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(S) In November an atomic defense exercise was reported in the Bugacsi training area in Hungary. An unidentified HPA infantry unit from Kecskemet (probably elements of the 5th Motorized Rifle Division) conducted the exercise. Atomic explosions were simulated by flares and troops practiced the use of protective and decontamination equipment. The atomic portions were purely defense in nature and this exercise probably did not exceed regimental level. The emphasis on protection against the radiological effects of atomic warfare follows the trend established throughout the Soviet-Satellite Bloc.

NATIONAL POLICIES**(C) BERLIN**

The Soviet note of 27 November 1958 marked the beginning of a new phase of the Soviet struggle to improve its position in central Europe. The note, which was addressed to the United States, Great Britain, France and in part to the German Federal Republic, declared the Soviet intention to end its occupation of Berlin and virtually demanded that the three Western Powers do the same. West Berlin was to be made a demilitarized "free city". A period of six months was allowed for the transition, after which access controls over military traffic would be turned over to the East Germans.

In separate notes dated 31 December 1958, the three Western Powers denied the Soviet right to terminate unilaterally the basic agreements on the Berlin occupation. The Allies' response further offered to open discussions with the Soviet Union on the German question and the problem of European security. The Soviets expressed their willingness to enter into such discussion in notes dated 10 January 1959, and submitted a draft peace treaty for adoption by all countries which participated in the war against Germany and by the "two German states". On 16 February, the three Western Powers and Germany reiterated their stand taken on 30 December and offered to meet in a Foreign Ministers' conference. On 3 March, the Soviets again responded, accepting the West proposal for a Foreign Ministers' conference, but expressing preference for a Summit meeting. On 16 March, President Eisenhower, in a television speech indicated that the response to the Soviet note would propose a Foreign Ministers' conference for 11 May. Even before the formal answers were delivered, Khrushchev indicated Soviet acceptance, which was formalized in a Soviet note delivered on 30 March.

The Soviet objectives in creating the Berlin crisis, and exploiting the vulnerability of the Allied position in West Berlin are numerous. It is possible that the Soviets believed that the

Western Allies in Berlin would agree to converting West Berlin into a "free city", but it is more likely that the proposal was designed to compel the West to negotiate agreements for access with East German authorities, thereby giving East Germany at least de facto recognition. Such negotiations would probably require the Allies to yield to the following demands as a price for maintaining communication:

1. Cessation of intelligence operations in West Berlin and elimination of German anti-Communist agencies.
2. Closing down refugee camps.
3. Suspension of anti-Communist radio stations.
4. Control of civilian air travel between West Berlin and West Germany.
5. Closing West Berlin money exchanges.

Broader objectives are also involved. By playing upon the vulnerability of the Western position in Berlin they have brought about Four-Power discussions through which they hope to reduce NATO -- especially American forces in Europe, to split the NATO Alliance, to prevent the further improvement of West German military capabilities, and to obtain general Western recognition of the Communist position in central-eastern Europe.

(C) SOVIET UNION

The 21st "special" Party Congress held from 27 January 1959 to 6 February 1959 occupied itself largely with the Seven Year Plan (1959-1965) which had been previously presented to the Party Central Committee on 12 November 1958. Under the ambitious plan, the Soviet Union hopes to reach or overtake United States industrial and agricultural production. By 1970 the Soviets hope to have reached American per capita consumer goods production. The Seven Year Plan was ostensibly the only item on the Congress agenda, however, the highest forum of the Party occupied itself intensively with foreign policy, Party ideology and the anti-Party group of Molotov, Malenkov et al. The full meaning of the Congress, in brief summary would appear to be as follows:

1. Reassertion of the ideological leadership of the Soviet Union within the World Communist movement.
2. Formal acknowledgement of Khrushchev as the supreme leader of the Soviet Union and as a major theoretician in his own right.
3. Formal acknowledgement of the correctness of Khrushchevian internal policies and a warning against rightist and leftist deviations from those policies.
4. Acceptance of the doctrine of limited deviation within the Bloc, of special "roads to socialism", so long as loyalty to the Soviet Union and recognition of Soviet leadership are maintained.
5. Soviet commitment to a program of long-term, dramatic economic growth.

During the period under review, Soviet foreign policy was marked by the Berlin offensive discussed above. It is not believed that the general goal of Soviet foreign policy has changed: to obtain a maximum gain without the risk of general war. In the meantime, the Five Year Plan has a real meaning, as part of the Communist plan for world domination, which cannot be over-estimated. Khrushchev spelled out his intentions quite clearly in the closing speech of the Party Congress when he connected the plan to overtake the West economically with the inevitable future military superiority of the Communist camp. It is not believed that Khrushchev can fulfill the Seven Year Plan as it was presented to the Congress. The Soviet Union is likely, however, to make sufficient progress to impress uncommitted and underdeveloped countries and thus pave the way toward their economic and, eventually, political domination.

(C) CZECHOSLOVAKIA

Since the enactment of a new age and work norm law in late 1958, Czechoslovakia has been plagued with considerable unrest among workers. There have been isolated instances of violence when workers refused to work under the new conditions. In addition, frequent cases of "economic crimes" such as pilfering of state-owned

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stores and hoarding of goods have been admitted by the Czech press. Agricultural progress has been unsatisfactory. A plenary meeting of the Party's Central Committee held in Prague between 4 and 5 March 1959 tried to deal with all of these problems by making the following decisions:

1. To raise the general standard of living by means of price reductions on foodstuffs and consumer goods; increases in social benefits e. g. allowances for children, education and old age pensions. The work week is to be shortened as economic conditions permit, and the housing problem is to be solved by 1970.
2. To raise agricultural production. The unsatisfactory situation in agriculture was apparently blamed on the leadership. Michael Bakula, the Minister of Agriculture, was replaced by Lubomir Strougal who, concurrently, was appointed a member of the Secretariat of the Central Committee.
3. To establish a State Planning Commission, headed by a Deputy Premier. Otakar Simunek was appointed chairman of the new planning commission. Both he and Minister of the Interior, Rudolf Barak, were made deputy premiers. With the establishment of the State Planning Commission the Czech government follows the pattern of other East Bloc countries which have tended to replace the industrial ministries by one powerful planning group subdivided into departments.

Dissension in Czechoslovakia has been more vocal in recent months than in many years. There is nevertheless no evidence of any organized resistance in Czechoslovakia and that country continues to be regarded as one of the most stable of the Soviet Satellites.

(C) POLAND

The Third Party Congress of the United Polish Workers (Communist) Party was held in Warsaw from 10-19 March 59. The Congress ended with a resolution which not only absolved Party Chief Gomulka of all previous "rightist-deviationist" taint, but also confirmed him as the undisputed leader of Poland. The Politburo and Central Committee of the Party were newly elected and virtually all

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opposition to Gomulka was eliminated. The Church as well as the writers in Poland were warned that they must not abuse their relative freedom of expression by agitating against the Party. Two recent trials of priests, the first since 1956, indicated that the Party intends to enforce its policies. Gomulka fully indorsed the Soviet Berlin offensive and restated his claim on permanent possession of the territories East of the Oder-Neisse line. The Congress stated its support of collectivization in agriculture but reaffirmed the Party's intention not to force farmers into collectives.

In summary, Poland is continuing its slightly deviationist "road to socialism", remaining at the same time, however, a faithful member of the "fraternity of Communist countries" and the Warsaw military alliance.

(C) ALBANIA

Albania continues to lead the Bloc attack on Yugoslavia. Regime leaders have rarely missed an opportunity to criticize Yugoslavia's ideological stand, and, following economic consultations with leading figures of East Germany and Czechoslovakia, joint communiques were issued which condemned Yugoslav "revisionism". The Albanian press has accused Tito of acting as an agent of Western "imperialists" during his Far East tour and early in March Party Chief Enver Hoxha charged that Yugoslavia, in conjunction with Greece, was seeking to destroy Albania. Yugoslavia has decried recent Albanian harassment of Yugoslav merchant shipping. The Yugoslav Government has also revealed details surrounding the infiltration of some 15 Albanian agents into the Kosmet area of Yugoslavia and has formally recalled its minister to Tirana.

Recent Albanian actions aggravating already poor relations are certainly being taken with the consent, if not at the instigation of, Moscow. Albania can be expected to continue its present antagonistic policy toward Yugoslavia as long as Moscow feels that such pressure may be effective in undermining the "revisionist" Yugoslav regime.

(C) BULGARIA

On 18 January, the Bulgarian government announced an extensive reorganization of its state and economic structure aimed at

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decentralizing authority. Certain ministries and the entire provincial and state organizations have been eliminated and the entire country has been divided into 30 administrative-economic units. These units carry on the economic functions formerly performed by the eliminated ministries and also control political and cultural life within their areas.

The extensive reorganization, which is based largely on Soviet practice, apparently represents a victory for Party First Secretary Todor Zhivkov over his long time rival, Politburo member Vulko Chervenkov. Reportedly, Chervenkov, who visited China last October, had advocated copying the Chinese Communist Commune system but Zhivkov, credited with having the support of Khrushchev, was able to make his more moderate views prevail.

Bulgaria's attempts to industrialize rapidly cannot possibly succeed within the set time limit. While government pressure for plan fulfillment and further agricultural centralization will undoubtedly cause increased discontent among the population, this discontent may well be partly offset by the positive effects of the industrialization program on the unemployment situation. It is believed that all of the reportedly 100,000 unemployed will be absorbed when industry begins working in three shifts. There is no reason to believe that any acute danger to the stability of the Bulgarian Communist regime exists at this time.

(C) HUNGARY

During the past three months the policy of relative leniency which had prevailed since the October 1956 revolution has ended. The new "hard line" is most evident in agriculture where collectivization has been proceeding with unprecedented speed. During the month of January alone, more agricultural cooperatives were reported formed than throughout 1958. Reports agree that the methods by which these results were achieved are reminiscent of pre-revolutionary days. Further examples of a return to harsher methods may be found in the government's attitude toward journalists and writers. The Party's ideological journal has recently used severe words in denouncing those who fail to follow the Party line and has demanded the "banishment of bourgeois ideologies such as individualism, nationalism and religious beliefs." A Central Committee meeting held on 6 March

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1959 adopted a resolution which apparently is to form the "legal" basis for the newly found hard line. In addition to the above mentioned measures against writers and farmers, the resolution includes a decision to fulfill the current Three Year Plan (1958-1960) prematurely. In order to attain this goal, "socialist competitions" among industrial workers are to be reintroduced. These contests are hated by workers and considered symptomatic for Stalinist methods. In the meanwhile, the secret police are combing the country in order to find the last remnants of the ill-fated "counter-revolution." Kadar apparently is laying the basis for a good progress report at the Party Congress which he has called for the month of November 1959.

(C) RUMANIA

Government concern regarding difficulties in meeting economic goals was evidenced by attendance of prominent Party leaders at regional Party conferences during January 1959. The regime continued its drive against economic irregularities and arrests for economic crimes were reported periodically in the press along with charges that certain judges were too lenient in passing sentences on offenders.

Jewish emigration, which had been permitted since early last fall, was abruptly halted in March following Arab protests that an increase in the population of Israel would result in that nation's demand for more territory.

As in Czechoslovakia, dissidence in Rumania is limited to localized instances of economic crimes and occasional political offenses. There is no evidence of organized resistance which could endanger the present regime. The on-again-off-again game, played undoubtedly by command of the Soviets in the Jewish emigration question, must be regarded as part and parcel of Soviet attempts to reduce already existing tension between the Arab world and the Soviet Union on one hand and to help foment Arab-Israeli conflict on the other.

RESISTANCE

(S) EAST GERMANY

A total of 33,605 persons applied for recognition as refugees during the first three months of 1959, compared with 52,785 in the like 1958 period. The decline, (36.3 percent) continues the trend noted for the past year. However, the defection of professional people, especially physicians and teachers of all categories, continues to pose a serious problem for the regime.

The "hard course", propounded as the regime's operative doctrine in the Fifth Party Congress in July 1958, remains in effect. Special emphasis has been placed on merging all private agriculture into cooperatives and the gradual elimination of private enterprise by forcing owners to accept government participation. In industry, latent unrest prevails among wage earners as a result of the regime's demand to increase production through ill-disguised attempts to raise work norms. At the same time, the regime is regularly embarrassed by evidence of unrest among students, resulting predominantly from the regime's determination to force its ideology on the young people and to stifle all independent thought.

(C) CZECHOSLOVAKIA

The past several months were marked with considerable unrest in Czech working circles as a result of a new wage-norm law which was designed to increase productivity without raising wages. Several cases of active and violent resistance to the new laws were reported. A plenary meeting of the Party's Central Committee held on 4-5 March 1959 proposed a number of measures which were undoubtedly designed to reconcile the population with the new laws and to offer them benefits which would offset monetary losses otherwise suffered through the wage-norm laws. Such benefits include increased old age pensions, children's allowances, price cuts and a promise of shortened work hours. Despite these local disturbances, the general situation in Czechoslovakia remains stable.

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(C) HUNGARY

Party leader Janos Kadar has embarked on an increasingly harsh road. This has been noticeable through continuous trials of opponents to the regime and, in particular, by a renewal of forced collectivization in agriculture. Kadar himself seems confident of being in full control. This is expressed by the fact that he had called a Party Congress for November 1959. There is no evidence of any organized resistance to the Kadar regime, although resentment against it continues under the surface.

(C) POLAND

Party Leader Gomulka has emerged from the Third Party Congress as the undisputed leader of Poland. While his popularity has considerably decreased since his return to prominence in October 1956, he has been able to eliminate practically all potential opposition from the Stalinist side. He does concede difficulties in keeping the Church and the writers from abusing their relative freedom of expression. There is no doubt that Gomulka will be able to maintain internal stability in Poland.

(C) RUMANIA

The regime continued its campaign to suppress potentially dissident groups and gave increased attention to youth and writers. Plans were made for the channelling of youthful energy into constructive labor by creation of patriotic work brigades and it was announced that in order to instill a love of labor in Rumanian youth, a close link will have to be established between theoretical work in schools and the practical application of theory in factories, workshops, and on the farms. Pressure was brought to bear upon certain leading literary figures who were accused by the organ of the writers association of failing to reflect "socialist realism" in their work.

(C) YUGOSLAVIA

Recently Bloc pressure against Yugoslavia has been directed at exploiting Yugoslav vulnerability due to the ethnic composition of the nation. Last fall both Albania and Bulgaria sought to

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encourage through a propaganda campaign, separatist feelings in Macedonia and among the Moslem minority concentrated in the Kosmet area. The Yugoslav regime reacted by charging that the campaign was motivated by expansionist aims. While Bulgarian efforts apparently have ceased or are at least temporarily muted, Albania has continued agitation on the subject. During February and March the Yugoslav regime has given wide publicity to the conviction of 15 agents infiltrated into the Kosmet region by Albanian intelligence to collect information and stir up irredentist feelings. However, there are no indications that regime capability to control the population of the two areas has been adversely affected.

Firm evidence of the regime's fear of subversion from within by "pro-Cominformists" favoring the USSR was revealed in an announcement early in January that charges against twenty-five pro-Soviets would be dropped. The accused presumably had been arrested after the Yugoslav April 1958 Party Congress which marked Belgrade's rejection of Moscow's ideological leadership and which was followed by a general tightening of security measures. The regime is now apparently confident of its ability to handle the subversive threat without staging a dramatic show trial to serve as a warning to malcontents and the population at large.

COUNTERINTELLIGENCE

1. (C) General Situation

The counterintelligence situation, for the past quarter, was strongly affected by the heightening of East-West tensions over the Berlin and German problems. Both the hostile intelligence services and the subversive elements responded to Soviet requirements in support of Communist Bloc maneuvers concerning Berlin. The Soviet and Satellite espionage services directed increased attention to collection of basic Order of Battle information on USAREUR/CENTAG forces, and emphasized coverage of Allied alert plans. As expected, the national Communist Parties and adjuvant elements gave widespread support to announced Soviet intentions in an attempt to popularize the Khrushchev proposals. The hostile intelligence services continued to pose the greatest current threat to USAREUR/CENTAG security.

2. (S) The Hostile Intelligence Services; Significant Activities and Trends

a. Reaction of Soviet Intelligence Services (SIS) to the current political situation was most apparent in Berlin, although some changes in agent activity were noted elsewhere in West Germany. Particular attention was directed by military intelligence elements of the SIS toward obtaining basic data on strength, capability and intentions of the Allied commands in West Berlin. It appeared that some Soviet agents were being directed to collect information which would permit a complete reevaluation of Allied forces. Particular attention was given to fundamental information including numbers of troops, amount and type of artillery, details on armored strength, and introduction of personnel reinforcements and materiel reserves. It is obvious that much of this information had been previously collected and verified; the current effort was more than the usual attempt to obtain additions or corrections to existing estimates of Allied forces. As had been noted during the past year, Soviet concern was also obvious concerning the possibility that special weapons were being deployed in Berlin. Some attention was also given to political-type EEI which included information on troop morale, popular reaction to various Soviet

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announcements and the probable resistance potential to any aggressive moves against West Berlin. It is particularly significant that Soviet-controlled agents, rather than those of the Satellite services, were increasingly utilized in this basic collection effort. Previously, this type of information was the responsibility of the Satellite nations, primarily the East German Intelligence Services (EGIS). SIS activities in West Berlin have been predominantly of a counterintelligence nature for many years. This direct Soviet coverage would suggest the emphasis is being placed on Allied capabilities and intentions in Berlin as the announced deadlines for Soviet action draw nearer.

b. Other SIS activity in West Germany was equally responsive to possible Western action designed to block Soviet moves. Agents were given specific assignments which would disclose USAREUR/CENTAG intentions and particularly any indications of a military alert situation. Some consideration was given to agent operations in event of hostilities, and instructions were given on deployment and missions during wartime. However, these instructions have been sufficiently general to be considered a result of "expediency" type planning, rather than indicative of SIS expectation of hostilities on a specific date. Additionally, some missions assigned suggested that the SIS was expecting far greater alert measures than were actually existent.

c. Recent reports on the EGIS have not shown a preponderance of activity directly associated with the Berlin situation. However, normal EGIS operations against USAREUR/CENTAG forces are primarily concerned with Order of Battle-type collection which would service Soviet estimates of Allied strength and intentions.

(1) Continued EGIS interest was particularly noted in USAREUR/CENTAG advanced weapons. Both general EEI, such as attempting to locate missile sites in an area, and the more specific, educated EEI have been assigned EGIS agents during the past quarter. The majority of reported cases involved the East German military intelligence service (VfK) which utilized a relatively large number of low-level, observation-type sources. While these agents do not individually represent the threat posed by a penetration source, they collectively contribute more to the basic EGIS-Soviet estimates

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a. West German Communists: Communist emphasis on anti-NATO propaganda was intensified, primarily in support of Soviet proposals toward solution of the Berlin and German reunification problems. Both USAREUR and the West German Army were particular targets of Communist attacks designed to discredit Allied forces and label NATO as an obstacle which prevents a peaceful settlement in Europe. The US forces were again generally characterized as warmongers, and additional emphasis was recently placed on charges that the Americans were uniformly rude, uncultivated and wanton. Allied intelligence activities were also prominently featured as threats to East German security. The Bundeswehr, including its intelligence organization, was also labeled as an instrument of aggressive Western policy, although the mere repetition of this theme has not attracted any noticeable support to the Communist cause. Opposition to establishment of additional missile units in West Germany and introduction of advanced systems into the Bundeswehr were also popular Communist propaganda themes; however, these campaigns apparently do find some popular sympathy among non-Communist elements which are independently opposed to atomic armaments. Communist elements continued their activities designed to increase infiltration of labor, political, youth and cultural groups during the past quarter, but these operations cannot be considered indicative of any new trend, nor were any important successes reported. No indications were noted of any appreciable gains by the Party to create a more stable and cohesive organization, although adequate assistance continued to be provided by the East German Party.

b. West Berlin Communists: The primary mission for West Berlin members of the East German Communist Party (SED) during the past quarter was to support and popularize the Soviet proposals. SED members were instructed to emphasize that the Soviets would be justified in taking unilateral action if the West refuses to grant "freedom" to Berlin. The rationalization for any Soviet move is contained in SED charges that Berlin is a Western spy center. Also emphasized is the idea that the Allies would use "force" to protect their interests in the divided city. West Berliners are reminded that "force" would include atomic bombings which the SED describes as far worse than Communist rule.

(1) SED tactics in West Berlin have apparently not been successful, nor have they met with the approval of SED Chief Ulbricht.

However, Ulbricht's views on efficacy of SED tactics appear to be strengthened by or the direct result of criticisms leveled by Khrushchev during a recent Berlin visit. In an attempt to revitalize the West Berlin work of the SED, Ulbricht has reorganized the Berlin organization to include appointment of Paul Verner, SED Central Committee Secretariat Member, as directly responsible for West work, and establishment of a new West work office which will be located in West Berlin. These moves indicate the seriousness of Ulbricht charges that the Berlin leadership had failed ideologically, politically, culturally and economically. Even considering the usual effusiveness of such statements, the charges are patently true as evidenced by the lack of response among West Berlin citizens to Communist threats, promises and cajolery.

(2) The Berlin campaign has included specific attacks on Allied personnel and employees. An attempt has been made to convince Berliners that the West is preparing to withdraw its personnel and their dependents, leaving Berlin as an arena for atomic war. Indigenous employees of the Allied forces have received threatening letters describing Soviet reprisals which will be taken after Western powers retreat from Berlin. Allied intelligence organizations have been widely vilified in East Berlin propaganda media as being a threat to East German security. Even West Berlin officials have been targets of a campaign to suggest that the West government is corrupt. While these various attempts to create confusion and alarm have not had any appreciable effect, these efforts are expected to be closely integrated with Soviet actions reference Berlin.

c. French Communists: The most significant development during the past quarter affecting the Communist Party of France (PCF) was the substantial gains made during the February and March municipal elections. Communist voting strength had suffered severely during the November 1958 election for national Deputies, but the more recent elections showed a full recovery in some areas. In the initial round of municipal balloting, the PCF obtained 27.7 percent in a number of large cities. In some smaller cities during a second vote, the PCF was able to form alliances with non-Communist parties. Considering both elections, it was estimated that the Communists received approximately 20 percent of all votes. In the pre-election campaign, the PCF had stressed its opposition to General de Gaulle's economic program, the new French constitution and the

of USAREUR/CENTAG forces. Some improvement in VfK modus operandi has been reported, although continuing use is apparently being made of rather poorly assessed and vetted agents who are introduced into West Germany through refugee channels.

(2) The East German Ministry for State Security (MfS) was also represented in recently reported operations directed against USAREUR/CENTAG. Certain modus operandi, including one way radio communications and microphotography, indicate a higher level of operations than is common to VfK. Additionally, MfS use of resident agents has been confirmed, although agents involved were not of the intelligence or experience normally associated with resident-type operations. Another MfS case involved an employee of a USAREUR installation who provided the EGIS with detailed information on installation facilities and activities. Although the installation cannot be considered sensitive nor was the information of a critical nature, the agent did give the MfS sufficiently detailed data to estimate the importance of the installation and identify its mission. The agent was provided only general EEI by his handler, possibly in recognition of his instability, and no accurate estimate can be made of specific MfS requirements for this agent.

d. Significant information was recently obtained on general EGIS operations from [REDACTED]

[REDACTED] made some contributions to an estimate of VfK capabilities, but was extremely limited in his knowledge of operational matters due to the nature of his assignment.

(1) Of particular interest was [REDACTED] assertion that the VfK has identified all NATO units in West Germany down to battalion level. He cited the assistance provided the VfK by overt Western publications which list unit identifications, locations, commanders and describe maneuver activity. [REDACTED] explained that the "newspaper OB" is verified by agent reports, and that this combination of collection efforts assures the VfK complete OB coverage.

(2) A public release was also made recently on the so-called Linke notes which were prepared by former VfK chief,

General Linke, following a conference with high ranking SIS personnel. A general critique of VfK operations was contained in these notes, and some confirmatory information was provided on VfK missions and geographical areas of interest. As in the [REDACTED] statements, the operational value of the Linke notes was also limited, but they did add to the overall evaluation of VfK's role in the total Soviet Bloc espionage apparatus.

e. Non-German Satellite intelligence operations were again predominantly directed against Western intelligence activities, although interest in USAREUR/CENTAG Order of Battle and some attention to the Berlin situation was also noted. The Czechoslovakian Intelligence Service (CIS), the most active of these agencies, again demonstrated a capability of sending relatively high-level and well-trained agents into West Germany. Other Satellite services appeared to rely more consistently upon personnel who had previously established themselves in West Germany and were then approached to serve as agents.

(1) An interesting example of a CIS operation involved an agent recruited in Czechoslovakia who was initially sent into West Germany primarily to familiarize himself with transportation means and methods of normal conduct. This is in sharp contrast to previously cited VfK operations where numbers of new agents are merely directed to gather certain information, and given no familiarization with the target area. In this case, the CIS agent was briefed on various NATO missiles and units, but was not directed to make any special effort to gather information. He was instructed only to travel in a specified area as a basis for future assignments; only if he were to obtain information on the missiles or units through casual observation was he to make an intelligence report.

(2) The willingness of the CIS to train agents for specific missions is reflected, of course, in more secure and prolonged operations. At least two CIS agents are known to have gathered information in West Germany for ten years before apprehension (see PERINTREP 3-58). The CIS has also been noted for its use of third country operations, recruitment of established public officials, and careful selection and vetting of potential sources. These techniques, combined with the operational advantages available to the CIS through proximity

to West Germany, increase their threat to USAREUR/CENTAG security. It must also be noted that the CIS has been willing to utilize for intelligence purposes personnel assigned to various missions and embassies in Berlin and NATO countries.

(3) Other Satellite services were also reported active against USAREUR/CENTAG during the past quarter, although most operations specifically involved counterintelligence or emigre targets. Polish, Bulgarian and Rumanian services were all interested in penetrating Allied intelligence agencies or obtaining data on refugee activities. This preoccupation with operations against refugee elements in the West would appear inconsistent with the threat actually posed to Communist regimes, but such activities must be accepted as primary Satellite objectives.

(4) Of more direct interest to USAREUR/CENTAG are those operations which are designed to effect penetrations through recruitment of Allied personnel or employees. As previously reported, this is a continuing objective of Satellite services and represents a major security hazard. During the past quarter, continuing attempts were made by Satellite services to contact USAREUR/CENTAG personnel, apparently as the preface to recruitment approaches. As had been previously noted, personnel with relatives behind the Iron Curtain were consistently selected as targets. In one Polish Intelligence Service case, a specific effort was made to assess the knowledgeability of a USAREUR/CENTAG soldier with particular reference to his access to classified information on missiles, special weapons, and other secret weapons systems. This effort, apparently made to determine the potential value of a recruitment, is not normally accounted in more common "target of opportunity" operations.

(S) The Subversive Elements; Significant Activities and Trends

The Communist Parties of West Germany, Berlin, France and Italy, which are the subversive elements of primary concern to USAREUR/CENTAG, directed a great deal of effort to support Soviet international policy during the past quarter. However, no appreciable effect was noted upon non-Communist elements, and activities specifically directed at USAREUR/CENTAG, although somewhat increased, were also generally ineffective.

special powers being exercised by de Gaulle. Apparently, attacks on economic policies were the most successful, and the Party will probably attempt to enlarge on public dislike of the current austerity program through a major labor strike campaign. Soviet foreign policy has also received a large share of recent PCF propaganda with particularly heavy support given the Soviet position on Berlin. This also provided an opportunity for attacks on US and NATO policies. The Party apparently made some slight gains in new membership, but there was no indication that these were not more than offset by loss of old members as has been the trend since 1947. The general position of the PCF, however, can be considered somewhat improved as a result of the municipal elections, and this success will probably assist current leadership in reaffirming its control of Party organization and activities.

d. Italian Communists: The Communist Party of Italy (PCI) has recently concentrated on activities which would maintain pressure on the new government, consolidate various factions within the Party and attract support of non-Communist elements including labor unions and the Socialist Party (PSI). In support of these objectives the Party has employed a series of strike actions, directed propaganda against NATO missile sites, and encouraged full cooperation of its federations with the PSI. These actions have, however, achieved only limited success. This was particularly apparent in some free unions' rejection of Communist attempts to promote unity and the January resolution of the PSI to sever political ties with the PCI. This latter rebuff was somewhat tempered by a later PSI statement that collaboration would continue in the fields of labor, cooperatives and administration of local governments. No changes have been recently noted in basic PCI propaganda which continues to stress opposition to missile bases and stationing of NATO forces in Italy. These themes contain the usual emphasis on horrors of atomic war, danger to Italy of atomic attacks and infringement of Italian sovereignty through presence of NATO forces. No relaxation in these attacks can be expected, although no appreciable success among non-Communist elements has been noted.

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