

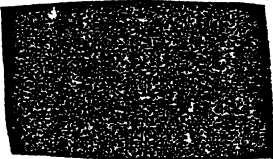
~~CONFIDENTIAL~~
~~SECRET~~

[REDACTED]

OCI NO. 5647/58

11 December 1958

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

~~CONFIDENTIAL~~
~~SECRET~~



Approved for Release
Date SEP 1993

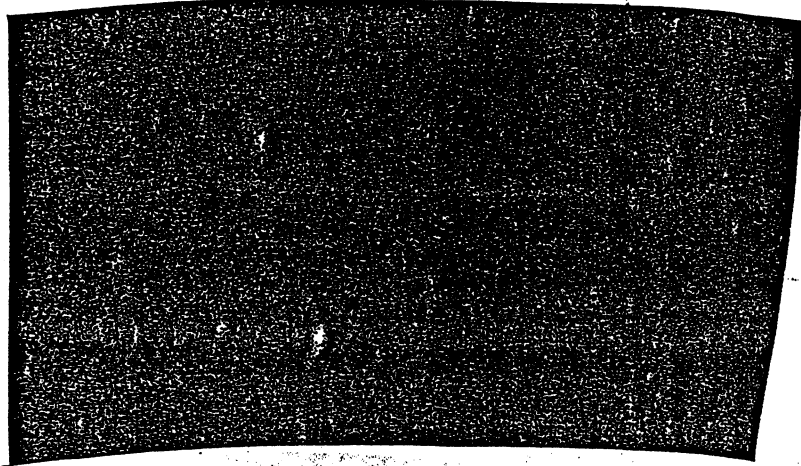
13

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

NR

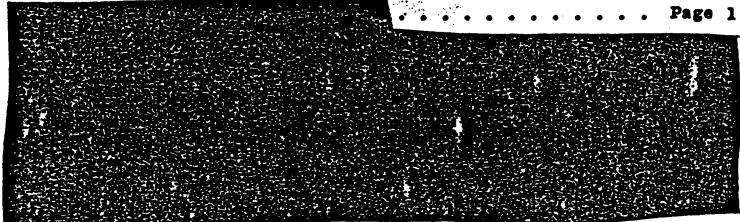


PART III

PATTERNS AND PERSPECTIVES

..... Page 1

NR



THE INTERNAL SITUATION IN EAST GERMANY..... Page 3

The Berlin issue has been brought forward at a time when Walter Ulbricht has completed the consolidation of his control of the East German party and government. He has purged his opponents and obtained the strong backing of Khrushchev; but his regime faces grave problems, and only sustained Soviet support will keep him in power. Control of access to West Berlin would solve two of East Germany's major problems--the exodus of refugees to the West and the influx of anti-Communist influences.

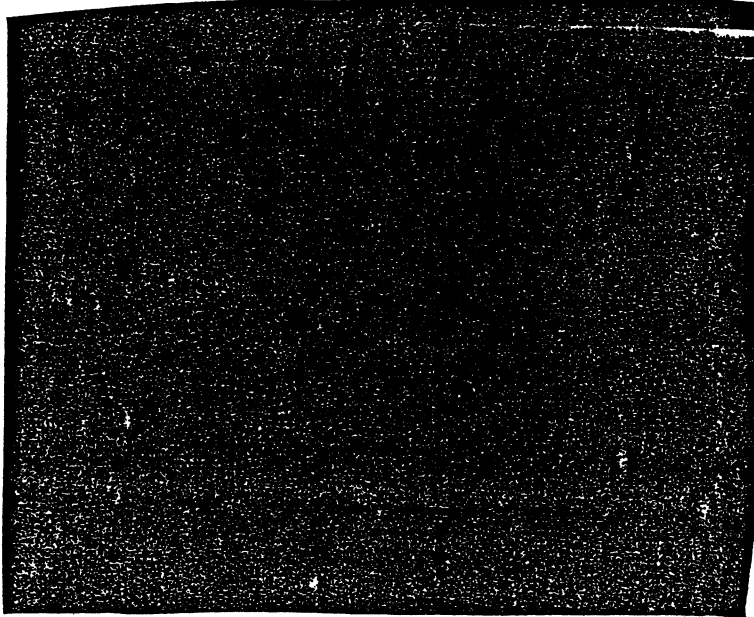
~~SECRET~~

vi

THE WORK IN BRIEF

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958



NR

THE INTERNAL SITUATION IN EAST GERMANY

The reintroduction of the Berlin issue in international politics comes at a time when party boss Walter Ulbricht has solidified his control of the East German regime.

The Purge and Its Causes

Between mid-October 1957 and February 1958, Ulbricht forced a reluctant party central committee to adopt a sweeping program to speed up socialization--a move probably coordinated with Khrushchev during his visit to East Germany in August 1957. Party elements headed by Karl Schirdewan, who had generally been regarded as Ulbricht's successor, strongly condemned the proposed measures as unrealistic and likely to lead to dangerous public unrest; they called instead for a pro-

gram tailored to the country's needs. Schirdewan himself apparently felt that a slower pace would facilitate eventual German reunification, since drastic socialization of East Germany would make union extremely difficult. Pragmatic economists like Fred Oelssner, Heinrich Rau, and Fritz Selbmann pointed to the economic disorganization they thought would result from Ulbricht's decentralization measures.

The decisive clash between Ulbricht and the Schirdewan faction came at the 35th party plenum in February 1958. In a searing attack, Erich Honecker, Ulbricht's hatchet man, charged Schirdewan and former State Security Minister Ernst Wollweber with "fractional" activities--a major Communist crime--as well as with softness toward

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

counterrevolutionaries and, in the case of Schirdewan, opposition to Ulbricht. Both were removed from the central committee. Former party theoretician



Oelssner was accused of "opportunism" in agricultural policies and opposition to Ulbricht's decentralization proposals, and was dropped from the politburo. Schirdewan, Wollweber, "and others" were further charged with "revisionist views" and faulty ideological interpretations.

The purge was completed last July at the fifth party congress--attended by Khrushchev--when no fewer than 17 central committee members and 10 candidate members were eliminated. Both Oelssner and Selbmann fell at this time.

Other high-level functionaries who have at times wavered in their support of Ulbricht survived, at least temporarily. These included Rau, who was retained as a politburo member and deputy premier, and Premier Grotewohl, who went on "a rest cure of several weeks" in the USSR after the plenum--lending support to reports that his position was shaky.

Effect of Purge

The purge restored party "unity," but uncertainty and unrest were rampant throughout the party apparatus. Since Schirdewan had headed the party's personnel office, many functionaries were personally linked with him and fearful for their positions.

The elimination of Schirdewan and others who had had some measure of popular approval confirmed for East Germans, especially the intellectuals, that there was little hope for any real improvement in political conditions.

To replace the purgees, Ulbricht installed several new central committee secretaries, including Honecker and certain district party secretaries. Control of the party personnel organization was turned over to Berlin party boss Alfred Neumann, thus marking him as a man of increasing importance. Ulbricht's personal toady, Erich Mielke, had earlier replaced Wollweber in the Ministry of State Security.



Ulbricht then rammed through the party congress his political and economic program

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

keyed to overtaking West Germany in consumer-goods production and food consumption by 1961 and pushing ahead to complete the "building of socialism" by 1965. The implementation of economic decentralization actually was designed to give Ulbricht even closer control over all East German economic life, since the measure provided for greatly increased authority to the State Planning Commission, which is headed by Ulbricht's tool, Bruno Leuschner.

This far-reaching economic program was based on closer economic ties with the USSR. As a measure of Soviet economic aid, East Germany's annual payments for the maintenance of Soviet occupation forces, estimated at approximately \$150,000,000, were canceled effective 1 January 1959. Special targets for socialization were small businesses and agriculture, while the professional classes--notably doctors--were to be brought into state-controlled organizations.

Communist indoctrination was to be stepped up in schools through "polytechnical" education--i.e., combined physical labor and study obligatory for all students above the age of eleven. By 1960 all prospective university students were to have served for one year in a factory, in agriculture, or in the armed forces.

These measures were accompanied by intensified efforts to limit contacts with West Germany through curtailed travel and by more stringent police measures against defectors and those who aided them.

Consequences of Hard Course

The new program vastly increased smoldering popular discontent and seriously disrupted certain areas of the economy, notably retail trade. Regime promises were treated with derision. Essentially, however,

political oppression and severance of ties with the West constituted the main grievances.

According to a reliable Western correspondent who visited



LEUSCHNER

Leipzig in September, no one could complain of "really critical shortages of the main things people eat and wear," but Leipzigers were apprehensive in the face of advancing socialization. Small shopkeepers feared they would be wiped out in the next few months. The correspondent also noted that people referred to the 17 June 1953 uprising as if it had happened yesterday.

Even more than the "bourgeois remnants," East Germany's intellectuals--professional men, scientists, technicians, university professors, and students--began to despair of a change for the better. Already hard hit by repression and increasingly barred from contact with West Germany and Western culture, intellectuals were subjected to unremitting demands for ideological subservience. In the universities, politically unreliable professors were dismissed and students were forced to take an oath to support the regime. Twenty-four Jena University students and young workers were secretly tried in early October for allegedly plotting against the regime and proposing reunification with West

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

Germany on the basis of free elections. A Jena University official who defected said these students became the "toast of the Soviet Zone." East Germans now knew the truth of Pasternak's description--"the feeling of the state closing in on individual privacy."

Oppression of the middle class and intellectuals led--as the Schirdewan group had warned--to a mass exodus to the West. Professional men, scientists, and technicians whom the regime could ill afford to lose constituted an increasingly large proportion of the refugees. Many were party members. In the first nine months of 1958, more than 250 university professors and instructors, 2,393 school-teachers, and many youths escaped. The loss of 813 doctors, approximately 8 percent of East Germany's total, left some areas temporarily without medical care. The flight of business executives, retailers, and artisans left dangerous gaps in the economy. Opposition in the higher levels of the party to Ulbricht's economic policies was mounting, reportedly centered as before among the pragmatic economists in the government, including the State Planning Commission. Reflecting such opinions, a fairly

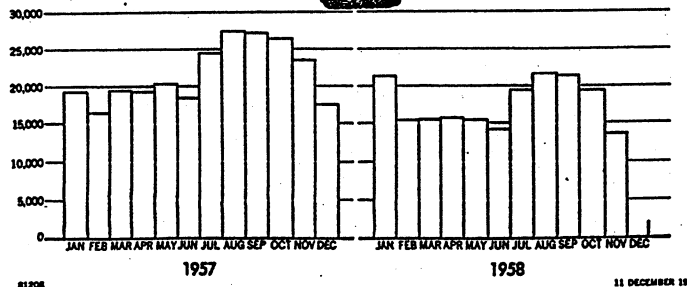
reliable source reported that Heinrich Rau had warned Moscow that mass disaffection of farmers, workers, and intellectuals was building up.

Shift to Softer Party Line

By early September it apparently became clear even to Ulbricht that a drastic change in the party line was required to reduce popular unrest and stem the refugee flow. The new line was unveiled with an announcement of far-reaching concessions to doctors to permit private practice, do away with ideological qualifications, and permit travel to the West. To implement the new policies, two special politburo commissions were set up under Kurt Hager: one received sweeping powers to make "all possible" concessions to doctors; the second was to supervise school affairs.

In a move to stem the flight of small businessmen and artisans, Ulbricht himself announced a slowdown in the socialization of small business enterprises, giving notice that "in one or two years" such individuals would probably enter a socialized agency "voluntarily." Party activists and officials were

EMIGRATION FROM THE SOVIET ZONE AND THE SOVIET SECTOR OF BERLIN



~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

accused of arbitrarily raising work norms or being overzealous in carrying out party directives to collectivize independent farmers, and their co-



HAGER

ercive measures were stigmatized as "distortions" of party congress directives.

Although Ulbricht probably had discussed his modifications of the hard line with Khrushchev during his visit to the USSR in August, a delegation of ten high-level Soviet party functionaries was sent to East Germany in early September to survey the situation and to impress East Germans that the shift in policy had the Kremlin's blessing.

The further demotion of Fritz Selbmann at this time from his post as deputy premier and his removal from the staff of the party theoretical journal probably were meant as a warning to Ulbricht's party opponents not to misinterpret the shift to a softer line.

Pressure for More Concessions

Ulbricht's reversal immediately began to backfire.

Many people conceived the idea that the regime's difficulties could be exploited to gain concessions for themselves, particularly since the approaching elections made the regime somewhat more responsive to public opinion. The populace in general became more open in its criticism. An American officer during a tour talked with many East Germans who were "highly derisive and sarcastic" about the Russians and the East German regime. He noted that he had never before heard such bitter and outspoken criticism expressed so openly. Workers in the important Launa works were openly cynical about the elections.

Responding to these pressures, the regime instituted further concessions to improve living conditions. On 3 November the politburo announced that more consumer goods would be available, demanded that private retailers receive adequate supplies, and sharply reproached government officials for permitting price increases.

As did the purge of the Schirdewan group, Ulbricht's maneuvers increased intraparty strains. Party officials found it difficult to adapt themselves to the new line.

The Berlin Gambit

Against this background, the introduction of the Berlin issue appears designed at least in part to strengthen the East German regime by emphasizing its "sovereignty" and eliminating West Berlin as a Western enclave in the bloc. Moscow's handling of the affair has played up Ulbricht's authority, and his adherents in the party are reported gloating over the adoption of "his" policies by Khrushchev.

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

11 December 1958

Ulbricht in the meantime appears to be taking even more decisive steps to tighten his control over the party organization. A source with connections on the East German party central committee reports that an internal screening of officials in the central party ap-



paratus now is in progress. As a result, morale is said to be low among these employees, and tension and mutual distrust are rising daily.

Since Schirdewan's dismissal, no other party figure has emerged as a potential contender for power or even as heir apparent among the top party leadership. Of the possible successors, Hermann Matern and, more recently, Alfred Neumann appear to hold the edge; Moscow-trained Erich Honecker might in time aspire to the mantle.

The outlook for the East German people is gloomy. Ulbricht's recent concessions were purely tactical, and he has not basically retreated from



his intention to impose Communism on the people. Recent developments, moreover, have made East Germany increasingly dependent on the USSR both politically and economically. If access to the West through West Berlin is cut off--the interzonal borders are already largely sealed--little hope of escape will remain for East Germans, who will be forced to make their peace with Ulbricht on his terms. Ulbricht and his party will still be faced with an essentially unstable internal situation--one of such magnitude that the USSR knows it cannot safely withdraw its troops for a long time to come.

* * *

~~SECRET~~