...	96	...	32	74	32	126	...	360	...	
Transport	Piston	...	20	...	32	32	32	32	...	148	67	
Helicopters		
Reconnaissance	Jet Ftr.	
	Jet L/B	
	Piston	20	...	62	100	
	Total	20	42	62	...	
Total		450	1,160	37	955	454	543	709	37	4,345'	66	

(This table continued on next page)

TABLE 5
(continued from previous page)

JULY 1958											
AIRCRAFT	E. GERMANY	POLAND	POLISH NAVY	CZECHO-SLOVAKIA	HUNGARY	RUMANIA	BULGARIA	ALBANIA	TOTALS	% ACTUAL	
Fighters	Jet Day	250	560	50	450	250	280	400	30	2,270	80
	Jet A/W	50	100	20	100	50	50	30	..	400	100
	Piston
	Total	300	660	70	550	300	330	430	30	2,670	
Attack	Jet	40	80	..	80	80	40	40	..	360	80
	Piston	..	170	..	170	40	80	80	..	540	90
	Total	40	250	..	250	120	120	120	..	900	
Light Bomber	Jet	..	150	30	90	90	90	60	..	510	60
	Piston	120	..	120	90
	Total	..	150	30	90	90	90	180	..	630	
Transport	Piston	20	30	..	30	30	30	30	10	180	90
Helicopters		10	20	10	20	10	20	10	..	100	100
Reconnaissance	Jet Ftr.	10	10	..	10	10	10	10	..	60	
	Jet L/B	..	10	..	10	10	10	40	60
	Piston	10	..	10	10	..	50	90
	Total	10	20	..	30	20	30	30	10	150	
Total		380	1,130	110	970	570	620	800	50	4,630	81

(This table continued on next page)

TABLE 5
(continued from previous page)

JULY 1960											
AIRCRAFT		E. GERMANY	POLAND	POLISH NAVY	CZECHO-SLOVAKIA	HUNGARY	RUMANIA	BULGARIA	ALBANIA	TOTAL	% ACTUAL
Fighters	Jet Day	200	460	50	350	200	230	350	30	1,870	80
	Jet A/W	100	200	20	200	100	100	100	..	820	80
	Total	300	660	70	550	300	330	450	30	2,690	
Attack	Jet	120	120	..	120	120	120	120	..	720	80
	Piston	
	Total	120	120	..	120	120	120	120	..	720	
Light Bomber	Jet	90	180	30	180	180	180	180	..	1,020	70
	Piston	
	Total	90	180	30	180	180	180	180	..	1,020	
Transport	Piston	30	30	..	30	30	30	30	10	190	90
Helicopters		10	20	10	20	20	20	20	..	120	100
Reconnaissance	Jet Ftr.	20	20	..	20	20	10	10	10	110	60
	Jet L/B	10	10	10	10	10	10	10	..	70	
	Total	30	30	10	30	30	30	30	20	210	90
Total		580	1,040	120	930	680	710	830	60	4,950	78

TABLE 6

ESTIMATED SATELLITE NAVAL FORCES, OCTOBER 1955

COUNTRY	DESTROYER	SUBMARINE	PATROL	MINE	AMPHIBIOUS	LUC-AUXILIARY	PERSONNEL	
							ACTIVE	RESERVE
GDR			(1)*	30(17)		1	11,000	2,000
Poland	2	9	17	12	15	6	10,700	5,500
Albania			14	3			800	
Rumania	4	3	23	4		2	9,200	15,000
Bulgaria	1*	*	31	21		8	5,100	3,000
Total	7	12	85	70	15	17	36,800	25,500

* The figures on the strength of the East German Navy (Sea Police) and on the Polish Navy are considered reliable. The figures on the Rumanian, Bulgarian, and Albanian navies are of a lesser order of reliability, but are believed to be generally accurate. No projection has been attempted since there is no reliable information as to future additions to the Satellite naval forces and any significant augmentation of usual strength would have to come from the USSR. The figures given include ocean-going and coastal type vessels. River and harbor craft are excluded.

* Numbers in parentheses are ships under construction.

* Additional vessels (1 ODD and 1-3 SS) may have been transferred from the USSR.

TABLE 7

ESTIMATED SATELLITE PRODUCTION OF AIRCRAFT BY TYPE AND COUNTRY

	1953		1954		1955	
	NUMBER OF AIRCRAFT	AIRFRAME WGT. ('000 POUNDS)	NUMBER OF AIRCRAFT	AIRFRAME WGT. ('000 POUNDS)	NUMBER OF AIRCRAFT	AIRFRAME WGT. ('000 POUNDS)
Grand Total	1,258	5,509	1,657	7,119	1,674	6,217
Bombers	395	2,718	300	2,176	0	0
Piston attack
Czechoslovakia	395	2,718	300	2,176	0	0
Fighters	474	2,432	697	3,575	574	2,946
Jet
Czechoslovakia	432	2,216	484	2,483	286	1,470
Poland	42	216	213	1,092	288	1,476
Trainers	217	201	486	1,209	932	3,099
Jet
Czechoslovakia	0	0	118	606	420	2,156
Piston
Bulgaria	86	82	60	56	60	56
Czechoslovakia	107	100	224	488	368	827
Poland	0	0	60	40	60	40
Rumania	24	19	24	19	24	20
Communications
Utility	172	158	174	159	168	172
Piston
Czechoslovakia	148	127	150	127	144	140
Hungary	12	7	12	8	12	8
Rumania	12	24	12	24	12	24

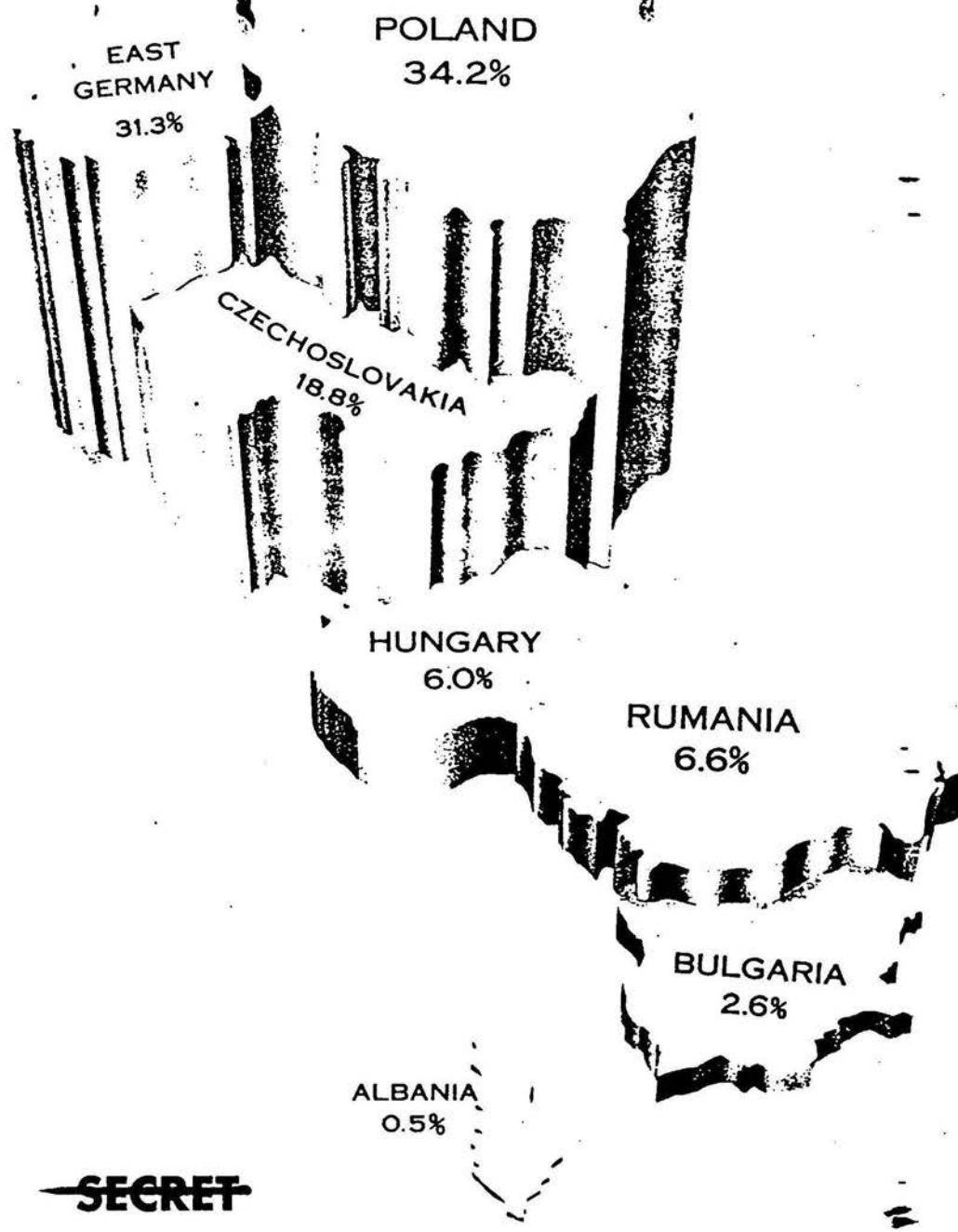
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EUROPEAN SATELLITES

Figure 1

ESTIMATED DISTRIBUTION OF
GROSS PRODUCT, 1960

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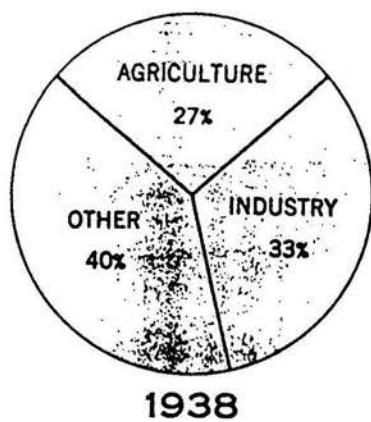
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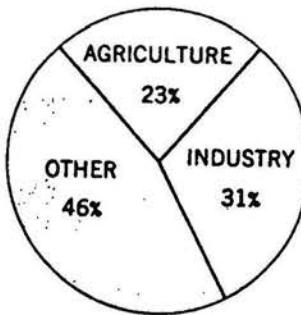
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Figure 3

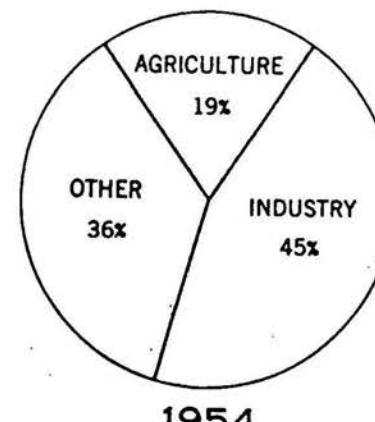
EUROPEAN SATELLITES*
PERCENTAGE DISTRIBUTION OF GROSS NATIONAL
PRODUCT AMONG INDUSTRY, AND OTHER SECTORS**
1938, 1948, 1954, AND 1960



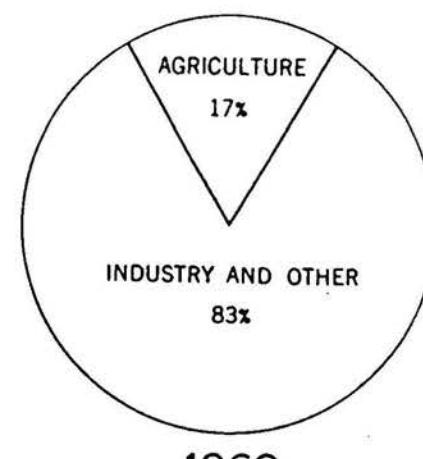
1938



1948



1954



1960

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*Excludes Albania

**Trade, services, transportation and communications, and construction.

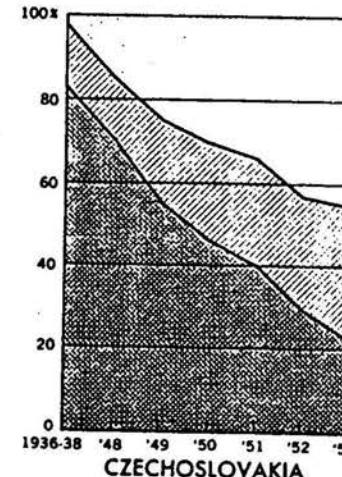
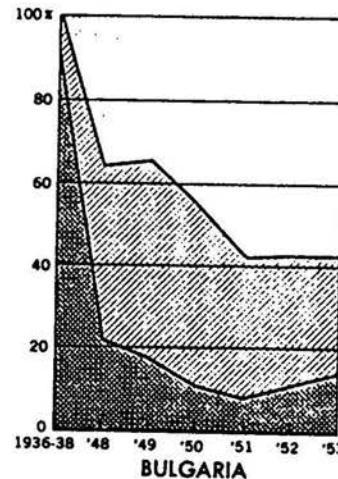
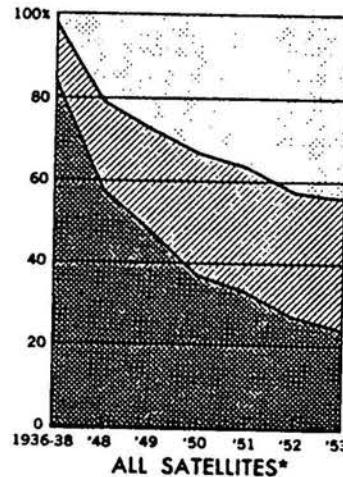
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EUROPEAN SATELLITES*

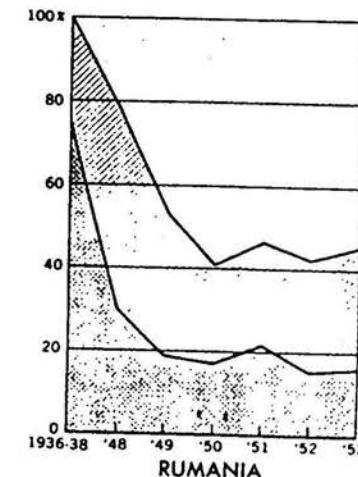
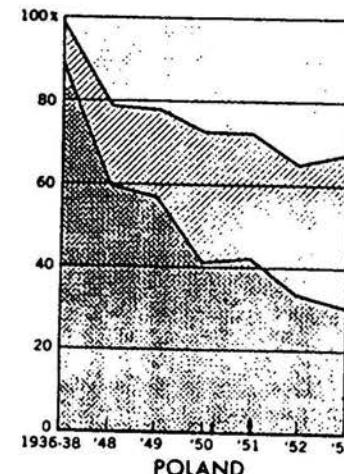
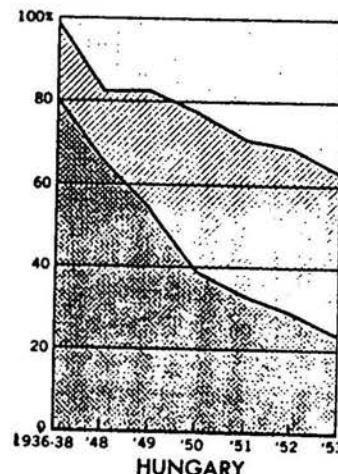
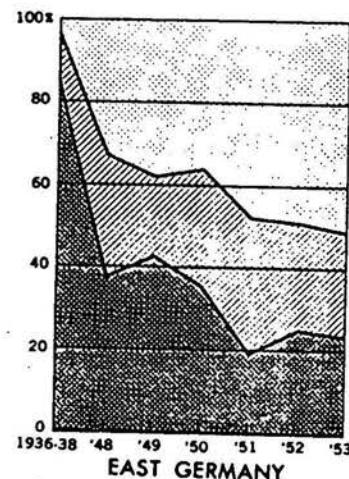
Figure 4

GEOGRAPHICAL DISTRIBUTION OF TRADE TURNOVER
1936-38 Average and 1948-53

(In percent)



USSR and China
Rest of Sino-Soviet Bloc
Non-Bloc



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*Excludes Albania

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Figure 5

