

BI-WEEKLY PROPAGANDA GUIDANCE

NUMBER 115

DATE: 6 May 1963

Central Propaganda Directive
Briefly Noted

Record Copy

Propagandist's Guide to Communist Dissensions
#2, 16-29 Apr 1963 [unclassified Chronology]

- 652. Democratic Alternatives
- 653. Will Khrushchev Fall?
- 654 AF, FE, WH. Women's International Democratic Federation (WIDF)
- 655 WH. Mounting Communist Influence in "Neutral" Brazil
- 656 EE, FE, NE, WE. Continuing Communist Chinese Threat to India
- 657 EE, a. Rumania Asserts Itself
- 658 FE, WE, g. Laos: Renewed Communist Aggression

List of
25X1C Attachments (unclassified)

25X1C10b

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Briefly Noted

New Book Contains Stalin Revelations

A new book by Jack Fishman and J. Bernard Hutton, THE PRIVATE LIFE OF JOSIF STALIN, published by W.H. Allen in London, contains a sensational account of the life of the Soviet dictator, describing his activities in robbing banks, running houses of prostitution, betraying and executing other Bolshevik leaders, as well as his better-known political blunders and excesses. The authors give particular attention to Stalin's three wives and countless love affairs. At the end of the story, it is suggested that Stalin's death was due to poison, administered (possibly by mistake) by Molotov. Khrushchev is portrayed as a heavy drinker and a tool of Molotov, afraid to take any decisions on his own while Stalin lived. In two respects, the writers seem to have given Stalin too much credit; they suggest that he really was a great military leader in World War II, and that he had fabulous vitality, especially in his sex life. The authors are British newspapermen, one of them a former Czech Communist with years of newspaper experience in Moscow.

25X1C10b

EICHMANN Associate Exposed as Communist Trade Agent

The arrest of Erich RAJAKOWITSCH on 17 April in Vienna following his voluntary surrender to Austrian authorities, has once more (see Bi-Weekly Propaganda Guidance #110, 25 February 1963, re SS man Bartsch who was elevated to the Politburo of the East German Communist Party) brought to light a case where the East German Communist regime has used a notorious Nazi to accomplish its political and economic ends. RAJAKOWITSCH, Austrian Nazi, SS Captain, and EICHMANN aide, has been sought for the deaths of thousands of Dutch and other Jews during the Hitler era. He escaped punishment after World War II by resettling in Italy, where he became wealthy in the export-import business. Research by Italian, West Berlin and other Western European newspapers (see current issues of Press Comment for clips) has revealed that most of this business was on behalf of East Germany, the Soviet Union, and other Soviet Bloc countries. Although some of his fees allegedly had to be kicked back to the Italian Communist Party, he became rich in spite of his "contributions." A villa in Switzerland, costly automobiles and a life of luxury in Italy were an integral part of his daily life.

Whenever the East German and other Communist agitprop departments seek to smear the Federal Republic of Germany with the taint

(Briefly Noted Cont.)

6 May 1963

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of re-nazification, we note through appropriate assets that the West Germans continue to prosecute cases of former Nazis who committed crimes, but that the Communists bestow political and economic rewards on them if they agree to serve Communist objectives. We cite the cases of Bartsch and Rajakowitsch as recent examples of the numerous documented cases of former Nazis employed by the Communists.

DATES

25X1C10b

- 23 May Conference of the Inter-African and Malagasy Organization, Addis Ababa, 23 May 1963 (See Item 645)
- 23 May Twentieth anniversary of Moscow's official announcement disbanding the Communist International (COMINTERN)
- 17 June Tenth anniversary of anti-Communist riot and strike in Communist Germany against increased work quotas; Soviet troops were required to put down the riot (1953)
- 17 June Fifth anniversary of Communist Hungarian Government's announcement of the trial and execution of Imre Nagy, Gen. Pal Maleter and other leaders of the Hungarian Revolt of November 1956 (1958)
- 23 June General elections scheduled for Argentina
- 24 June Women's International Democratic Federation (WIDF) Fifth Congress, Moscow, 24-29 June 1963
- 25 June North Korean Forces invaded Republic of South Korea; North Korean radio broadcast declaration of war (1950)
- 26 June Fifteenth anniversary of beginning of Allied airlift to Berlin in successful answer to the Soviet blockade (1948)
- 28 June Poznan, Poland: revolt against Communist rule; 44 killed and hundreds wounded (1956)
- 28 June Fifteenth anniversary of Cominform resolution to expel the Yugoslav Party (1948)
- 1 July Chinese Communist Party founded, (1921)
- 4 July Philippines granted independence by USA (1946)
- 9 July ICFTU Vienna World Youth Rally July 9-19
- 20 July Ninth anniversary Geneva Agreement concluding the war in Indo-China (1954) /Cambodia, Laos, Vietnam/
- 22 July Seventh Anniversary Panama Declaration outline political and economic philosophy of OAS (July 13, 1888 -- Seventy-five years ago, US issued invitation to the first International Conference of American States to be held in Panama (Pan American Union))

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Approved For Release 2000/08/27 : CIA-RDP78-03061A000200010008-2

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6 May 1963

652. Democratic Alternatives

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BACKGROUND:

Significance of Problem. US foreign policy desires to see in foreign countries open (plural) societies and free (democratic, constitutional) forms of government--not because we want to remodel the world in our image, but as a necessary safeguard against further encroachments by Communist, Fascist or other totalitarian, aggressive and war-like regimes and as the only reliable basis for peace and ever closer cooperation and friendly relations between all nations which are absolutely and urgently necessary in the nuclear age. It is neither desirable nor practicable that all nations should emulate US patterns and laws: depending on any nation's history and present stage of development, a wide range of different forms of socio-economic structure and legal-political order may be applicable. Essential, however--in the interest of the nations and individuals concerned as well as for our national security--is the rule of law, basic freedoms of the individual and adequate stability of the country's institutions.

Critical Situations Increasing. Since the end of World War Two, the total number of sovereign nations has multiplied because most former colonies and possessions have gained independence; moreover, quite a few countries turned (or returned) from dictatorial to democratic regimes--including Germany, Austria, Italy, Argentina, Brazil, Japan. At the same time, however, Communist subversion and certain rightist and neo-Fascist movements from within, as well as Communist threats and pressures from without, combined with the lack of democratic experience and traditions, are jeopardizing freedom in many of these newly established or re-established democracies. We shall cite some of the most significant types of such recent or current jeopardy--ranging from the actual or imminent loss of freedom to developments which may endanger freedom in the foreseeable future--in the paragraphs below.

Elections Benefiting the Enemies of Democracy. In Guatemala, the recent military coup ousting President Ydigoras was staged to prevent elections which were expected to restore leftist, pro-Communist Arevalo to the Presidency. In Argentina, elections last year which resulted in considerable gains for the fascist Peronistas--actively supported by the Communists--were invalidated by

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6 May 1963

the armed forces who deposed President Frondizi (who had permitted the Peronistas--outlawed after the ouster of dictator Peron--to reappear on the ballot and had failed to rally the democratic majority against them). In Indonesia, where no general elections have been held for years and despite the fact that the Indonesians are presently talking about holding elections before the end of 1963, none are likely in the foreseeable future. Such elections--if held now and under the prevailing political situation--would presumably give the Indonesian CP a strong plurality. However different these 3 country situations, they all have conditions in common under which it is hardly advisable to press for unrestricted, free elections since these would almost certainly bring enemies of democracy to power.

Democratic Shortcomings lead to Autocratic Rule. In Pakistan, the constitutional regime, established when the country attained independence in 1947, found itself deadlocked at an early stage and dictatorial powers were assumed by President Ayub Khan. In Burma, General Ne Win, who assumed power in 1958 to forestall possible internal chaos stemming from Communist inroads, rules again as a dictator in his own right. This time Ne Win has scrapped the former constitution and has embarked on a socialistic campaign marked by extreme leftist tendencies and xenophobia. In Peru, a military junta seized power last year to frustrate the electoral victory of the leftist, though non-Communist Apristas. In all these and similar situations, existing democratic regimes proved unable to solve grave external or domestic problems, to reform themselves in order to meet such contingencies, or to prevent military or other autocratic forces from overthrowing the legally constituted government.

One-Party Democracies? In a number of newly independent countries, especially in Africa--as in Ghana, Guinea, Mali, and, to an increasing extent, in Algeria--the outward forms of democracy are being more or less observed, but all power is actually vested in a single, autocratically organized party, led by one man (such as Nkrumah). Opposition is either completely outlawed or severely restricted (by law, administrative measures, or outright terror) and the rights of individuals, though perhaps respected in private, non-political matters, are ignored if they happen to run counter to the interests of the ruling party, or even to the whim of the big leader. Democracy is not dependent upon a multiple-party system; it can exist in a one-party system as long as opposition within that party is not prevented or subjugated to dictatorial control. But a two-party system generally guarantees greater exercise of democracy. African nationalists attempt to justify this arbitrary one-party or one-man rule by referring (a) to tribal traditions which did not give play to a "loyal opposition" once a decision was taken by a chief, variously influenced by his council, and (b) to the custom of the Western democracies to form in emergencies a "government of national unity," involving all political parties and thereby, at least temporarily, eliminating

6 May 1963

all opposition. Although some African leaders have tended to believe these arguments, they are not applicable: a war-time government of national unity, as it existed in most Western European countries in World Wars I and II, never eliminated opposition parties as separate identities and never abolished the rights of the individual, despite certain obvious war-time restrictions; moreover, no African state today is faced with an emergency comparable with that of a general war.

Shortage of Democratic Alternatives. In Austria, the two major parties, Catholics and Socialists, have jointly ruled in coalition governments since 1945: the only opposition parties are the Communists and the right-wing "Freedom" Party. In Italy, too, the only parties outside the government coalition since 1945 have been Communists, Monarchists and Neo-Fascists. In Japan, the conservative Liberal-Democratic Party rules supported by a solid popular majority: the only major opposition party, the Socialist Party, unlike the European Socialist Parties, is predominantly a Marxist-based left-wing movement, with some pro-Communist leanings and at this time can hardly be considered a democratic alternative. The countries enumerated in this paragraph (and others, in similar situations) all have functioning democratic governments and need not experience constitutional crises of the types outlined in the preceding paragraphs. Nevertheless, it is basically unhealthy for any democratic regime if voters have only the choice between a party supporting the government and an anti-democratic (Communist, Fascist) candidate: expressing one's dissatisfaction with the current administration by voting for the "outs" is a basic democratic right--provided those "outs" will not undermine or abolish that very democracy should they be voted "in." This may sound somewhat academic to most practicing politicians in the countries concerned (where, however, some people have been aware of this problem for some time)--but we ought to keep in mind that an emergency, whether caused by an economic depression, the death of an outstanding leader, by conflicts with other countries, or the like, may conjure up serious consequences out of what now appear to be merely minor flaws in the political system.

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BACKGROUND:

Rumors of a power struggle. Early in April, reports from Italy, purportedly from the Italian Communist Party, suggested that leadership disagreements were occurring in the Kremlin. The pro-CPI Paese Sera reported from Moscow (2 April 1963) that a debate was going on "of a liveliness without example," and added references to the many problems that had to be solved. The official CPI newspaper L'Unita carried (31 March) a Moscow-dated story saying that Moscow was going through a "delicate and interesting political moment." (L'Unita, however, denied on 2 April an Italian news agency report that Khrushchev's party position had "notably weakened in recent months.") Then on 16 April, Agence France Presse reported rumors that Khrushchev would resign on reaching 69 and on 20 April, in an apparently related story, Edward Crankshaw wrote in the London Observer that Khrushchev would announce, at the May CPSU plenum, that he would resign within two years. On 24 April, Khrushchev himself dropped what may have been a hint of an impending resignation from some, at least, of his offices; after stating that the CPSU must have leaders, he indicated that in saying this, he was not thinking of his own position, since he was 69 and "everyone understands that I cannot hold for all time the position I now have in the party and in the state."

Conditions and differences generating policy disputes. None of the above indications can be considered very reliable. Still, there have been factual developments which lend some support to the belief that there are differences in the Kremlin over leadership, or at least over policy; these are described in an unclassified attachment. Obviously, most of even this material is open to more than one interpretation, and in isolation, some of the facts would hardly be worthy of notice. The problems of the Soviet leadership are apparent, not so much from such incidents as described in the attachment, as in the general trends and conditions which can be identified. These include:

1. The growth of a dissatisfied and rebellious youthful elite, led by poets and writers, and connected with and backed by scientists and technicians.

2. The tendency of Communists in many countries to consider revisionist ideas, especially in economics, and to cease to look to Moscow for guidance. Many of these same Communists sympathize with the rebels mentioned in para. 1.

3. The reaction of other Communists, especially the Chinese, against any modification of past revolutionary dogma to suit present conditions; these elements are the true heirs of the old Bolsheviks, and their Asian members lean to a racist form of anti-imperialism.

4. The propensity of bureaucratic Soviet government and management to discourage initiative, conceal failure, report misleading generalities, and feather their own nests; this gentry is neither revolutionary nor bourgeois, but includes large numbers of stodgy and often corrupt officials, wedded to the formulas of 20 years ago.

5. The progressive exhaustion of every cheap expedient for temporarily increasing the food supply -- the original expropriation by collectivization in the early '30's, the more recent opening of the climatically marginal "virgin lands," and last year's cultivation of fallow grassland all having been tried. Heavy investment in machinery and chemical fertilizer are the minimum steps necessary. Poland has found that the real solution is the abandonment of collective farming.

6. The increasing need for housing and consumer goods, if only to catch up with obsolescence and a growing population.

7. The successive and increasingly decisive failure of all attempts to take a short cut to a major Soviet success in foreign affairs: the Berlin blockade, Korea, massive aid to neutralist countries, diversionary parties and fronts (e.g., US Progressive Party in 1948, resistance veterans' groups, World Peace Congress), megaton threats and spaceship boasts, and especially the introduction of MRBM's in Cuba. Khrushchev has hoped to lead Communism to triumph, but since Stalin's death, Communism has lost rather than gained in most of the world. Where the Communists did gain, in China, Vietnam, and Cuba, it was not the work of the Soviets and these countries are one of Moscow's greatest problems. (See para. 3 above.)

Inherent policy dilemma. In the face of such difficulties, many Soviet leaders are undoubtedly inclined to turn to old Stalinist methods, tried but not true. In particular, since existing Soviet arms have produced no impression, they think that the remedy is to build more, forgetting that an aroused free world can easily outproduce them. To some of these leaders, Khrushchev may seem too liberal, too soft. But Khrushchev, inherently a Stalinist himself, was pushed by the pressures of the situation into his experiments. If he falls, his successors will face the same pressures. A brilliant, vital Soviet leader -- no such is in sight now -- might perhaps be able to go beyond Khrushchev's half-measures and overcome many Soviet problems. But certainly a return to Stalinism will not solve

25X1C10b

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Next 1 Page(s) In Document Exempt

Approved For Release 2000/08/27 : CIA-RDP78-03061A000200010008-2

654. AF,FE,WH. Women's International Democratic Federation (WIDF);
Fifth World Congress, June 24 to 29, Moscow

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BACKGROUND: The WIDF has been one of the clearest examples of a Communist front since its inception in 1945. It was founded in Paris by the Communist-dominated Union des Femmes Francaises and originally concentrated most of its activities on European target audiences. Unlike most of the other fronts which possessed some non-Communist membership, at least in the beginning, it could not claim any significant non-Communist affiliations at its origins and has failed in its efforts to attract any ever since. Membership is open to women's organizations, groups of women, or in some instances, to individual women. In the mid-fifties, the WIDF, as other international Communist fronts, began to expand major operational efforts toward winning allegiance and support for its propaganda aims from women in the underdeveloped and newly-independent world areas. The WIDF claims a membership of "over 200 million" in 80 countries.

The present leadership of the WIDF includes President Eugenie Cotton (the first and only President to date) of France, a Lenin Peace Prize winner, WPC official, for many years an ardent and consistent Soviet supporter; Secretary General Carmen Zanti, a WPC Bureau member and leader of the Communist front Union of Italian Women; its roster of vice-presidents contains almost exclusively activists in the WPC, and numbers two more Lenin prize winners, one Communist deputy, one leading CP member, and 3 representatives from Bloc countries. Expelled from France in 1951, the WIDF makes its headquarters now in East Berlin.

WIDF's aims, as stated in its charter, are sufficiently broad and pacific to attract a wide following among women throughout the world. It ostensibly seeks to unite women in defense of women's rights and equality; for the protection of children; against war and aggression; for the promotion of peace, democracy, independence, self-determination, reduction of armaments, prohibition of thermo-nuclear and other weapons of mass destruction, etc. In practice, of course, these noble objectives have suffered in the course of their translation into WIDF's real propaganda themes. For example, the WIDF has consistently attempted to strengthen the illusion of the ideal conditions of women and children in the Soviet Union -- in contrast to the alleged inadequacies of food, housing or medical attention in the "capitalist" world, and the exploitation and oppression in the "colonial" countries. In the name of women and motherhood, WIDF seems to assert a proprietary interest in condemning the dangers of atomic war and the menace of radiation caused by nuclear testing. WIDF's condemnation, of course, is directed only at nuclear testing by western powers, while similar activities and military preparations in the bloc are conveniently

overlooked, if not defended. WIDF's policy has followed the various zigs and zags of Soviet policy and propaganda, as exemplified in levelling germ warfare charges against the US in the Korean War, the ejection and subsequent readmission of the Yugoslavian chapter, etc., etc.

WIDF meetings, such as the Bureau Meeting in Bamako in January 1963, and the International Women's Assembly for Disarmament in Vienna in March 1962, and continuing propaganda releases have faithfully reflected Moscow's disarmament line, complete with condemnations of "inhuman treatment of political prisoners" (in Venezuela, Iraq, etc.), bitter tirades against warmongers in the US and American "provocation" in Vietnam, expressions of solidarity with Cuba, and so forth. Nonetheless, a somewhat militaristic note was added to WIDF's militancy at the Congress of Women of the Americas in Havana in January 1963 (sponsored by WIDF's Cuban affiliate) when Wu Chuan-heng, head of the Chinese women's delegation, former WIDF secretariat member (1957-58) and Secretary of the All-China Women's Federation Secretariat stated that the "women...of China resolutely support their Cuban brothers' and sisters' just struggle against US aggression"; and when Fidel Castro, in a concluding speech, declared that Latin America needed experts in leading the people to revolution, that "the masses must be taken to the battle," and that women "must be revolutionary" and emulate their Cuban sisters who paraded with the troops -- an example of their equality with men. The discrepancy between the WIDF's professed, pacific aims and its obvious subservience to aggressive Communist propaganda has resulted in some ill will, not to say confusion, among delegates who had not understood the true nature of the organization. Press reports following the Vienna disarmament meeting, for example, claimed that African women had been disillusioned by the way the proceedings were handled and were largely responsible for moderating the tone of the final resolution.

The WIDF has failed to impress the UN or its related bodies with its claim to be a representative, non-political organization. In 1952 it lost its consultative status with UNESCO. Two years later, ECOSOC withdrew WIDF's Category "B" consultative status which had been granted in 1947. Its reapplication for status with ECOSOC was denied; and similar requests to UNESCO were disapproved in 1960 and 1962. In the latter appeal, however, it was one of the organizations to which the Director General granted "C" status, which merely involves the right to exchange correspondence. Ironically, but as might be expected, WIDF has exploited this consolation prize to suggest that it possesses "status" with the UN although it has, in fact, been formally denied.

The forthcoming Moscow meeting is expected to reiterate traditional Soviet propaganda themes on disarmament, peace, sovereignty, national independence, US "militarism," rearmament of West Germany, and so forth, couched in emotional appeals on behalf of the world's women and children. It must be presumed that the Congress will make efforts to attract sympathy and support from women of the underdeveloped areas by playing on the theme of anti-colonialism, directed, of course, against the West and charged

(654 Cont.)

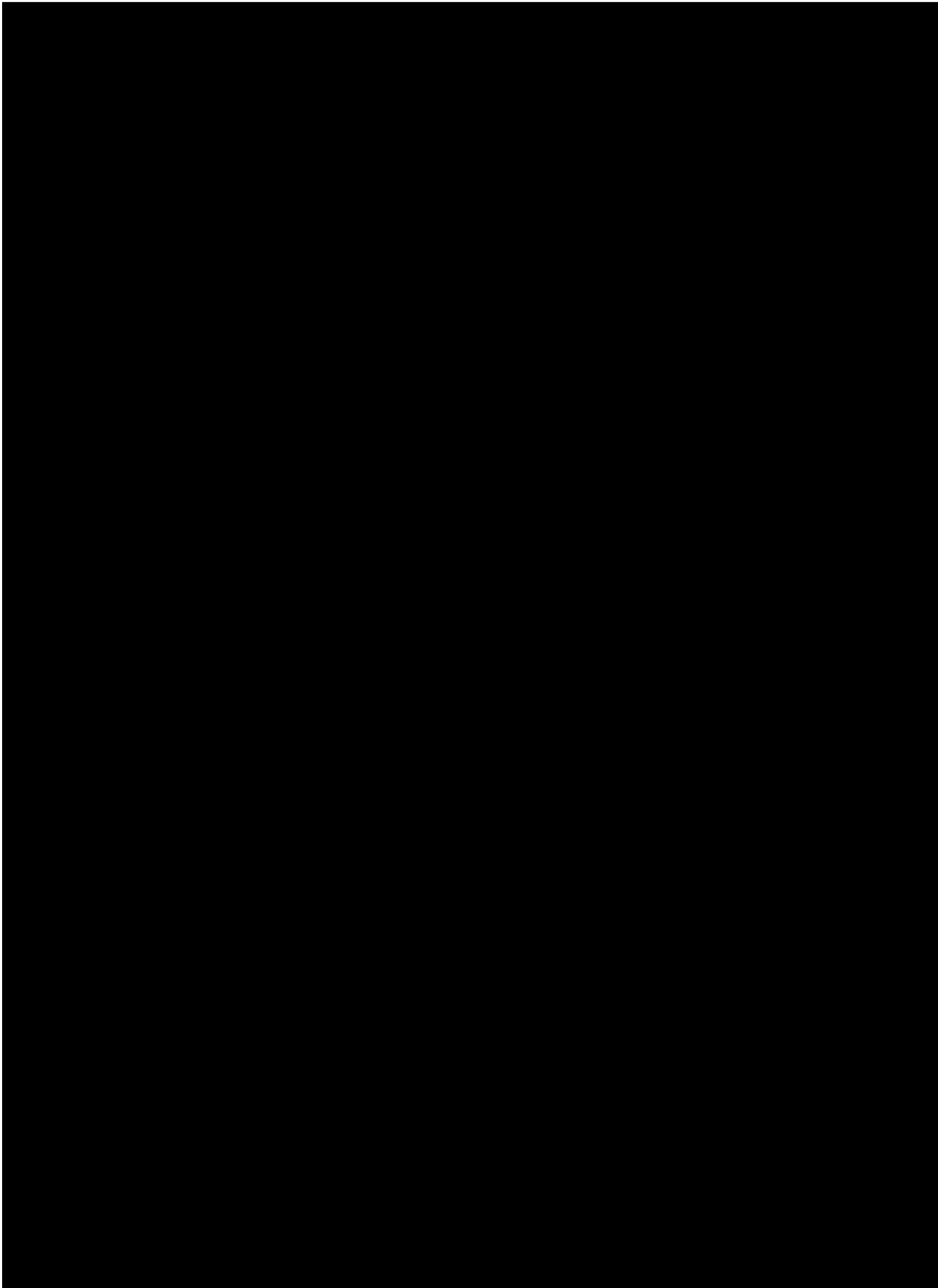
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6 May 1963

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with emotional accusations against Western and American policies
of oppression and subjugation.

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655 WH. Mounting Communist Influence in "Neutral" Brazil

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BACKGROUND: When Brazilians were asked to rate the US and the Soviet Union in a recent public opinion poll, the majority replied, in effect, "US si, Soviets no." According to a report in The New York Times (Western edition) 4 March 1963, more than half of those polled--52%--said they thought the US was a "good or very good country." The Soviet box score: only 12% said it was "good," 36% said it was "bad" and 52% gave no opinion.

In spite of this measure of Brazilian opinion, President Joao Goulart has effected closer relations with the Soviets and their satellites under the mantle of implementing an "independent" or "neutralist" foreign policy. Diplomatic relations with the USSR (broken in 1947 amid charges of a Soviet conspiracy to subvert Brazil's democratic institutions) were resumed in 1961; diplomatic relations with Eastern Europe have been expanded; cultural and trade exchanges with the Soviets and their satellites have developed at a steady pace.

Goulart was on a trade mission to Communist China when he learned that the unexpected resignation of President Janio Quadros in August 1961 had elevated him, Brazil's vice president, to the presidency. His return to Brazil was opposed by the ministers of Army, Navy, and Air who issued a joint statement which accused him of allowing Communists to infiltrate key posts in the government and charged that he "would without any doubt give the greatest incentive to all those who want to see the country in chaos, anarchy and civil war."

He became president only after the Congress approved a constitutional amendment converting from a presidential to a parliamentary form of government with a figurehead president and powerful prime minister. But Goulart managed to retain most of the theoretically transferred presidential powers and waged an aggressive political campaign to regain full authority. A national plebiscite in January 1963 restored full presidential powers by a margin of 10 million of the 12 million votes cast.

Communist Influence. Goulart is not known to be a Communist, but he has a long history of seeking and receiving Communist support and has given the Communists considerable freedom of action within the labor movement which forms the backbone of his Brazilian Labor Party (Partido Trabalhista Brasileiro, PTB). Many of his appointments, designed to entrench himself and his party, have included individuals frequently associated with pro-Communist fronts or causes.

6 May 1963

As his private secretary, for example, he named an avowed Communist, Raul Ryff. Ryff, now Goulart's press secretary, has been an active member of the Brazilian Communist Party (Partido Comunista Brasileiro, PCB) for over 30 years, held several positions in the PCB leadership, was an organizer and propagandist for the Communists, held prominent positions in Communist fronts and has even been jailed twice on charges of subversion.

As head of his civil cabinet, then minister of labor, later prime minister and now his foreign minister, Goulart appointed Hermes Lima--characterized as a left-wing Socialist with Communist sympathies and a record of actions favorable to communism. He was a member of the generally pro-Communist Brazilian Socialist Party until 1959 and has been an adviser to PCB Secretary-General Luis Prestes and an officer in several Communist fronts. He was dismissed from the faculty of the University of Brazil for Communist activities.

Minister of Labor Almino Afonso is described as a crypto-Communist PTB leader. Minister of Planning Celso Furtado has had close associations with leftist groups and is thought to have been a member of the PCB as late as 1947. Chief of the Presidential Civil Household Evandro Lins E Silva, former attorney general, has a long record of support of Communist causes, has held important posts in numerous Communist fronts and served as legal counsel for members of the PCB and others accused of subversive activities. Other top officials, most of whom are affiliated with the Communist-infiltrated PTB, are identified as ultra nationalists, anti-US, authoritarian or other classifications which are identified with PCB objectives.

Many of the Communists or extreme leftists who occupy prominent government positions are energetic, young, dynamic individuals aggressively seeking extensive social and economic reforms --goals which have wide popular appeal. A prominent example of this type of leader is Miguel Arraes, governor of the northeast state of Pernambuco. Since taking office 31 January, he has appointed a number of Communists or Communist-inclined individuals to key state posts. He named a member of the PCB since 1934, Diogenes de Arruda Camara, who has been identified with PCB rural affairs, to his staff--probably to develop agrarian reform plans.

The moderate conservative political force represented mainly by the armed forces, as reflected in their opposition to Goulart's becoming president, has been weakened through their own lack of cohesiveness in political matters and Goulart's appointment of officers with more leftist views to important command positions. One such appointee, Osvino Ferreira Alves, commanding general of the First Army in Rio de Janeiro, Brazil's most important command post, created a crisis early in April through a clash with anti-Communist Minister of War Amaury Kruehl.

6 May 1963

General Alves is described as an ultra nationalist who appears to be a Communist sympathizer and is closely associated with and supported by President Goulart's brother-in-law, Leonel Brizola, leftist former governor of Rio Grande do Sul, now 1 of 21 federal deputies from Guanabara. His clash with General Kruel was prompted by developments connected with the Communist-sponsored Congress of Solidarity with Cuba (see Guidance Item No. 651, "Congress of Solidarity with Cuba: Aftermath"). After Governor Carlos Lacerda of Guanabara state /i.e. Rio de Janeiro area/ banned the Congress from his jurisdiction and put state police around the proposed meeting site, Alves sent First Army troops to occupy federal buildings and neutralize the state police--a move just short of federal intervention. This provoked Lacerda into making a blistering personal attack on President Goulart in which he denounced his leftist activity.

Alves defended President Goulart, attacked Lacerda in personal terms and demanded federal intervention to depose Lacerda and put his First Army in charge of Guanabara state. He followed this demand with a threat to give military protection to a leftist labor meeting scheduled to meet in Rio and declared he would order his troops to open fire on the state police if they interfered. This outburst led Kruel to order Alves' arrest. Pro-left and pro-right forces began to organize and agitate but the tension was eased by an announcement that the two generals had met and the War Minister had "affirmed his authority, demanding manifestations essential to military discipline."

Communist Activity. Organized in 1922, the Brazilian Communist Party (PCB) has been illegal except 1945-47. This legal prohibition, is more theoretical than practical although the party is still prevented from taking a direct role in elections. Its membership is estimated at 20,000 but it also counts on sizable non-party followings and substantial influence among other political groups. It is active in seeking leadership and supporters among students and workers, has won key positions among unions and other organized groups and is working systematically to insert and recruit party members and supporters at all levels of the government. It is estimated that the PCB can count on 200,000 sympathizers.

There is constant agitation to legalize the PCB (for example, a group claiming to represent 587 labor unions adopted resolutions calling for PCB legalization last year). The over-all PCB goal is to establish a radical nationalist government which would break Brazil's long-standing alignment with the US on international issues and grant PCB recognition and full freedom of action. While it can't get its own name on the ballot, the PCB did back several candidates in the October elections. It did not fare well on a national basis, but did win some important victories in certain key states.

For the past several years, the head of the PCB, Luis Carlos Prestes, has led the group on a "soft" line and concentrated on

6 May 1963

the quest for legal status. But during 1961 he and his associates were accused of revisionism and rightist deviation by three ex-members of the PCB presidium and five other former central committee members. These dissidents were expelled from the PCB as divisionists. They formed a Communist Party of Brazil early in 1962 and claimed to be the legitimate PCB. They seek and hope for recognition from other Communist Parties--especially those which advocate the more violent path to communism advocated by the Chinese Communists, practiced by Castro and for which they, unlike the regular PCB, are preparing by guerrilla warfare training and other activities.

A third element is introduced by the Brazilian Peasant Leagues headed by pro-Communist Francisco Juliao. Juliao has repeatedly expressed his admiration of Mao Tse-tung and Castro. Closely allied with Communists he has advocated violence in exploiting peasant unrest with special reference to land reform. "Brazil's path is the same as Cuba's," Juliao has declared. "In case our demands are not accepted, we will have no alternative but to head for the hills, let our beards grow and grab a rifle," the recently elected congressman maintains.

Friction between these Communist or Communist-supporting elements has become more and more obvious. The PCB was reluctant to back Juliao in sponsoring the Congress of Solidarity with Cuba, for example (see Guidance Item No. 651). Prestes went to Cuba from Moscow to discuss the subject; Juliao was already there and admitted he didn't see eye-to-eye with Prestes. In an interview with a Moscow correspondent of El Siglo, Chilean Communist newspaper, Prestes charged that Juliao "has practically abandoned his activity among the peasants and dedicated himself to preparing for 'the revolution.'" In this respect he holds some very 'radical' views, for which we have to criticize him many times!" Prestes concluded: "His peasant movement has no organic structure. In reality, the Brazilian peasants follow the lead of the Communists."

Differences have appeared even among "comrades." A recent example was the position taken on Brazil's three-year economic development plan. In an interview with the leftist-nationalist Rio daily Ultima Hora, Khrushchev said he wished "the Brazilian people all success in carrying out the plan." Prestes declared: "We can't agree with this government and neither with the three-year plan which it intends to load on the backs of the people."

The Khrushchev interview appears as part of a broad campaign to put the best Soviet foot forward in dealing with Brazil. Brazil has received favorable treatment in the Soviet press and has become a major target for Soviet propaganda. The latter employs highly selective reports of Goulart's views and policies to present him in a favorable light and to convey the impression that his program and the goals professed by the Brazilian Communist Party are in complete harmony. Anything that doesn't agree with this picture is misrepresented or not reported.

6 May 1963

The Soviet Union appears to have made Brazil a focal point, with the exception of Cuba--a special case, of its Latin American campaign. It has agreed to relieve Brazil of some of its surplus coffee, made appealing offers to help oil-short Brazil develop its large deposits of oil-bearing shale and on 20 April signed a 5-year trade agreement which more than doubles last year's volume of trade. Economic aid will be an agenda item for Brazil's finance minister during a projected Moscow trip next September. Cultural exchanges have been increased too. Brazil is being treated as something of a showcase to demonstrate to other Latin American nations the advantages of recognizing Soviet Russia and accepting Khrushchev's offer of "peaceful coexistence."

Summary. Goulart and other leaders incline more toward personal loyalties than to political conviction. Many feel that Communists represent no direct threat because they believe "they can handle them." But the basic point of issue is reform--social, economic, agrarian--to raise the standard of living and improve the welfare of the people of Latin America's biggest nation. Leaders affiliated with or willing to accommodate the far left, promise quick and far-reaching accomplishments. Unless the government and the conservative elements effect reforms or meet the challenges of the far left, they may lose by default.

The developments reported above reflect the steady trend toward the left which has characterized Brazil's course during Goulart's administration. The trend has accentuated political and economic unrest and is being exploited by ultra nationalists and leftists, including Communists and their sympathizers. The Communists seek to manipulate legitimate Brazilian nationalism for their own ends. Goulart maintains he will never let the government fall into the hands of Communists but says he will never ask for a declaration of ideological faith from any of his advisers. His personal loyalties may become a liability which could have an adverse effect upon Brazil and because of its leadership, its size (5th largest country in the world), location (bordering all South American nations except Chile and Ecuador) and population (an estimated 70,000,000) and other factors, an equally adverse effect on all of Latin America.

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BACKGROUND: The uneasy cease fire which has prevailed since November in the Sino-Indian border war has brought the contending nations no closer to solving their boundary disputes or to a military armistice. Communist China takes noisy credit for the cease fire, which was primarily imposed by the winter snows in the Himalayas, while increasing a propaganda barrage designed to make India appear the aggressor. At the same time, the Chicom have stepped up political maneuvers to increase their influence throughout Asia.

Following unilateral announcement of a cease fire on November 20th, the Chinese Communists began a military withdrawal which, by early March, they claimed to have completed in all the disputed border areas. In early December six non-aligned nations -- Indonesia, Burma, Cambodia, Ceylon, the UAR and Ghana -- met in Colombo, Ceylon to discuss the dispute. Although they failed, unsurprisingly, to address themselves to the substance of the conflict, they agreed on proposals to precede negotiations between the disputants. India accepted the proposals with certain modifications and said that she would negotiate only if China would also accept them. China has accepted them only "in principle" and refuses to view them as preconditions to negotiation over the lands seized from India.

Chinese moves. On March 2, 1963, Pakistan signed a border agreement with China, to become the latest country bordering Communist China to make such a settlement (Burma, January 1960; Nepal, March 1960; Mongolia, December 1962). The agreement was undoubtedly calculated to prejudice discussions between India and Pakistan over claims to the Kashmir area, a portion of which figured in the China-Pakistan border settlement. Communist China's deliberately soft line in negotiating these boundary settlements and the one now being discussed with Afghanistan, suggests that she is emphasizing her own sweet reasonableness with a view to tempting India into negotiations -- but with expected Chicom gains. Also advertised as a move to create an "atmosphere for peaceful settlement of the boundary question" was China's release in early April of some 300 Indian prisoners-of-war and her announced plan to release all of the more than three thousand captured in the October-November fighting.

China, with the largest land army in the world, continues to accuse an "aggressive" India of selling its non-alignment policy for Western military aid. Peking news media have also implied criticism of the USSR's military assistance to India by reporting on the arrival and testing, in India, of MIGs and helicopters and on plans for further Soviet assistance.

Additional efforts to increase her influence in states bordering India include a stepped up propaganda

6 May 1963

traditionally an area in which India attempts to exert her influence, and the unprecedented visit of Liu Shao-chi (Mao's heir apparent) to Burma, India's militarily weak neighbor. In addition, Chinese Friendship Associations in Pakistan, Ceylon and Nepal have been performing the role of front groups. Their increasingly vocal praise of China, taken in the context of the Sino-Indian conflict, serves the Communist cause well, even though in Pakistan, for instance, the Communist Party is illegal.

The Chinese Communist Party attacked the Communist Party of India (CPI) in a 9 March People's Daily editorial in which it assailed the "revisionists" in the CPI who defended Nehru's resistance to Chicom aggression.

The combination of military and political accomplishments of the past eight months has produced a major psychological achievement. The belief in Chinese Communist military and political strength now appears so great that it has obliterated most speculation on the great internal weaknesses which represent serious problems for the CCP. The image which has emerged is of a China capable of taking any initiative at her own time, for her own purposes.

Indian moves. During the period since the cease fire, India has made a considerable effort to improve and increase her military forces in anticipation of renewed Chicom attacks. Emergency military assistance from the US and UK totalling more than \$100 million has somewhat eased the overwhelming financial burden imposed by the need to continue economic development programs while trying to wipe out the effects of long neglect of the military establishment.

The USSR, silent during the Chinese attacks of October and November, rallied to protect her potential political influence in India. A token delivery of military aircraft has been made and agreement reached to build an airframe factory in India. Although American assistance to India is more than four times greater than that of the USSR, the latter has provided some spectacular industrial assistance calculated to impress the machine-hungry Indians.

On the diplomatic front India, weakened by the need to maintain troops in Kashmir, heeded those Western friends who came to her aid against China, and reopened discussions with Pakistan on their conflicting claims to Kashmir. (See Bi-Weekly Guidance Item #639, March 25, 1963). A settlement of this long-standing problem between the two neighbors would enable India to concentrate political and military forces against the greater threat from Communist China. However, traditional hostilities are so extreme and possible solutions so fraught with new difficulties that a meaningful settlement is not expected soon.

In addition to agreeing to the Colombo proposals for talks with China under stated conditions, India has announced her willingness to submit the border problem to the International Court of Justice at the Hague, if direct negotiations with China should fail to materialize or yield results.

6 May 1963

Approved For Release 2000/08/27 : CIA-RDP78-03061A000200010008-2

Chicom notes protesting border intrusions have been so numerous and flagrantly propagandistic that New Age of New Delhi, organ of the Communist Party of India, said on April 7: "This Chinese Note and the subsequent whipping up of the campaign in the Chinese press against Indian policies, can lead one only to the conclusion that the Chinese Government is determined to 'prove' by any means, the 'forecast' made earlier by Foreign Minister Chen Yi that 'provocative actions on the part of Indian troops will occur from time to time!'"

The split between Communist China and the USSR over the Sino-Indian conflict has been matched by a split in the ranks of the CPI. Chairman S.A. Dange and most of the CPI members have supported, for their own purposes, the Indian national interest and decried the Chinese attack. A smaller faction, many of whose leaders were jailed under Defense of India Act, hailed the Chinese aggression and denounced India's military response.

Outlook. The possibility of further Chinese invasion of Indian territory continues to exist. Retention of the Aksai Chin plateau area in Ladakh on the northwest front, seized from India during the October fighting, is generally believed to be of strategic importance to Peking. Any real or imagined threat to her continued occupation might provoke Chinese attacks. So-called incidents on the other major front, the North East Frontier Area between Assam and Tibet, might have the same results. Barring such incidents and barring internal political pressures or external problems with Tibet, Nationalist China, or even the Soviet Union, China may stand for the immediate future on the territories already taken, awaiting more favorable climates -- both meteorological and political -- for expansion. But unforeseen events or inexplicable twists in international communism could dictate renewed attacks at any time.

Added to the continuing military threat there will undoubtedly be continuing psychological pressures from Peking. Additional gestures of "peaceful intentions" are to be expected and could even include eventual acceptance of the Colombo proposals. China may also continue her demands that India negotiate without preconditions. Indirect pressure on India, exercised through friendly overtures to India's neighbors -- or enemies -- and propaganda campaigns against India's friends, will probably be added to the threat of renewed military action.

The Colombo group, anxious to be peacemakers between the Asian neighbors, will continue to press its views on China. An Indonesian editorial which appeared during the Chinese Communist President's April visit to Djakarta, reflected the pride and concern of the Colombo powers although Indonesia herself has not accepted all the Colombo proposals. "It is incredible that the results achieved at Colombo are considered incomplete...What is not clear is why China has not accepted the proposals," said Duta Masjarakat on 17 April 1963.

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Approved For Release 2000/08/27 : CIA-RDP78-03061A000200010008-2

6 May 1963

657 EE, a. Rumania Asserts Itself

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BACKGROUND: Communist Rumania, traditionally among the most subservient of Soviet satellites, has recently begun to assert more economic independence in its relations with the USSR. Rumania is apparently determined to resist the economic role it has been assigned by the USSR within the Council for Economic Mutual Assistance (CEMA). This resistance is related to its economic progress and to its own plans for the establishment of heavy industry in Rumania.

Party Status. By comparison with most of the other Communist Parties of Eastern Europe, the cohesion of the Rumanian CP has been distinctive. Since there has been no real anti-Stalinist alternative, and because the current leadership has been comparatively successful in developing an economically viable Communist state, Rumania did not experience--either in 1956 or after the 22nd CPSU Congress--any of the internal upheavals which jarred Hungary, Poland, or East Germany. After the 22nd CPSU Congress in Moscow, the Rumanian leaders paid lip service to de-Stalinization: streets and villages were re-named, monuments dismantled; however, within the Party itself, the men, the attitudes--even the language in which the personality cult was denounced--retained their Stalinist core.

Before World War II, the Rumanian Communist Party was characterized by numerical weakness (approximately 2,000 members) and a tradition of internal strife. Thus, after the war, it was obliged to rely on Soviet troops and secret police to a greater extent than some of the other satellites and the local Communists constituted little more than a facade for Soviet takeover. With the successful elimination of the Moscow emigre group (Ana Pauker, Vasile Luca, et al) by Gheorghiu Dej, First Secretary and Chairman of the State Council, Soviet influence was gradually reduced and with it direct Soviet economic exploitation. However, the reduction of police coercion and limited concessions to consumers which have characterized most other Eastern European Communist countries since 1956 are only beginning in Rumania.

Economic development since 1959. Economically, Rumania is making progress; however, for years its economy was one of the most impoverished and least productive in Eastern Europe. Its industry has now reached a point where basic investments are beginning to yield results and Rumanian industrial production (partly because its starting point was so low) has one of the highest growth rates in the world. Statistics for 1961 indicate that imports exceed exports by 22 million dollars (largely because

(65) (Continued)

6 May 1963

of the increase in imports from industrially developed Western countries). Trade increase over 1960 amounted to 18 percent (Total trade in 1962 was 1.608 billion dollars.). Trade with non-Bloc countries increased from 28 percent of the total in 1960 to 33 percent of the total in 1961. Trade with the West accounted for 25 percent of total non-Bloc trade. Trade with underdeveloped countries grew from six to eight percent of the total over the same two-year period. In two years, Rumania attained approximately 80 percent of the goal (set in its Six-Year-Plan) for \$2 billion in foreign trade by 1965. The most remarkable aspect of this growth is the volume of orders placed in the West. Between 1959 and 1962, British firms alone concluded agreements for more than 350 million Swiss francs; France and West Germany have supplied similar amounts and even larger projects are currently under negotiation. Trade agreements are generally based on the same formula obtaining in the West; i.e., part of the total price is paid as a down payment; a second installment is paid against the first delivery, etc. To date, Rumania has been punctual about its financial obligations. At the present stage of its economic development, Rumania intends to expand its sources of raw materials and to attain the highest possible degree of industrialization. The country has large resources in oil, natural gas, coal, iron, manganese ore, bauxite, salt and timber. Exports of primary materials are deliberately kept low as Rumania is increasingly unwilling to play the role of supplier of raw materials (not even to its CEMA partners) to the detriment of its own industrial production. Within CEMA itself, Rumania is now playing a more independent role because of its relative economic prosperity and its ability to obtain investment goods from the West. Symptomatic of this independence is evidence that--in some areas--Rumania is competing with the Soviet Union in the world markets.

Relations with the USSR and CEMA. On 23 August 1962 during Rumania's celebrations of its "Liberation," a certain reserve toward the USSR was evident. No pictures of any Soviet leaders other than Lenin were carried in the parade or displayed in the Bucharest area and Khrushchev's recent visit to Rumania was dismissed with only passing reference. Bucharest's attitude on this occasion probably reflected dissatisfaction with Khrushchev's urging that Rumania give more emphasis to agriculture and to industry which supports agriculture. Significant disagreement with the USSR over Rumania's role in CEMA became apparent from reports regarding the 5-8 March 1963 Central Committee plenum of the Rumanian CP according to which Rumania is refusing to accept a CEMA decision that Rumania abandon plans for major new industries and concentrate instead on petroleum products, fertilizers and agriculture. This Rumanian position reportedly was approved by the plenum in question and subsequently endorsed by a series of regional Party rallies. There is evidence that the attitude of the Rumanian government on this issue has wide popular support. A specific Rumanian grievance is Soviet reluctance to grant sufficient aid for the Galati iron and steel combine. Rumania has received some aid from Western Europe for this project.

While basic loyalty to Moscow is apparently not in question, Chivu Stoica, leader of the Rumanian delegation to the Vith East German SP (SED) Congress (January 1963) made no reference to the Soviet Union's "leading role" in the socialist camp and emphasized that it was the duty of every Communist Party to "respect the independence and equal rights of all communist parties." At the Lenin anniversary meeting in Bucharest on 23 April 1963, Athanase Joja, Central Committee and State Council member, emphasized the "relations of a new type established among the socialist states, relations whose immovable law is their complete equality in rights, strict respect for independence and national sovereignty...." and, more pointedly, "Experience in building the new social system in our country as well as in other socialist countries demonstrates the great importance of the Leninist teachings regarding socialist industrialization, of Lenin's pointer...on the development of society's forces of production." Rumania is also the only Soviet Bloc country which has not restored contacts with Yugoslavia at the Party level at a time when it is a basic tenet of Khrushchev's policy line to regard Yugoslavia as a member of the Bloc in good standing. In deciding to assert a modicum of initiative and independence, Rumania appears to be taking advantage of the opportunities presented by Khrushchev's policies and by his pre-occupation with more serious problems.

It should be noted in connection with the Rumanian stand that in the period directly after the end of World War II until the early nineteen-fifties, the USSR followed economic policies (reminiscent of Hitler's plans for stripping the industry of his conquered territories) which amounted to little more than direct exploitation of the satellite economies. However, in the early nineteen-fifties this relationship began changing as the Soviet Union developed a greater stake in stabilizing its Eastern European appendages. The Polish and Hungarian events of 1956 accentuated this trend and the USSR began to grant large credits to bolster the shaky economies of most of these countries. At present, with the exception of East Germany, large-scale credits have come to an end and June 1962 ushered in a new period emphasizing specialization within the framework of CEMA. Through this mechanism the USSR hopes to promote economic viability of the Soviet Bloc while making the satellites even more dependent on the Soviet Union.

It should also be borne in mind that while Rumania is indeed resisting Soviet economic dictates vis-a-vis CEMA, any Rumanian deviations from the current Moscow line will be of a Stalinist variety since they find Khrushchev's over-all program too "flexible."

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Next 1 Page(s) In Document Exempt

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25X1C10b 658 FE, WE, g. Laos: Renewed Communist Aggression

BACKGROUND: The civil war in Laos was brought to an end on 23 July 1962 when the Geneva Agreements guaranteeing the independence, integrity and neutrality of Laos were signed by 14 Western, Asian neutralist and Communist nations. Great Britain and the Soviet Union were co-chairmen of the conferences in Geneva and as such have special responsibilities for assuring adherence to the Agreements. These provide that the three Laotian factions (leftist, rightist, and neutralist) will rule the Kingdom under the premiership of neutralist Souvanna Phouma. A three-member International Control Commission (ICC), consisting of an Indian, a Canadian and a Polish representative, was appointed to supervise compliance with the provisions of the Agreements.

The Geneva Agreements provided that all foreign troops be withdrawn from Laos no later than 7 October 1962 and that "the withdrawal of troops would be confined to routes and points determined by the Laotian government in consultation with the ICC, which must be notified in advance of the point and time of such withdrawals." All US forces were withdrawn before the 7 October deadline. There is no public evidence that some 10,000 North Vietnamese Communist troops, reliably reported to be in Laos at the time of the cease fire, were ever withdrawn: if any were withdrawn covertly, this procedure was in distinct violation of the Agreements.

The Communist controlled Pathet Lao forces have consistently thwarted the functioning of the ICC and prevented them from carrying out their responsibilities to the Laotian government and to the other 13 governments who signed the Geneva Agreements. Specifically, the Pathet Lao have: refused to allow the ICC teams to enter the territory controlled by them; prevented the central government from creating a national Laotian army to maintain peace and security in Laos; and, although publicly posing as staunch supporters of Prince Souvanna Phouma, have never hesitated to defy his stated policy and objectives. The best example of this occurred in November 1962, when Neutralist Premier Souvanna Phouma had specifically requested the United States for assistance in delivering food supplies to neutralist forces in the Plain of Jars. The United States responded to this plea and on 27 November, an unarmed C-123 delivering rice to the neutralists was shot down by Pathet Lao forces.

Reliable reports from Laos say that some 10,000 Chinese Communist coolies, under the direction of 3 Chicom engineers, are working on road-building projects to connect China's Yunnan Province not only with northwest Laos, but with Thailand and Burma as well. Some of these roads are already completed and are being used to supply the Pathet Lao with weapons and ammunition in clear

violation of the Geneva Agreements. Communist China's zeal for constructing a road network to connect Laos, Thailand and Burma to mainland China -- the entire cost is borne by Red China -- inevitably brings to mind the road-building projects that preceded the Chinese Communist takeover of Tibet and, more recently, Chinese Communist use of similar combinations of roads and trails to move heavy weapons and supplies with remarkable speed through the Himalayas thus outflanking thousands of surprised Indian defense troops.

The Communist Pathet Lao have also attempted to subvert the neutralist forces and to cajole them into joining ranks with the Pathet Lao. When this failed, they did not hesitate to resort to force. On 31 March, Pathet Lao forces, supported by North Vietnam Communist troops, attacked four neutralist positions on the Plain of Jars in central Laos, thereby committing another flagrant violation of the Geneva accords. Neutralist General Kong Le issued a statement labelling the Communist Neo Lao Hak Xat Party and its Pathet Lao army as "foreign lackeys" who are trying "to make the Kingdom of Laos a new kind of colony of international communism." He charged that Colonel Deuane Sounnarath had been defected from the neutralist army and was being used by the Pathet Lao to conceal "their tricks to bring foreign forces into Laotian territory." Deuane's soldiers were used in an attempt to make it appear that the battle was between neutralists rather than an attack by the Communist Pathet Lao on the neutralists. Kong Le also said that the "foreigners who are the bosses" of the Neo Lao Hak Xat are "stealthily sending soldiers, weapons and war equipment into Laos."

On 14 April Neutralist Prime Minister Souvanna Phouma returned from the Plain of Jars with promises of a temporary cease fire from General Kong Le and Communist Pathet Lao General Sinkapo, but the Pathet Lao soon broke this pledge. On 18 April, Souvanna stated that the Pathet Lao is trying to destroy his loyal neutralist forces and that if they succeed, "Laos' neutrality will disappear completely and the situation will become just as it was before the accords guaranteeing Laos' neutrality were signed in Geneva last July." If Kong Le's forces are put out of action, he said, then the Pathet Lao and the right-wing army of General Phoumi will again face each other head on.

US policy has been and is to adhere scrupulously to the Geneva Agreements even in the face of continuous, deliberate and demonstrable violations of those Agreements by the Pathet Lao under the direction of the North Vietnamese Communists.

The Soviet Union has yet to take a firm public stand in solving the problem. Under Secretary of State Harriman, according to newspaper reports of his recent talks in the Kremlin, says that Khrushchev supports, in general terms, the need for peace in a unified, neutral Laos. /FYI. Laos is a problem which he would probably like to shed because it adds to his troubles with Peking.7 However, Moscow propaganda has waged a false and vicious campaign against the US in an attempt to prove that it is directly intervening on the side of the rightists in Laos, instigating a war against the

The leftists, while more or less adhering to a cease fire, are pursuing a tough political line. They will undoubtedly press for stronger representation in Lao's three-party coalition government, and for other political and geographical rearrangements (i.e. in the placement of troops, the location of the capital) which will strengthen their position. They will attempt to further split the neutralists and separate them from the rightists.

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