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5 August 1961

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CENTRAL INTELLIGENCE BULLETIN



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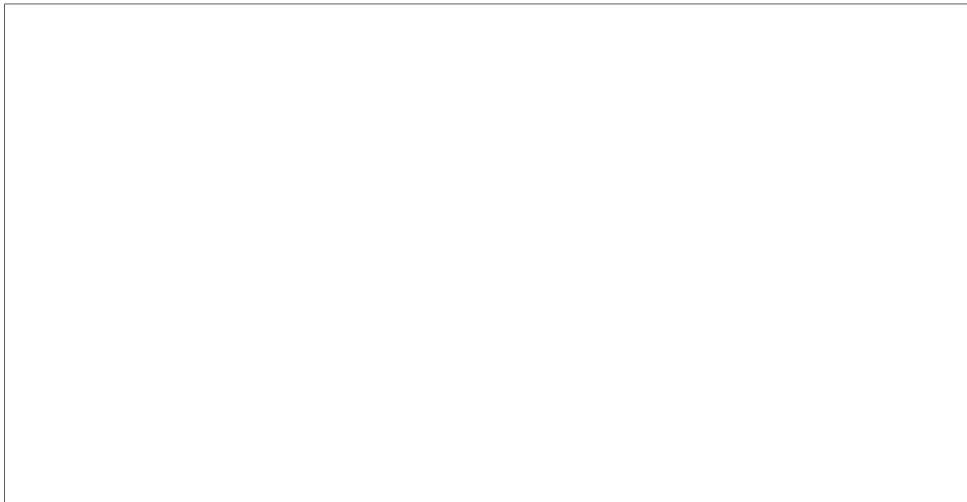
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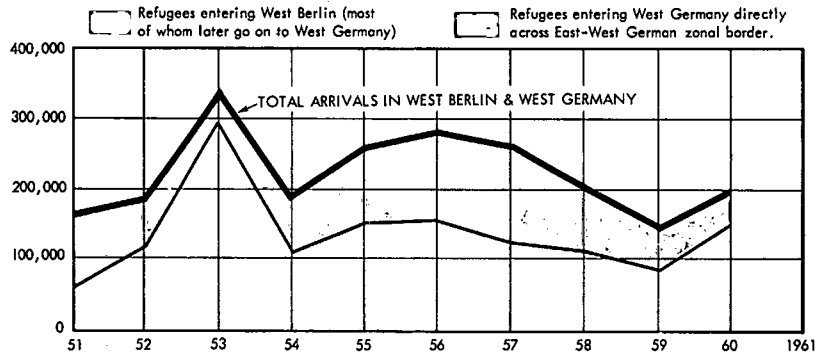
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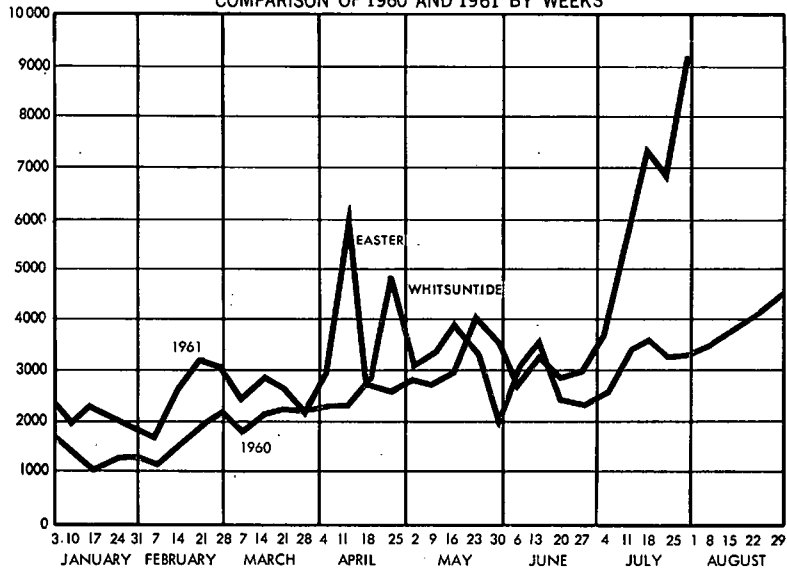
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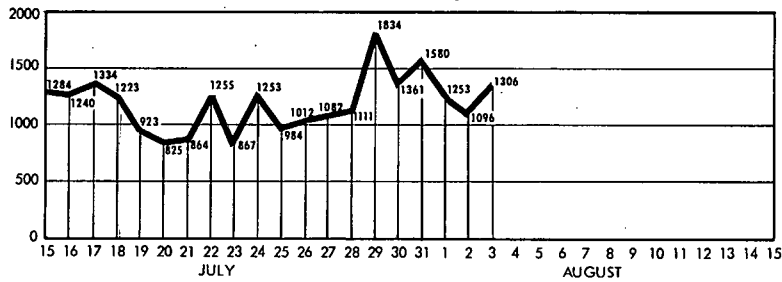
TOTAL ANNUAL REFUGEE FLOW INTO WEST BERLIN AND WEST GERMANY



**WEST BERLIN REFUGEE TOTALS
COMPARISON OF 1960 AND 1961 BY WEEKS**



DAILY TOTALS SINCE 15 JULY 1961



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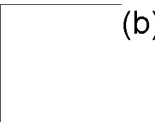
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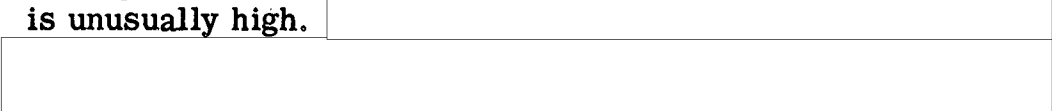


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Berlin Refugees: 1,306 refugees, including 116 "border crossers," residents of East Berlin or the Soviet Zone who work in West Berlin, registered in West Berlin on 3 August. According to West Berlin Senat officials, the East German police have instituted "exceedingly severe" controls at sector and zonal checkpoints, and observers in West Berlin have seen large numbers of people turned back to the Zone. Senat officials report that in five confirmed cases border crossers have interceded through relatives with their West Berlin employers for written proof of dismissal in order to regain identity cards seized by the East German police. There are unconfirmed press reports that the percentage of youths fleeing to the West, normally 25 percent of the refugee total, is unusually high.



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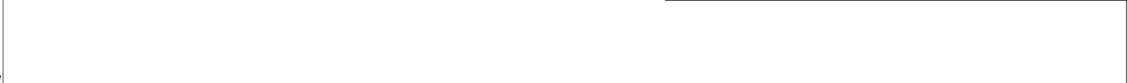
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The whereabouts of East German party boss Ulbricht since 1 August is unknown. Despite denials by regime spokesmen in Moscow and East Berlin on 4 August, Ulbricht may be in the USSR to discuss measures for dealing with the refugee flow and the effects of the bloc's Berlin and German policies on the domestic East German situation.

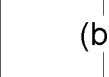
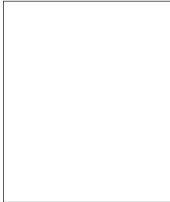


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East Germany: [The East German regime apparently fears that the West Germans may abrogate the Interzonal Trade Agreement, in retaliation for East German pressure against West Berlin.] con=



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tingency economic plans are being put into effect under which some planned long-term investment projects requiring imports]



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[from West Germany are to be delayed until other sources of supply are found. The regime is attempting to replace West German imports with goods from other West European and NATO countries, particularly the UK, France, and Switzerland. Presumably, projects well under way and those of high priority are excepted from these plans.]

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[East Germany at present is continuing to import heavily from West Germany and probably will attempt to accelerate delivery of items needed to complete priority projects.]

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Tunisia: Tunisia's director of national security has expressed the belief to the US ambassador that Bourguiba has suffered a serious domestic political setback as a consequence of the Bizerte affair, the effects of which will be felt more over the longer term than immediately. The security director said on 2 August that even though the nation had rallied to meet the crisis, popular confidence in Bourguiba has been shaken to such an extent that a political opposition could arise later which might lean on Egyptian, Algerian, or Soviet support.

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*French Ambassador to the UN Berard told Ambassador Stevenson on 3 August that a meeting between the French consul general, assisted by military advisers, and the Tunisian governor of Bizerte would satisfy the French requirement for a bilateral meeting with the Tunisians. Berard said Paris would give assurances in such a meeting that French troops would be pulled back to the base, and would then ask Tunisia to guarantee normal communications at the base. Berard added that some French reinforcements could make an "early and conspicuous departure" and that France would be willing to begin substantive discussions on the future of the base in less than two weeks if complete calm returned to the area. Although the Afro-Asian bloc apparently has enough signatures to force a special session of the General Assembly, such a session probably would not be held until at least 8 August, giving both sides some additional time to arrange a bilateral meeting.]

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Congo: Adoula's initial statements following his assumption of the premiership have emphasized his intention to restore Katanga as an integral part of the Congo. Adoula's implied threat of military action against Tshombé has been supported by UN officials, who have reaffirmed that moves by the central government to reintegrate Katanga with the Congo would not be opposed by the UN.

The American Consulate in Elisabethville reports that Adoula's statement of his intentions concerning Katanga has made a strong impression on Tshombé and his ministers, and that Tshombé appears to be searching desperately for means to preserve stability in Katanga.

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[redacted] discipline among Katanga army units outside the city has deteriorated to a point where soldiers obey orders only on a selective basis. The consulate observes that Katanga army units may be content to continue under present conditions so long as they are paid. Nonetheless, the Katanga army no longer appears to represent a formidable military threat to efforts by the UN and the central government to reunify the Congo.

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[redacted] Belgian Foreign Minister Spaak has expressed to Ambassador MacArthur his concern over a recent message from Hammarskjold indicating that, in view of Tshombé's unwillingness to cooperate for Congo unity, the UN planned immediate action to disarm the Katanga army. Spaak stated that he believed such precipitous action might cause the Katanga government to react violently, and doubted whether the UN was capable of keeping the situation under control.

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Communist China: Recent reports of changes in the commune system in Communist China reflect Peiping's continuing problems with farm management and peasant morale. Refugees from South China report that production groups within the communes are being reorganized into smaller units, that some farmland is being assigned to individuals and groups of workers for cultivation, and that communal messhalls are being closed down. Local officials acknowledge that the changes are in response to peasant discontent and successive bad harvests.



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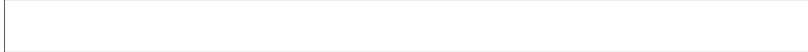


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Bolivia: The Paz government decreed the eastern province of Santa Cruz a military zone on 2 August, and army units have taken control of Santa Cruz city from the local chief of the government party, Luis Sandoval. Sandoval is a leftist who for the past year has exercised control over the area in almost complete independence of the central government. Paz seems to have used as a pretext for his present move the arrival in Santa Cruz of a Constellation aircraft allegedly loaded with contraband--another example of the smuggling with which Sandoval has long been linked. Some 1,000 to 2,000 local militiamen, loyal to Sandoval, have reportedly retreated into mountainous areas near Santa Cruz, and may attempt to recapture the city.



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*USSR: The Soviet Communist Party statutes--the rules governing party organization and activities--have been rewritten to bring them into harmony with the recently published party program. The new rules, although basically similar to those currently in force, incorporate the language of the new program and the comparatively minor substantive changes in party procedures it calls for, but without elaboration. The statutes, which along with the program await formal approval by the 22nd party congress in October, were published in the Soviet press today, instead of on 20 August as originally scheduled. Need for more extensive discussion prior to the lower level party conferences which will precede the national congress probably figured in the decision to advance the publication date; the lower level conferences will begin later this month.

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Recent Changes in China's Communes

[redacted] the South China province of Kwangtung, peasants are obtaining greater control over the cultivation phase of farm work. The "new system," reportedly announced in the late spring and early summer in various communes in Kwangtung, entails the assignment of collective land in one- and two-acre plots to individuals or groups of farmers who are to be completely responsible for tending the crops on this land. However, commune authorities continue to specify which crops are planted on what land, set the yield expected from each plot, and dispose of the crops after each harvest. Peasants will in effect continue to work for the collective but will be free--within the limits of crop assignments and expected output--to work the land as they deem fit. These changes, if widespread, would indicate Peiping's inability to apply collective methods effectively at the field level.

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Many messhalls have also been closed down, apparently because of their continued unpopularity with commune members and because of food shortages. Reports of messhall closures are so far confined to Kwangtung, but a recent article in the Peiping Ta Kung Pao, which for the first time since 1958 failed to state that foodgrain is being distributed through the messhall system, suggests these closures may be more widespread. The public messhall is the major remaining social change introduced with the original commune system.

Peasants are reportedly being given more time to work their private plots, and this of all the measures to boost peasant incentives appears to have been the most successful. The peasants' zeal for collective work has clearly flagged, but remains high where individual plots are concerned. These private plots appear to have contributed to an increase in the supply of non-staple foodstuffs. This has eased the food shortage, but a corresponding improvement in peasant morale is not yet discernible.

To justify these private plots and the free markets where such produce is traded, Peiping has been forced into awkward

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rationalizations. It has argued in the press that private plots are "not a remnant of capitalist ownership," but rather are "entirely socialist in nature." The rationale here is that private production is purely subsidiary in nature and in no way detrimental to the economy. Free markets have been characterized as a "small freedom within the big collective" and designated "an integral part of the socialist system of commerce."

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Violence Threatens in Eastern Bolivian Department
Of Santa Cruz

The sweeping revolution of 1952 was less popular in remote Santa Cruz than in any other Bolivian department, and violent clashes between right-wing groups and the government party--the Nationalist Revolutionary Movement (MNR)--have occurred periodically. This is the first occasion, however, when the national government has taken action against the MNR militia in Santa Cruz. It is also the first instance since 1952 of a clearly drawn conflict between the armed forces and the MNR militia.

Paz, who was inaugurated a year ago, has previously displayed impatience with the erosion of presidential authority which occurred under his predecessor. During February and March of this year Paz arrested and exiled a significant number of right-wing critics as well as several leftist extremists. In June he arrested 35 important Communists. Twice this year he has decreed a 90-day state-of-siege.

Sandoval has no official status in Santa Cruz beyond that of MNR leader, but his control of the local party apparatus has been such that he has hired and fired department officials "with cynical regularity," [redacted]

[redacted] Santa Cruz Department reportedly sent no tax revenue to the capital in 1960, in part because customs revenue was used to reward the militia for service to Sandoval. He has also been linked with the production and export of cocaine on a large scale.

The army contingent regularly stationed in the area numbers about 400 and consists of agricultural service troops. These have been supplemented by other troops, and both the air force commander and the armed forces commander are in Santa Cruz. [redacted]

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