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THE BALKANS

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REGIONAL SURVEY

OF

THE BALKANS

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COMMAND AND GENERAL STAFF SCHOOL 2nd COMMAND CLASS

REGIONAL STUDIES

OF

THE BALKANS

(Hungary, Roumania, Greece, Albania, Yugo-Slavia, Bulgaria)

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Committee # 7

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REPORT

Mission:

The mission of this study of the Balkan States is to analyze thoroughly the geographical, economic, political, sociological and military factors of these states, individually and collectively, to determine their power potential and its possible effects on the United States.

Facts: Geographical.

Hungary, Roumania, Bulgaria and Yugo-Slavia lie squarely in the path of Russian expansion to central Europe and the Mediterranean. Through this region passes the Danube River and the transcontinental road and rail routes. On the north and south of the area are formidable mountain obstacles. Through the southern mountains are several passes suitable for invasion purposes. On the west is a mountain region and the broken and forbidding Adriatic coast. The east is open to the Dniester River and the Black Sea. Albania occupies a strategic position on the Adriatic, commanding the forty-seven mile Strait of Otranto. Greece's geographical significance is found in its island of Lemnos (called the Scapa Flow of the Aegean) relative to the Dardenelles; its island of Crete as a base for operations against Suez, and its fine harbors of Salonika as a base for the invasion of Europe through the Vardas Gap.

Economic:

The Balkans are essentially agricultural contries, and except for Albania and Greece, all are agriculturally self-sufficient. Heavy industry is almost non-existent. Much industrial machinery that did exist in Hungary and Roumania has been carried away by the Russians. There are limited mineral resources. The only quantities of oil are found in Roumania and this indistry at present is badly damaged. Greece's merchant fleet of one and one-half million tons was largely lost in the war. Road and rail transportation throughout the Balkans is universally poor. Financially and economically all the countries are in a chaotic state. Soviet requisitions have brought Hungary, Roumania and Bulgaria almost to financial and economic ruin.

Political:

All of the Balkans were constitutional monarchies. Now all of the countries, except Greece, are dominated by Russia. In these dominated countries, all except Roumania have Communist controlled governments. All of the countries have territorial claims, the most important of which are Trieste and an Aegean outlet for Yugo-Slavia, an Aegean outlet and southern Dobrudja for Bulgaria; the Dodecanese Islands and Cyprus for Greece; Transylvania and Bessarabia for Roumania, and a revision of the World War I limitation of Hungary. Of particular interest is the proposal of Bulgaria for eventual federation or union with Yugo-Slavia.

Sociological:

The total population of the Balkans is 65 millions and consists of nine major races, speaking eight different languages. The people are essentially agrarian and have little talent for industry. Literacy varies from 40% in Roumania to 91% in Hungary. Their religions are Orthodox, Catholic and Moslem. All countries, except Yugo-Slavia and Roumania, are intensely nationalistic. In Yugoslavia any nationalistic feeling is overshadowded by group feelings and jealousies.

Military:

On examining these countries individually, we are faced with the fa ct that none possess any appreciable military potential, with the possible ex-

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ception of Yugoslavia which still has an effective army. Greece, the only state not Russian dominated, has for the present no army, navy or air force. Her internal capacity will allow a maximum of about ten divisions, and her fear of Russia will require at least this number. Yugoslavia, as said before, still has an effective army of one-half million men. They are lightly equipped, and designed for defensive, guerilla operations. All Balkan countries have a national policy of compulsory military training, but possess no navy or air force. Assuming continued Russian domination which will result in her equipping, training and maintaining the armies of all these countries, except Greece, there is an accumulated military power potential of five million men. This is broken down by countries as, Hungary - one million, Yugoslavia -one and one-half million, Roumania - one and one-half million and Bulgaria and Albania together - one million. All of these men can be considered as good basic fighters, and must further be weighed on the Russian side of the scale of military power.

Conclusions:

Although none of the Balkan states, alone possess any power potential of consequence, we readily see that collectively they are of considerable importance. This becomes increasingly evident as they come under the control of a single major power. The committee concludes:

(1) That Russia has created a Balkan bloc by controlling effectively the political, economic and military life of Bulgaria, Hungary, Roumania, Yugoslavia and Albania.

(2) That Russian control of this bloc affords her an outlet to the Mediterranean Sea and control over extensive economic resources.

(3) That Russia will continue to exert all her influence in the Balkans, power politics if necessary, in order to preserve the recent expansion of her western frontier, and in order to secure free access to warm water ports.

(4) That in the event of a war between the United States and Russia, the strategic position of Greece with respect to a possible invasion route would be of great importance to the United States.

(5) Thatit is to the best interests of the United States to share with Great Britain in an effort to reestablish a "balance of power" in eastern Europe by rebuilding and maintaining Greece as a buffer state in the Balkans.

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ANNEX A

GREECE: Presented by Colonel A. J. Kinney.

Like ancient Gaul, it appears that all of today's world is divided into three parts. One part is dominated by Russia; another part is dominated by the Anglo-American bloc. Between these two lies the third - the uneasy twilight zone. The peninsula and islands of Greece are this twilight zone.

If you concede, as I do, that all the other Balkan states are irrevocably in the sphere of Russia, Greece than stands out significantly as the sole remaining arena of competition in the Balkans. I said Greece was in the twilight zone. At this moment, I am able to report to you that as between the dark and the daylight, Greace leans to the side of the light. If for no other reason, Greece is interesting and important as the unreconstructed rebel of the Balkans- stubbornly, if precariously, clinging to the ways of government, national economy and individualism which characterize Great Britain and the United States. A Balkan country which adopts such a course in the face of the dynamic surge of Soviet power politics - and incidentally - in the shadow of 200,000 Red Army troops in Bulgaria, should be worth examining.

Geography: Greece is roughly the size of the United Kingdom. The small islands, spread across the Aegean Sea to the coast of Turkey, extend Greek borders to Asia Minor. The Greek province of Crete looks down on Africa. Along the northern border, Greece touches Albania, Yugoslavia, Bulgaria, and Turkey. A range of mountains seals off Greece in the north, except for a few passes. Attica is the population center and heart of Greece. Salonika, in Thessaly, has an exceptionally fine harbor. The significance of this city is as the starting point of a natural line of invasion of Europe - through the Vardar gap. To the east lies the island of Lemnos, called the Scapa Flow of the Aegean. Its position relative to the Dardenelles is apparent.

On the side of offensive war, Crete provides a base for operations against Suez. Salonika provides a base for operations into Europe. Lemnos and the other islands of the Aegean could strangle the Dardanelles. However, unless used by a major power, the geography of Greece has no offensive military significance. In considering Greece, this fact should be kept in mind.

Defensively, Greece is suited for a creditable delaying action. In the past war, Greeks stopped and defeated numerically superior Italian forces in the mountains of Epirus. The Germans, boiling down through the Vardar Gap to rescue the Italians, were delayed six to eight weeks in Greece. This delay may have cost them the war with Russia.

Against the attack of a naval power Greece is defenseless.

Economy: The tragedy of Greek economy can be summed up in two words - food and finance. Greece normally imports over 5-% of her food. This is because only 2-% of her soil is arable, and most of that is planted in tobacco. After their invasion of Greece, the Germans became enraged at their inability to obtain collaboration from the defeated Greeks. The conquerors therefore imposed a systematic policy of starvation, expecting to destroy Greek spirit. 2000 Greeks died daily in Attica in the first year of the war. Ninety-two percent of the students at the University of Athens developed tuberculosis from malnutrition. You have heard of the obliteration of Lidici in Czechoslovakia. The Germans destroyed in the same manner 1569 Greek villages.

Before the war, 50% of the Greek imports and 50% of their exports were from and to Germany. You can judge the present effect of Germany's collapse on Greek trade.

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Greece has no industry worth mentioning. 60% of her people farm-raising tobacco, olives and rainins. Before the war, Greece possessed a sizeable merchant fleet of one and one-half millions tons, with which she did a brisk carrying trade within the Black Sea, Agean, and Mediterranean. This fleet, however, was largely lost in the war. This point is significant, as it may force the Grooks to look for overland trade routes for their exports and will throw an additional unemployment load on Greece's trembling economy.

The Greeks have a word for their financial condition- chaos. Greece is heavily in debt to almost every nation. Britain and the United States hold the largest share of these debts. The United States is contributing further, through UNRRA, another 150 million dollars in 1946. The Greeks also have a word for their confidence in their own currency - zero.

In estimating Greece today, we must bear in mind these economic factors: the continuing famine, the precarious finance, the loss of German markets and German imports, the loss of the Greek merchant fleet, and the long war period of spirit-breaking starvation. Some nation must move quickly to absorb Greek exports and furnish Greece with food or Greek economy cannot survice in a capitalistic character.

Politics: The Greek government is a constitutional monarchy. There is a parliament of two chambers, headed up by a prime minister. Substantially three political parties exist; the Royalists, the Republicans and the Communists. The Communist part is called the EAM. This party possesses a military force known as ELAS. This strange arrangement came about as follows: Toward the end of 1944 the Russians advanced into the Balkans, forcing the Germans to withdraw from Greece. The Greek communist underground army, ELAS, had been carrying on desultory guemila warfare with the Germans throughout the occupation of Greece. The recognized government of Greece was in Cairo. Therefore, when the Germans pulled out, the ELAS seized control. The British became alarmed. They sent the Royalist Greek Cabinet members back into Greece from Cairo, complete with 50,000 British Troops. Civil war broke out instantly. Winston Churchill went to Athens where he arranged a compromise. Archbishop Damskinos, head of the Greek Orthodox church, was made Regent, and the Greek King, George II, was invited to remain in London indefinitely. (The King is disliked by almost all Greeks of whatever party)

The Archbishop appointed Mr. Sophoulis, who is a compromise between Royalists and Republicans, to be prime minister. Cheered on by the Russians the EAM demanded a controlling number of positions in the new cabinet, and on being refused they let loose a reign of terror by the ELAS. The matter was brought before the first meeting of the UNO Security Council. The UNO decided to sponsor free elections in Greece. Accordingly, 600 United States Army Officers were sent to Greece to observe the elections. Russia was invited to send observers also. After hastily estimating the probable results of a really free election, Russia declined. Russian newspapers set up a howl that the presence of British troops in Greece rendered a fair election impossible. Simultaneously, the EAM boycotted the polls, forbidding its members to vote. This election, with EAM abstaining, took place a few days ago. While the results favored the Royalists-Republican coalition by 70%, an ominous 50% of the total Greek electorate failed to vote. The EAM promptly challenged the elections. Today the Greek cabinet is very wobbly indeed. The delimma remains unsolved.

Greece's relations with her neighbors are none too good. Yugoslavia covets a strip of Greek territory reaching down to the Aegean, and also claims part of Macedonia. Bulgaria claims a part of Macedonia and also wants a strip of the Aegean. In this latter claim, she is likely to get heavy support from Russia. Albania claims part of Epirus. For her part Greece wants her nothern boundary pushed on past the crest of the mountain range so as to include the entrance to northern passes leading into Greece.

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Greece also claims the Dodecanese Islands, held by Italy, and Cyprus, held by Britain. It is pertinent to note that the Russians also want the Dodecanese. These claims will, no doubt, be settled at the forthcoming peace conference. Greece's relations with Turkey, though historically violent, are improving due to the common fear of Russia.

Greece's present foreign policy is based upon (1) the urgent need for food, financial stability, and trade; (2) Fear of Russia.

Sociological: Greece has a population of seven million, almost all pure Greek. Unlike their Balkan neighbors, the Greeks are not a Slavic people. Great racial pride exists among the Greeks; their history of ancient leadership and power provides them with rich traditions and intense patriotism. Again unlike most of the Balkans, the Greeks are not Roman Catholics. Their religion is Greek Orthodox. On this point alone they agree with the Russians. Of some importance is the fact that the Vatican has no political influence in Greece, whereas in the Catholic Balkan states, the Papacy formerly had respectible political weight.

Today the Greeks enjoy a free press and radio. They are intensely interested in politics and world affairs. On the slightest provocation your bell boy at a Greek hotel will discuss Russian foreign policy - and intelligently.

During the German occupation, there were very few Greeks collaborators. As a result, Greece suffered terribly. The long years of starvation may have accomplished part of what the Germans aimed for - undermining of the spirit. Their children, after years of malnutrition and terror, may not possess these qualities to the same degree. It is too early to say.

Military: The Greek military system is patterned after the French. Greece normally has a regular army of about eight divisions, plus 20,000 Gendarmes. These Gendarmes are trained as infantry, then employed in peace time under the Secretary of the Interior as police officers. On M-Day they form a reserve. The Greeks have no air force and no navy. At present there is no effective Greek military force. The British troops in Greece form the only organized force. The Greek army will probably revive to a strength of about ten divisions. Greece could hardly support more than this. Her fear of Russia will not permit less.

Finally I wish to examine Greece as to possible lines of action. First let's take Greece as the friend and ally of the Anglo-American bloc. This is the most likely condition if Greece is left to choose.

To the United States, Greece is a foothold for our trade in Southeast Europe. Greece is a window through which we can watch the actions of the Soviet in the Balkans. Greece is a buffer for Suez - in time of war she might give us four weeks delay in an attack on Egypt. Greece would provide us a friendly landing zone for an attack by us up into Europe. The Salonida Vardar Gap route is an old invasion line. Should the Russians gain the Dardenelles, Greece still remains as a restriction on movement through these straits.

Lastly, let's consider the possibilities and effects of Greek collaboration with Russia. The EAM will grow in power when British troops leave Greece. If, in addition, no satisfactory solution is found, and found quickly, to Greece's drastic economic condition, the Greeks may succumb to communism. Moreover, as Russian industry and food production recovers from the war, we will see Russian economic infiltration in Greece. Should Greece swing into the Russian orbit, we must consider that Russia is within hours of Suez, that Turkey is isolated, and that the eastern Mediterranean is a Soviet puddle.

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I have not considered Greece as remaining neutral. She is unhappily between the devil and the deep blue sea. At least, the Greeks are good sailors.

I will conclude with an excerpt from a speech by a famous Greek statesman:

" Look to the North. Behind the mountains, poised for their next deadly blow, are the armies of the dictator. Our neighbors are always slaves. The ruthless tyrant has now turned cruel eyes on our land. Democracy is intolerable to him; freedom is an anathema which must be trampled. Greeks! Stand forth to battle! Destroy this prince of darkness before the night settles over our hills forever."

Demosthenes (Phillipics)
336 B.C.

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ANNEX B

ALBANIA AND YUGOSLAVIA - Presented by Colonel J. F. Ruggles.

B

The most spectacular of all the Balkan tugs of war is the one in which the rope stretches across the Adriatic from Rome to Belgrade. Albania finds herself in the unfortunate position of being attached to the rope as a middle worker. First hauled in one direction and then the other, she feels herself constantly threatened with extinction and is tempted, despite her traditions of liberty, to throw her lot with the contestants who shouts most loudly and promises the greatest rewards.

Geographic Factors: Albania is one of the least known parts of Europe and the least influenced by outside ideas. The country, one of the smallest in Europe, is about the size of Vermont. Its area is 10,757 square miles. It is long and narrow, running 215 miles north to south and about 50 miles east and west in the north at the DRIN GULF, widening to 90 miles between Lake PRESBA and the Adriatic Sea. The country is situated along the eastern shore of the southern Adriatic and the Strait of OTRANTO. Its southermost point is opposite the Greek island of CORFU. The OTRANTO Strait which separates Albania from the heel of Italy is only 47 miles wide. The country thus assumes strategic importance commanding the mouth of the Adriatic Sea. Albania is bounded on the north and northeast by Yugoslavia and on the southeast by Greece.

The dominant features of Albanian topography are its low, marshy, malarial, coast lands heavily indented and crossed by several rivers flowing into the Adriatic, and its rugged inland ranges, enclosing small fertile basins and valleys.

The climate of Albania is to a large extent governed by altitude rather than by latitude. The coastal lowlands have a typical Mediterranean climate, characterized by high temperatures and by periodic summer draughts, and humid winters with mild temperature. The annual railfall of Albania is one of the heaviest in Europe - 60 inches of rain a year is normal.

Albania has no harbors of importance and the only navigable streams are the BOJANA and the DRIN rivers, but are only accessible to small boats of shallow draft and only for short distances. The nature of the coast makes amphibious operations relatively easy.

Economic Factors: Albania's economic system is primarily agricultural. Despite this, she has always depended to a certain extent on imported cereals. She has normally exportable surpluses of fresh vegetables, live stock, fish, eggs and cheese.

The potential mineral wealth, is considerable for so small a country, but except in the case of oil and coal, which were exploited by Italian capital, the country has remained undeveloped.

Only one tenth of Albania is arable land and only a little of this is utilized. About one third of its country is permanent meadow and pasture. The remainder of the country is wooded, marshy, or uncultivated land of little or no value. Fully one fourth of the country is covered with excellent timber including all the best European hardwoods, but utilization of the forests is seriously hindered by the scarcity of transport and the lack of rivers suitable for floating timber.

The country has no large industrial establishments, no normal guage railway system, but does have a fairly extensive system of main roads, rough surfaced, but usable by motor traffic except in abnormally severe winters.

Albania engaged in commerce primarily with Italy and to a lesser extent with Jugoslavia, Roumania, Germany, Czechoslavakia, Great Britain, Greece, the United States and Japan. She was dependent on foreigh shipping, however, as

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she had no merchant marine except for limited small craft engaged in coastal trade. In spite of her exports Albania has always had an adverse balance of trade which was barely adjusted by Italian loans which became an obvious instrument of Italian diplomacy.

Socialogical Factors: Of a total of little over a million population, the Albanians with a mixture of ULACH form 92% of the population, 5% are Greek, and 3% represent other nationalities. Thus Albania is The Balkan country almost free from irksome minority problems. The Albanians themselves, however, are divided into two main groups - the Ghegs, north of the River SHRUMBI, and the Tosks, south of it. There are some differences of outlook and development between them, the Tosks being the more advanced.

As to religion, about 70% of the people are Moslems, the aftermath of Turkish rule; about 10%, chiefly in the north are Roman Catholic, while 19% most in the south, belong to the Albanian Orthodox Church. Albania is the only Balkan State in which religion and nationality are not virtually synonymous. The Albanian does not cling tenaciously to religion, and it forms no obstacle to social fraternization between Moslems and Catholics. With only a few Jews, Albania finally is distinguished among European countries by an absence of anti-semitism.

There is also a natural division by type among the Albanians, the mountaineers of the north are Gentor, the southern hellsmen are the plainsmen.

The highlanders have the virtues and vices common to most primitive mountain folk, robbery and violence are not regarded as serious crimes, and the flood feud still lingers. On the other hand hospitality and inviolability of their plighted word are both characteristic of the mountaineer. They are of good appearance and physique and have been recognized for centuries as being fine soldiers.

The plainsmen dwelling in the coast are much like those of other Balkan countries. As an effect of their environment, they are naturally of a more indolent disposition then the highlander. Physically they are a poor race, mainly because the plains in which they live are infected by malaria.

The hillsmen of southern Albania are an industrious people, more advanced than their northern kin, but possess the same general characteristics.

Historical Background: Although the Albanians are an ancient European people inhabiting a land which has undergone many vicissitudes throughout history, it was only in 1912 that the independence of Albania as a nation was proclaimed at the Congress of VALONA and recognized by the London Congress of Ambassadors. This culminated a long struggle against Turkish domination, a struggle which worked a climax in the last quarter of the eighteenth century, when in 1878 an Albanian League was formed to seek national recognition. It is of interest to note that Albanian emigrants to the United States were particularly active in the nationalistic movement, to which they made important contributions in both money and propaganda.

Italy, following World War I, tried to obtain annexation of Albania, but failed. Albania was recognized as a nation and was admitted to the League of Nations in 1920.

From 1920 to 1939 Albanian politics were dominated by QEMAL PASHA ZOGU, Chieftain of MATI, who in turn became Minister of the Interior, President and finally 1 Sept 1928, by invitation of the Constitutional Assembly, became ZOG I, King of Albaniams.

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Italy felt it necessary to control the Straits of ONTANTO, and by keeping King ZOG continually in debt to Italy, Mussolini was able to dictate Albanian policy. On 7 April 1939, Italy, on a flimsy pretext, overran four Albanian ports, and King ZOG was forced to flee. In October, 1940, the Italian armies, using Albania as a springboard, invaded Greece, with the result that in five months the Italians were not only chased out of Greece, but out of most of Albania as well. However, German intervention resulted in the defeat of Greece and the Italian reoccupation of Albania. When Italy surrendered in 1943, the administration of the country fell to the Germans, against whom the Albanians raised three resistance armies which fought a very effective guerilla action until the end of the war.

In the elections held in December, 1945, General HOXHA was unanimously elected dictator having been practically unopposed. With the aid of the DMP Security Police, about 20,000 strong, and with absolute censorship this was not too difficult.

Armed Forces and National Policy: Albania has an army of 60,000 men, organized in six small infantry divisions. Two, the 5th and 6th, are serving with TITO'S Yugoslavian 5th Army. The country has no navy and no air force.

Albania's future seems to depend on a just peace and help from Russia, England or the United States to provide capital for the exploitation of her natural resources and the development of industry. There seems to be class relationship with Russian dominated Yugoslavia, and with Russia herself. How far this relationship will go and what steps the Anglo-American bloc will take remains to be seen.

YUGOSLAVIA

GEOGRAPHY: Yugoslavia, Kingdom of the Serbs, Croats, and Slovenes. 95,600 square miles of some of the world's most rugged terrain, came into being as a nation in 1918, at the end of World War I. Rimmed with mountain ranges it is bounded on the north by Austria and Hungary; on the east by Roumania and Bulgaria; on the south by Greece and Albania, and on the west by the Adriatic Sea and Italy.

The Danube, Drava and Sava rivers constitute the major drainage network and their basins make up the bread basket of Yugoslavia. Central and southern Yugoslavia are mountainous and rugged. Grazing and forestry predominate in these regions. The Adriatic coast is broken, treacherous and forbidding; the mountains dropping off abruptly to the sea.

The climate of this country while moderate, varies considerably from the warm shores of the Adriatic, across the towering mountain ranges to the mellow valley of the Danube.

Bounded as it is by mountains, the routes of invasion lead into Yugoslavia through mountain passes, the exits only resting in Yugoslav hands. The numerous rivers in the north afford defensible lines within the nations borders while the rugged terrain of the central and southern sections seriously restricts mobility. The Adriatic coast is almost devoid of good beaches and good harbors.

Offensive action waged out of Yugoslavia would entail the use of mountain passes. The initial operation against a neighboring country would thus be channelized and extremely vulnerable to attack from the air.

It is apparent that geographically the terrain of Yugoslavia lends itself better to defensive rather than offensive action. Small, well

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armed and well organized forces could fight a delaying action with considerable success over such terrain. The rugged interior is the answer to a guerilla fighter's dream and the Yugoslav guerillas made good use of it throughout the recent war.

The German invaders of Yugoslavia, in 1941, rolled forward unimpeded by organized resistance, yet it took four to six weeks to occupy Yugoslavia, and then the Germans were plagued by guerilla warfare to the end of the war in 1945.

ECONOMY: Yugoslavia is primarily agricultural. Most of its natural wealth is as yet relatively undeveloped. EXports of copper, lead, zinc, antimony and bauxite are the more important mineral exports now all going to Russia in exchange for"military and material aid." Chemicals lead in the field of manufacturing and industry. Yugoslavia's coal is a brown coal of poor quality. It has no oil.

Electric power is centered around Belgrade and northwestern Yugoslavia. Manufacturing is extremely limited and what heavy industry there is, could not support a prolonged military effort.

The country as a whole is lacking in roads and railroads. It is dependent upon water communication to a considerable extent. This communication is centered on the Danube, Sava, and Drava rivers.

The only seaport of any consequence is the port of Split on the Adriatic. The merchant marine is made up of small coastal vessels only and a merchant marine worthy of the name does not exist.

Financially the country is bankrupt. There existed before the war a strong objection to economic exploitation by foreign interests. The banking system within the country was so poorly organized that foreign nations were reluctant to loan money to Yugoslavia for her own development. This financial instability retarded internal progress and development.

The economic potential of Yugoslavia is so limited that Tito has accepted the fact that his country is economically dependent upon Russia. His recent treaty with Russia provides for exchange of food, hides and minerals for "military and material aid".

POLITICAL FACTORS: The present government of Yugoslavia is a Federal Republic with Tito at the head. The constituent Assembly elected in November, 1945 voted King Peter out as governing authority. The government is communist controlled. It has a constitution similar to the constitutions of the Russian Soviet Republics. Undoubtedly there will be some development of political groups and parties other than the communist party. Their survival will be extremely uncertain under the present communist dominated government.

Yugoslavia's foreign policy is best indicated by this Tito quotation: "Alliance with Russia constitutes the strongest factor in Yugoslav foreign policy." This indicates a hand-in-glove set-up with the Kremlin. Yugoslavia will unquestionably be a consistent supporter of Russia in the United Nations Organization. Russia will, no doubt, return this support where it is to her advantage. Yugoslavia has an alliance only with one foreign country - Russia.

One of the hot spots on the international secne today is the Venezia Giulia area on Yugoslavia's northern border where British and American troops are facing Yugoslav troops in a strained situation. This section of Italy including the important Adriatic port of Trieste is claimed by Yugoslavia on the grounds that its population is overwhelmingly Slovene. The city of Trieste, a small fraction of the Venezia Giulia area, is predominantly Italian. This area originally came under the Italian flag in the 1918 settlement of World War I. It was a part of Austria-Hungary prior to that transfer.

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Tito claims Venezia Giulia should go to Yugoslavia to rectify a wrong of the World War I settlement. Tito has a good argument since 9,000 of the total 10,000 square kilometers is Slovene Settled and the Slovenes have been there for thirteen centuries.

What support will Russia give this demand at the peace table? The answer is obvious.

SOCIOLOGICAL FACTORS: The population of Yugoslavia approximates 16,000,000. The Serbs in the southeast constitute 49% of the total population, the Croats in the central section 38%, and the Slovenes in the northwest 11%.

While these groups all speak the same language the written language varies somewhat. Religiously the Serbs are Greek Orthodox while the Croats and Slovenes are predominantly Roman Catholic. These religious differences appear to present no problems. There are, however, other almost insoluable differences between these three groups. Group spirit has always over-shadowed national spirit. There has always been a struggle for group predominance and control in government. Illiteracy and uniformly poor communication within the country have induced a narrow minded approach to national problems. Each group clings to its proud past and looks upon the other two groups as being inferior. This group feeling tends to dominate and confuse the national political scene. Herein lies Yugoslavia's greatest weakness and the main obstacle to future progress.

Yugoslavia's standard of living is low, rough and primitive. While the people are for the most part rugged and sturdy, little has been accomplished in the field of public health and sanitation. Progress in this field, just getting under way in 1941, was crushed by the war.

Yugoslavia has no labor problem due primarily to an extreme lack of heavy industry and manufacturing.

What Russian leadership and assistance can accomplish in the way of unifying the Serbs, Croats, and Slovenes one cannot now way for certain. Russian radio and published propaganda dominates the information field and the thought and action of Yugoslavia as a nation is bound to be influenced by this factor.

MILITARY FACTORS: Tito has an army of 500,000 men. This army is equipped primarily with light equipment and small arms. However, Russia is now assisting in the reorganization, reequipping and training of this army. What progress has been made to date is not fully known. The fact that this is being done is the important point. Tito has no air force and no navy worthy of the name.

The Yugoslav soldier as demonstrated in this past war is a rugged, hardy soldier. With Russian support in the way of arms and training the Yugoslav army for its size can become a formidable military force. This army is defensive in general character at present, but a limited objective undertaking such as the capture and occupation of Venesia Giulia could be accomplished without great difficulty. Recent reports indicate a movement of some 20,000 Russian troops into YugoSlavia. Will they lose their Russian identity and become part and parcel of Tito's army or are they part of a Russian "military mission"? Events of the near future will, no doubt, clear this point.

CONCLUSIONS: YugoSlavia, tied in closely with Soviet Russia, will take a course of action in international affairs designed to consolidate and revitalize herself, at the same time giving support to and receiving support from Soviet Russia. The effect of this line of action will be that Yugoslavia, enjoying Russian backing, will have a greater voice in international affairs, particularly in Eastern Europe and the Eastern Mediterranean area.

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Opposition to Yugoslavia's course of action most likely will come from Great Britain through a clashing of interests in Eastern Europe and the Eastern Mediterranean.

YugoSlavia, as a Russian satellite (1) fills out Russian domination of the Balkans and Eastern Europe; (2) gives Russia a commercial outlet in the Mediterranean; (3) provides Russia with one more defensive buffer state; (4) furnishes Russia with an offensive Mediterranean springboard and (5) becomes a trial horse for Russian interests and ambitions in the Eastern Mediterranean, Eastern Europe and Balkan areas.

Since the United States is now involved in the political test of strength between the great world powers, Yugoslavia's support of Russia is already strengthening Russia's voice in international affairs to the detriment of United States prestige.

In Venezia Giulia today the American soldier faces the Yugoslav soldier across an imaginary neutral zone, waiting to see which political force will prevail in that area when the peace settlement is finally made.

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HUNGARY, BULGARIA AND ROUMANIA- Presented by Col. J. D. Abell.

INTRODUCTION

Let us finally examine the central Balkans: Bulgaria, Roumania and Hungary. These three countries are alike in many respects. Taken as a group they lie squarely astride the age-old route from central Europe to the Dardanelles, and from Russia to the Mediterranean. Bulgaria and Roumania enjoyed the dubious privilege of Turkish rule for many centuries, souvenirs of which can still be easily detected in the exploitation of the lower classes and the corruption of the ruling system. Each country is a pot-pourri of nationalities, ethnic islands dotting the countries like daisies. (slide 0-2) They have been particularly successful in choosing the losing side in the past two great wars.

There has been no great love lost between these countries individually due to territorial disputes.

Turkish domination was broken in 1878 and at the Treaty of San Stefano, Russia forced Turkey to grant freedom to Roumania and Bulgaria. However, power politics intervened, the treaty of San Stefano was set aside and the Treat of Berlin substituted, leaving Roumania free but Bulgaria still subject to Turkey, and weakening Russia's position in the Balkans greatly. But the Balkans continued to boil. Finally the Balkan Wars of 1912 and 1913 reduced Turkish sovereignty in Europe to a mere bridgehead across the Dardanelles. However, nothing was settled permanently and in 1914 the lid blew off.

HUNGARY

As a result of participating on the losing team in World War I, Hungary was reduced to one-third of her former territory and wo-fifths of her former population. She lost practically all of her forests, minerals and water power and was reduced to essentially an agricultural state, capable of sustaining herself with a small exportable surplus.

However, by attaching herself to Germany's star, she regained most of her former territory in 1938 and 1940, but as a result of again being on the losing side in War II, she lost her forests and minerals in Transylvania. Hungary now embraces 38,000 square miles and is about the size of Indiana.

Hungary is bounded on the north by the Carpathians, a formidable obstacle, but otherwise is a plain country broken by few smaller ranges. The Danube is the principal river, navigable throughout Hungary, running from the worthwest to the south central border. The Tisa, draining the Carpathian's western slope is of secondary importance.

From a military viewpoint Hungary has only the Carpathians to the north and east as a strong feature. The plains spreading out across her other borders are made to order for invasion.

Hungary's economy has been a series of up and downs. Despite her territorial losses after War I, by strong national unity, great strides were made in developing her industries and obtaining a favorable trade balance. The reacquisition of former provinces materially improved her economic standing. Of considerable interest was the recovery of the World's richest bauxite deposits. Basically Hungary was not well-balanced economically, finding it necessary to import raw materials for her expanding industry together with fuel for power.

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During this favorable period following War I, Hungary's financial standing was improving rapidly, with her trade expanding from local Balkan to world-wide. She enjoyed a better financial standing than any other Balkan country.

However, since War II, Hungary has been economically dominated by Russia, loaded with a heavy debt of reparations, has seen her industrial machinery carried away as booty, exhausted her food supply, and been forced into economic agreements giving Russia a favorable position in Hungarian industry, communications and with virtual control of the bauxite deposits. Her financial standing is at an all-time low.

Following War I, a Red-terror government led by Bela Kun dominated the country for two years. This period was followed by successive unstable governments until finally a constitutional monarchy without either constitution or monarch developed which seemed to fit the needs of the country. A curious feature of the legislature was that half consisted of persons paying the highest taxes.

Hungarian political thought was all directed to a favorable revision of the Trianon Treaty of War I, through which she lost so heavily in land and population.

A dislike of Russian and Communism, fanned to fierce flame by Bela Kun's administration, together with desires to speed treaty revision, inclined Hungary toward Germany, through whom she hoped to gain aid. By 1939 she was steadily being sucked into the whirlpool of Nazi domination and despite sincere efforts, was not strong enough to withdraw.

Hungary's political future is dim. Her government has been accepted by the Big-3, but it is communist dominated. One cannot believe that Hungary will long tolerate this. Her policy must eventually point to a break with Russia and restoration of the old Hungarian State.

The population of Hungary today is about 14½ millions of people, some 92% of whom are relatively pure Magyar and speak the Magyar language. About 65% are Roman Catholic, providing a base for unified thought in national affairs.

The annual population gain is about 1 in 50, and has resulted in over-population, some 400 persons per square mile, resulting in migration from the country.

The State is predominantly rural, only about 30% living in cities. And about 55% are engaged in agricultural pursuits. Public health and sanitation are usual for Europe, that in the rural areas being of low standard. The state rates a high mark for literacy, about 91%.

Hungarians are strong, hardy, fiercely nationalistic. They are essentially farmers with little talent for industry. They show little interest in what happens beyond the borders of the country. We see, then a people deeply patriotic, loyal and strong, but industrially backward in the modern sense, having only their pride and patriotism to make their will felt.

Hungarian National Defense is controlled by the government thru the Ministry of National Defense. Next in echelon, the Hungarian Army of National Defense includes all military forces with such reserves as State Police, Gendarmerie, River Guards. The army proper consisted of the Regular Army and Frontier Guards, a grand total of about 90,000 men not including those reserves from compulsory training who numbered perhaps 600,000. Training was compulsory for all males between the ages of 17 and 47. This training was laid on for 18 months, but seldom exceeded 12. The total military strength including untrained was about one million men.

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The Army was organized in to eight Corps of three mixed brigades (combat teams), 3-5 battalion of Frontier Guards, one battalion of Engineers, plus supporting troops. There were two mechanized brigades and two cavalry brigades in general reserve. The Air Force was quite weak, consisting of some 70 squadrons of pursuit, bombardment and reconnaissance, but only about 400 doubtful first line planes.

The equipment was German and Italian, but insufficient in all categories with no reserves. The value of the Hungarian Army was therefore low during War II and morale was not particularly good.

Hungary had an Industrial Mobilization plan of which little is known, but her economic capabilities and hazardous financial standing could not have provided much. Manpower mobilization anticipated filling the eight Corps to full strength.

Hungary's geographical complexion dictated an attack strategy for which she was obviously never prepared. We may assume that in the future a Hungarian Army can be well-trained, well-fed, and well-armed if supported by an outside power, but her whole future depends on powerful sponsors. She will undoubtedly press for boundary revisions and cannot hope to succeed without strong outside help.

Hungary is definitely limited in International affairs. She is now well under Russian influence and due to the size of her obligations will remain under that influence for several years.

Her aims at the present are undoubtedly to throw off the Russian yoke and to regain her old territories. She may be able to accomplish this by a Balkan alliance, strong representations to the UNO, and aid from other strong powers. Her distaste for communism and the favoritism already shown other Balkan nations by Russia do not make Hungary's future too bright.

Here appears to be fertile ground for a strong Anglo-American sponsorship. To date this has been sadly ineffectual. This sponsorship should take the form of strong economic assistance, insistence on the sovereign rights of the State and education, away from the growing influence of communism.

BULGARIA

GEOGRAPHICAL FACTORS: Bulgaria is essentially an agricultural country, and is for the most part agriculturally self-sufficient. It exports tobacco and farm products.

The mineral resources are not large, the most important being coal, lignite and copper. There is no petroleum production. Heavy industry is almost non-existent. There are a few small arms and ammunition factories. Few places are more than twenty miles from a standard or narrow-guage railway. The road net is poor. The bulk of the transportation is still by animal-drawn carts.

There is no civil aviation as the Russians have taken over the airfields. Since the Soviet occupation, Soviet requisitions have brought Bulgaria almost to financial and economic ruin.

POLITICAL FACTORS: For centuries Bulgaria was subjected to Turkish rule and it was not until the Russian victory in the Russo-Turkish war in 1878 that Bulgaria received partial independence. Complete independence came in 1908 and since then Bulgaria has been a constitutional monarchy.

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Bulgaria did not declare war against Russia in World War II and when Russia declared war on her she immediately surrendered. The Armistice established an Allied Control Commission composed of USSR, USA and Great Britain, but under Soviet chairmanship. The present program calls for the monarchy to be replaced by a republic.

Before the war Communism was forceably suppressed in Bulgaria. Now, under Russian control, the communist party is in complete control of the country. Its membership has grown from 48,000 to 250,000. The popular opinion is that the communist "Fatherland Front" government will be overthrown as soon as the Russian Army leaves.

The historic political claims of Bulgaria have been the territories of Southern Dobruja, Macedonia and Greek Thrace. Bulgaria has not adjusted her political differences with Roumania and Yugoslavia over the first two territories, and has even proposed eventual federation or union with Yugoslavia.

SOCIOLOGICAL FACTORS: The modern Bulgarians are a Slav people including a mixture of Tartar and Turk. The language is a purely Slavonia tongue. The religion is preponderantly Orthodox. In 1940 the census was 6,332,400 and the yearly birth-over-death surplus was 80,000. The Bulgarians are essentially a peasant people, farming freehold plots of ground of from five to ten acres. There is no aristocracy and the middle or political-professional class is small and weak.

The Bulgarians are true sons of the soil, and are happy and satisfied in their hard-won freedom from the feudal system and are united in race and religion. They have an intense love of country. Bulgaria has a strong affinity with Russia in tradition, race, language and religion. The real feelings of the people are strongly pro-Serb and Pan-Slav.

MILITARY FACTORS: Bulgaria is a militaristic country. Its soldiers are fierce fighters. They are among the best fighters in Europe. The Bulgarian Army fought under Soviet command in the last months of the war and is now being indoctrinated by political commissars. Bulgaria's Army now numbers 95,000 and includes an armored division. The Communists are making every effort to control the army, but are hated by most regular and reserve officers. There is a Communist militia of about 30,000 which contains many non-communists.

Bulgaria's total military manpower potential is 890,000. However, to be effective it must be equipped and maintained by some major power.

The present Soviet occupation forces number about 150,000 which are largely deployed in the Maritsa Valley.

CAPABILITIES AND LIMITATIONS IN INTERNATIONAL AFFAIRS:

Bulgaria's most probable lines of action in international affairs are:

Forced cooperation with Russia.

Pressing her "historic claims" for Greek Thrace.

Federation or union with Yugoslavia and possibly Albania.

In all of these lines of action the Russian sphere of influence is involved and will be advanced if the objectives of these lines of action are achieved. In Addition to Russia, Yugoslavia, who is now under Russian influence, will support the Bulgarian aims. The most likely opposition will come, of course, from Greece whose territory in involved, and in addition from: (1) Great Britain, (2) Turkey; (3) The United States; (4) and the UNO.

In the forced cooperation with Russia or rather the complete domination of Bulgaria, Bulgaria will support any Russian advances toward

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a Mediterranean outlet, specifically Greek Thrace, the Dardanelles and the Bosphorus. Thus, she represents to Russia:

(1) A good line of communication toward the Aegean, the Adriatic, and central Europe.

(2) An advanced ground base dominating the approaches to the Turkish straits and the Greek Frontier.

(3) Air bases within easy reach of the principal Turkish centers and ports, and the Aegean shipping lanes.

(4) A military manpower potential of 890,000 men.

If armed conflict should result, the Bulgarian troops will fight fiercely and loyally under Russian command against any other power.

IMPLICATIONS OF CAPABILITIES AND LIMITATIONS FOR THE UNITED STATES:

As a separate entity Bulgaria has few, if any, implications for the United States, but as a satellite of Russia it has, for in any consideration of an Aegean or Mediterranean outlet for either Russia or Bulgaria, the war potential and strategic location of Bulgaria must be weighed with that of Russia as versus the sum of that of Turkey, Greece, Great Britain and the United States, who seems to be backing British policy in the near East.

ROUMANIA

Roumania has a land area of 113,600 square miles, about the same as that of Arizona, and is roughly oval in shape. It consists of seven distinct provinces with which one must be familiar to understand Roumanian growing pains: Wallachia, Moldavia, Bessarabia, Dobruja, Bucovina, Transylvania and Banat. It is bounded roughly on the north by the Dneister River, east by the Black Sea, south by the Danube and west by the Hungarian border which has no particular natural features.

Its major topographic feature is the Carpathian Range, an Alpine region that reaches a maximum height of 7200 feet. This range is in the shape of a hook, extending from the northwest corner southeast to the center, then bending sharply westward to the Danube at the Iron Gate. The mountains rise sharply without characteristic foothills. Northern Roumania is hilly but otherwise runs from plateaus at the base of the Carpathians to plains to lowlands. The Danube is the major river feature, being navigable from the Iron Gate to the Black Sea. It should be remarked that the river is characterized by sharp cliffs and hills on the Bulgarian side and lagoons and marshes on the north side. Roumania has about 43% arable land, 23% forest and 17% pasture and meadow. The coast is characterized by the marshy delta of the Danube.

As noted Roumania is an outward country. Its rivers and seacoast are not defensible. A thrust from the northeast against the Carpathians is easily defended but the natural path is around the hook. Roumania lies squarely in the path of expansion of Central Europe toward the Dardanelles and of Russian expansion toward the Mediterranean.

Roumania is principally an agricultural country without a well-balanced economy. 83% of the population is so employed, with cereal grains the leading product, of which there has always been an exportable surplus. Agriculture is badly handicapped by small land holdings, lack of cooperative enterprises, old-fashioned methods and poor transportation. Forestry provides a surplus for export.

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The mining law of 1923 nationalized the sub-soil and restricted the holdings of foreign nations. Good quality coal is found, but lignite of poor quality is the principal product. The Banat produces a considerable amount of iron ore, but the industry is handicapped largely by a lack of coking coal. Other major and minor minerals are found in small quantities, a rich deposit of bauxite being the exception. A valuable deposit of natural gas is found in Transylvania, but is quite localized.

Petroleum is the major industry, although at present it is badly damaged. The principal fields lie in Upper Moldavia.

Roumania is definitely not industrial. Small as its industry is, raw materials must be imported. However, the Astra works at Reshitza and Brasov are recognized as metallurgical works of high class.

Transportation facilities as noted above are poor, both road and railroad, contributing to the farmer's inability to market his produce with a resulting low income. There is considerable barge traffic on the Danube and other main rivers.

Two wars wrecked Roumania's finances, but it should be noted that favorable trade balances and balanced budgets were the rule in the 20's. With large agricultural, forest and petroleum resources, hydro-electric and metallurgical potential, the state has a sound basis for a well-developed economic life, but the demonstrated inability to conduct big business, exploitation of the peasant, domestic and international crises, political intrigues and petty restrictions have rendered the State impotent in spite of liberal legislative reforms, subsidies and other support.

The State has been a constitutional monarchy since 1866 when the Hohenzollern Prince Charles was selected Prince of old Roumania. A new constitution in 1923 consolidated those of the provinces and introduced certain reforms, including universal suffrage and nationalization of the subsoil. But in 1938, to halt the growing strength of the Fascist Iron Guard, King Carol abolished the constitution and established a new one, a virtual dictatorship, with only one political party.

At present the government is essentially the same, pending elections, but there are five main political parties, all represented with the National Democrats in power and the Communists continually dissatisfied.

The judiciary centers in the Ministry of Justice and consists of a system of trial and appellate courts similar to our own.

For purposes of local government, the State is divided into Departments, and communes including municipal and village councils.

The basic foreign policy of Roumania was territorial integrity and all agreements and alliances were formed toward that end. Due to universal mistrust Roumania formed alliances in all directions. A review of her political history shows almost continual internal dissension and strained relations with her neighbors over territorial claims. No points of strength can be found except ability to make agreements on which none of the signers made good.

The population of Roumania is just under 20 million, with women slightly in the majority as the result of two wars. The state is predominantly rural, 83% with only six cities of over 100,000. The population is relatively dense for a rural state.

Roumania is an ethnic nightmare, but approximately 70% is pure Roumanian, equally distributed throughout the country. Other nationalities are scattered, but there are certain well-defined areas: Hungarians in Transylvania, Russians in northern Bessarabia and a Bulgarian area in southern Dobruja.

The Roumanian language is a Romance language descended from the

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Latin brought in by the Roman colonists of Dacia. The religion is principally Orthodox, representing 65% of the people.

Since the State has always been predominantly rural, there has been no appreciable unemployment. The State has passed many desirable features of labor legislation but wages have never been high. Labor may be diverted as desired for mobilization, but the transition from rural to industrial is not promising.

Roumania, sociologically, has only its nationalism as a feature of strength, but the presence of several minority groups, compact and well organized is a serious problem. The country as a whole by reason of its low standards of education, health and industrial potential, is prevented from building any great power.

The king was commander-in-chief of the Army, advised by a Superior Council of National Defense. Within his cabinet he had a Ministry of National Defense and a Ministry of Armaments. For command and training there was a Superior Army Council of which the Minister of National Defense was president, the General Army Inspectorates, the Technical and Administrative Directorates and the organs under the Ministry of Armaments.

There was compulsory military service for all males between the ages of 21 and 50: 2 years with the colors, 15 years in the reserve, and 9 in the militia. In practice the two years with the colors was somewhat less than a year and the training quite sketchy. The total strength of the army was about 300.000, including two classes of about 100.000 each in training. Officers were about 7% of the Army, as a rule were from the upper social strata, and well-schooled. Roumania was divided into 7 Corps commands, a guard division, 3 mountain brigades and one cavalry division. The frontier guards, gendarmes and military firemen were part of the armed forces. Mobilization called up five classes to bring the 7 Corps to full strength, with subsequent calls to double the size of the army. There was a sufficiency of small arms and artillery but a woeful shortage of individual equipment, vehicles and mechanical equipment .

The Ministry of Marine and Air had a Navy barely capable of patrolling the Danube and an Air Force with scarcely 500 planes of all types. There were no modern defensive works.

Conflicting reports have been read of the Roumanian soldier, but it must be remembered that he fought for over three years and sustained terrible losses at Odessa and Stalingrad. He was probably supplied from German stocks.

From the above it appears that Roumania could not sustain herself in a major war. She has sufficient manpower to defend one border and could probably feed herself, but she had no capacity for sustained effort. As an ally she was of doubtful value, providing manpower only.

Roumania, to maintain her territorial integrity, has to be sponsored by a strong power. Her old policy of many agreements and alliances by means of which she had a number of allies against each neighbor was faulty in its conception. She does have oil and food to offer in return for such sponsorship and should prove to be a valuable ally.

Examining the situation without bias, it would seem that her best bet would be to forget territorial lines to a certain extent and by means of area exchanges with her neighbors, transfer Roumanians into Roumanian territory. Most of her wealth would still remain and her political strength would be greatly increased. By rigid economy and by the establishment of a firm,honest government, Roumania is potentially a strong little power.

The end of War II found Roumania greatly indebted to Russia, necessitating her giving to Russia many concessions, including all petroleum exports with Russia dominating the new National Petroleum Company, virtual control of transportation and communications, and dominance in the industrial field. Thus, Roumania is tied to the Russian Star. Strong and vigorous and immediate action by an Anglo-American combine in the form of financial and political [illegible] would tend to draw Roumania away from the Soviet, but she is so deeply [illegible] that only a great effort could succeed.

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ANNEX D

SUMMARY

PRESENTED BY LT. COL. D. C. RUSSELL

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SUMMARY

There has been much discussion of the Balkans of tomorrow. Some have wanted to see an economic union or federation of these states, while others have advocated for strong, sovereign countries. Both ideas may be disputed. Merging these peoples together in an economic union would bring together factions which do not wish to be joined and would create minorities where non have existed before. The penetration of these States and imposition of an outside will by force of power politics appear to be an equally short sighted policy. Let us now look on the Balkans as the appear today.

The Balkans, known as the "Succession States," were formed for the most part from the old Austro-Hungarian Empire. Greece is the only state which can claim historic integrity, and that country has been changed by past wars. Located between the Caucasian Mountains to the north and the Aegean and Mediterranean Seas to the south, these States lie in the center of Eurasia, at the crossroads from Europe and Asia to the near East. This area is primarily agrarian, and has been known as the "breadbasket of Europe".

Today, with the exception of Greece, they are all over-run by Russia. With strongly pro-communistic forces in Albania and Yugoslavia, with Hungary, Roumania and Bulgaria occupied by Russian troops, we find that Russia has established military domination over these countries.

Economically, all the Balkan States are in a precarious position, resulting from the devastation of war and lack of finance and industry to begin any large scale recovery. Here we also see, again excepting Greece, that Russian dominance prevails. Even as late as last Saturday an Associated Press news release dated 18 April (1946) reveals further economic penetration in Hungary. I quote: " Am American economic expert declared today that the Russians, by setting up a Russo-Hungarian bauxite company, had gained control of 50% of all the bauxite in Hungary. Other American economic experts reported Russia had succeeded also in completing a program of colonizing the northwestern area of Hungary with farmers from the Ukraine, apparently as the outgrowth of a Soviet demand for a land corridor running from the Yugoslav to the Czech border. These developments, plus agreements reached on oil, Danube shipping, civil aircraft, banking and posts and telegraph, mean that the entire Hungarian economic and communications system is now under Russian or pro-Russian left wing political control, these informants said." This is just an example of the extent of Russian penetration in all these countries.

Politically, Russia has made inroads in all the Balkans. Under the Big Three agreements, these countries were to determine their own type of government by free elections. This has been done in most of them, with the results varying from a strong Communist party in Greece, the EAM, a pro-communist regime in Hungary, even though the people do not desire this type of government, to a definitely communistic swing in the other countries.

Thus we see that Russia, taking advantage of the weakness and confusion resulting from the war, has established a bloc in the Balkans, not only forming Soviet influenced buffer states on her western borders, but providing outlets to the Aegean and Mediterranean Seas. Similar control in the Middle East would complete the surrounding of Turkey, the Dardanelles and Suez.

This committee agrees with the conclusions reached by the committee on the British Commonwealth, and I quote:

1. " That Great Britain may be expected to bend every effort in the United States to obtain the long peace which she so urgently needs to retrieve her former favorable financial position."

2. " That she will probably regard the spread of Russian influence as the principal threat to her international position, hence

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will endeavor to set up within Europe and Asia a pro-British bloc in an effort to counter the Russians."

3. "That if either the United States or the Commonwealth becomes involved in a major war, the other will eventually become her ally in force of arms as well as economically."

The Committee concludes:

1. That Russia has created a Balkan bloc by controlling effectively the political, economic and military life of Bulgaria, Hungary, Roumania, Yugoslavia and Albania.

2. That Russian control of this bloc affords her an outlet to the Mediterranean Sea and control over extensive economic resources.

3. That Russia will continue to exert all her influence in the Balkans, power politics if necessary, in order to preserve the recent expansion of her western frontier, and in order to secure free access to warm water ports.

4. That in the event of a war between the United States and Russia, the strategic position of Greece with respect to a possible invasion route would be of great importance to the United States.

5. That is is to the best interests of the United States to share with Great Britain in an effort to reestablish a "balance of power" in eastern Europe by rebuilding and maintaining Greece as a buffer state in the Balkans.

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ANNEX E

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