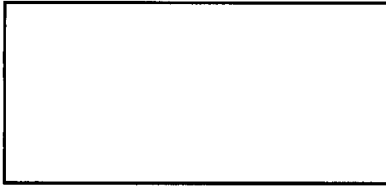



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7 December 1961

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CENTRAL INTELLIGENCE BULLETIN



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***USSR Budget and Plan:** The 1962 Soviet budget announced on 6 December, as summarized by TASS, contains routinely small increases in total revenues and expenditures, but the stated appropriation for the military forces has increased to 13.4 billion rubles. This sum is 45 percent greater than the corresponding 1961 appropriation of 9.25 billion rubles, and about eight percent above the revised total for 1961 resulting from Khrushchev's 8 July announcement of a 3.1-billion-ruble increase. These increases, however, probably contain more bookkeeping transfers from military outlays hidden elsewhere in the budget than real increases in actual military outlays.

The economic plan for 1962 calls for industrial investment and output to grow at high rates, but these rates of increase are somewhat below those of the past few years. The plan does not carry through Khrushchev's promises made earlier this year to the consumer. [redacted] (Charts)

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USSR-Berlin: Khrushchev used his conversation with Norwegian Foreign Minister Lange on 1 December to warn that the alternative to a new four-power agreement on West Berlin's status would be a blockade of Western military access following a separate East German peace treaty. As a new gambit on the proposal to station a Soviet troop contingent in West Berlin as part of the four-power guarantees for a free city, Khrushchev commented that Soviet prestige had to be taken into account on this question but that the USSR would not necessarily exercise a right to bring troops into West Berlin. Khrushchev's statements are another indication that Moscow expects negotiations will be arranged after current Western consultations are completed. While Khrushchev made no new proposals and categorically rejected the President's concept of an international administration of the autobahn to West Berlin, he did attempt to convince Lange of the desirability of negotiations.

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[redacted] Khrushchev told Lange he hoped relations with the US would improve to the point where the President could visit the USSR. [redacted]

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DAILY BRIEF

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