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PART II (continued)

Dominican revolutionaries and to seek Castro's support for his own revolutionary plans. Basic differences between the two men will probably prevent their cooperation.

[Redacted]

THE NEW COLOMBIAN CABINET Page 12

The appointment on 23 March of a new Colombian cabinet with broader Conservative representation will probably strengthen the eight-month-old National Front government of Conservatives and Liberals and may reduce the political tension and uncertainty of the past few weeks. President Lleras' recent declaration that he would resign if the coalition failed has evoked a reaffirmation of support for the National Front from his own Liberal party.

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PART III

PATTERNS AND PERSPECTIVES

NATO'S TENTH ANNIVERSARY OUTLOOK Page 1

NATO's basic problem continues to be its members' tendency to deal with domestic political pressures at the expense of the alliance's military preparedness. Belgium and Denmark are preparing to reduce conscription periods, similar moves may occur in Luxembourg and the Netherlands, and Britain plans to end conscription in 1960. As NATO enters its second decade--an event coincident with the foreign ministers' 2-4 April meeting in Washington--basic assumptions of the alliance are being challenged for the first time by a series of French actions, including the withdrawal of the French Mediterranean fleet from NATO command.

[Redacted]

COMMUNIST STRENGTH ON CYPRUS Page 3

Present Communist strategy on Cyprus calls for support of Archbishop Makarios while waiting for the Greek Cypriots to become disillusioned with both the Cyprus settlement and the performance of the conservatives in office. The active Communist party on the island, which may include as many as 10,000 card-carrying members, hopes soon to attain legal status

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The Communist appeal has been principally to the Greek Cypriots; the Turkish Cypriots thus far have been virtually impervious to Communist infiltration.

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THE WEEK IN BRIEF

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PART III (continued)

THE RISE AND FALL OF THE POLISH WORKERS' COUNCILS Page 6

The Gomulka government dealt the Polish Workers' Councils a final blow as a potentially effective instrument for worker participation in industrial management with the passage on 20 December 1958 of a law on Worker Self-Government Conferences. The councils, created in the revolutionary fervor of 1956 prior to Gomulka's take-over, failed to fulfill the overoptimistic and unrealistic expectations of the workers, contributed little to productivity and labor discipline, and rarely developed into organs for the effective participation of rank-and-file workers in industrial management. The party could not safely tolerate the growth of organizations that might develop into independent power centers.

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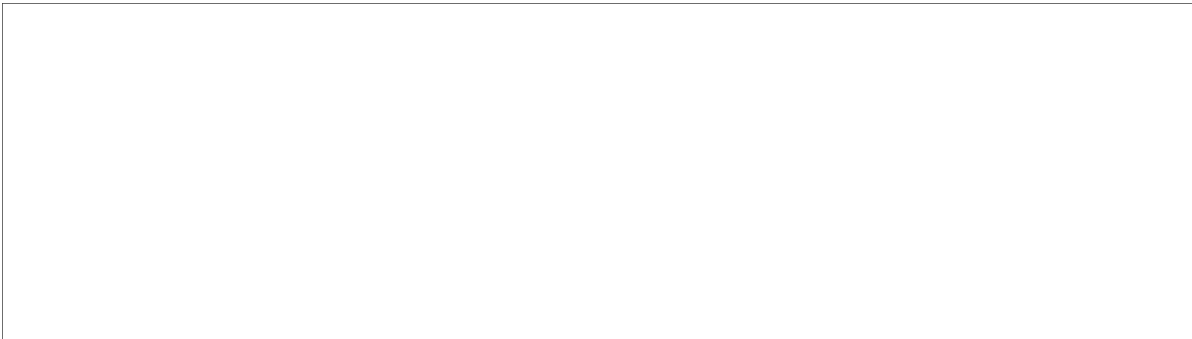
PEIPING'S DOCTRINAL CLAIMS AND SINO-SOVIET RELATIONS . . . Page 9

The ideological disagreement between Peiping and Moscow over the imminence of pure Communism in China and the role of communes as a device for attaining that goal culminated last month in Chinese pronouncements that the USSR still sets the pace and the pattern throughout the orbit for progress toward the ultimate state envisioned by Marx, Engels, and Lenin. The junior partner, probably bitter over the forced retreat, retains its communes, not as an internationally applicable breakthrough toward Communism itself, but as a peculiarly Chinese innovation required by local conditions.

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ANNEX

SINO-SOVIET BLOC ACTIVITY IN TUNISIA, MOROCCO, AND ALGERIA Page 14



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THE WEEK IN BRIEF

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PART I**OF IMMEDIATE INTEREST****EAST-WEST NEGOTIATIONS**

While awaiting the Western replies to the Soviet note of 2 March, Soviet propaganda media, following the line set in Khrushchev's press conference on 19 March, are playing down the threatening aspects of the USSR's position on Berlin and emphasizing the favorable prospects for negotiations created by Moscow's initiatives.

Moscow claims that President Eisenhower and Prime Minister Macmillan have, under the pressure of world opinion, at last accepted the Soviet proposal for a summit meeting. Soviet media also stress alleged differences between American and British views and state that the "main result" of the talks between the two Western leaders was Macmillan's success in persuading President Eisenhower to agree to summit talks independent of the outcome of a preliminary foreign ministers' conference.

Moscow is seeking to create a picture of a reluctant United States being forced into summit talks against its will. A TASS dispatch states that Washington views negotiations with Moscow "more as an inevitable evil than as a necessary means for the peaceful settlement of European problems."

While welcoming the Eisenhower-Macmillan statement on a summit meeting as a "favorable development," Soviet propaganda complained that the two leaders failed to advance any new proposals on Berlin or other

international problems. Izvestia warned that any attempt to link a summit meeting with the outcome of a foreign ministers' conference would "complicate" the task of summit talks and might even doom them to failure. A Czech newspaper said, "It is obviously illusory to expect the foreign ministers to reach agreement on outstanding issues prior to a meeting at the summit."

Bloc propaganda has also criticized the West's alleged position on the composition of East-West meetings. Moscow charged that President Eisenhower and Prime Minister Macmillan "took the line of discrimination" in insisting that Polish and Czechoslovak representatives could participate in a foreign ministers' conference only as observers. Warsaw radio dismissed these terms as "definitely unacceptable" and said Poland and Czechoslovakia expect "full membership." Khrushchev, however, in his recent press conference was careful not to foreclose the possibility of a compromise on the parity question. He refused to answer a question on this issue, stating, "It is a matter for discussions between governments."

West German Policy

Chancellor Adenauer informed the executive committee of his party's Bundestag faction on 16 March that he would be willing to extend de facto recognition to East Germany, provided that in negotiating

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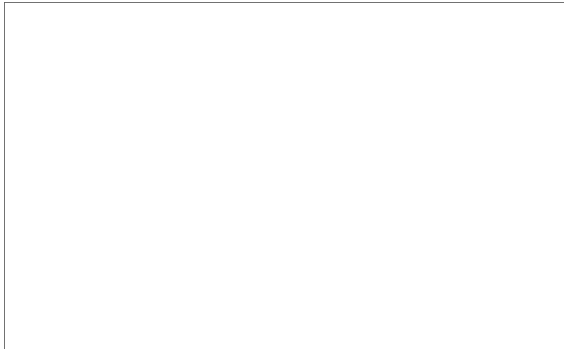
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this concession a guarantee of the status quo in Berlin could be obtained and contacts between East and West German increased.

He based this major change in Bonn's foreign policy on the need to gain time to settle broad East-West problems and to avoid negotiations on disengagement. He also claimed that this new approach would not be a renunciation of unification since unity could be obtained only within the framework of a general detente, achieved by stabilizing the present situation. Adenauer called for and received strong party support for these views.

Bonn

will hold these concessions in reserve as a fall-back position in East-West negotiations. The chancellor probably feels that some sacrifices on unification and Berlin are preferable to running a serious risk of war or entering discussions which could lead to Western troop reductions on withdrawals.



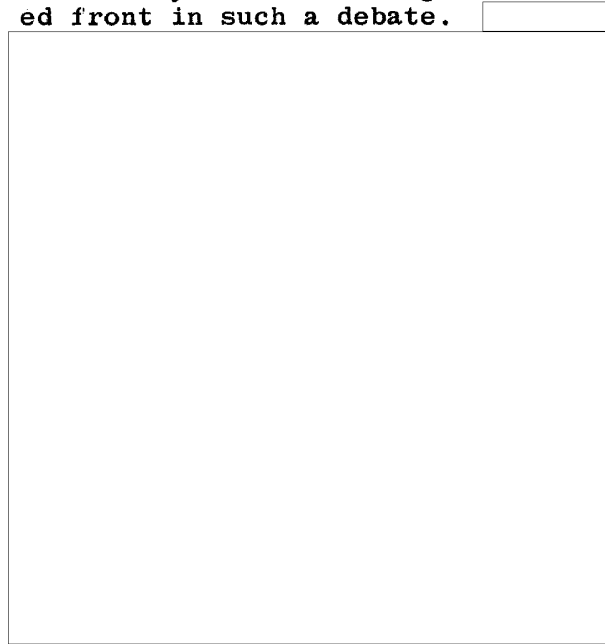
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The four-month political truce on foreign policy ended on 19 March with the publication by the Social Democratic party (SPD) of its new unification and European security plan. The plan calls for direct negotiations with East Germany on a temporary confederation prior to unification and accepts some elements of the Rapacki Plan. It has been sharply rejected by the government and may provoke the first major West German foreign policy debate since the beginning of the Berlin crisis.

The government could have difficulty in maintaining a united front in such a debate.

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West Berlin

General business conditions in West Berlin have not changed markedly over the past week and there are some signs of a recent slight upturn in economic activity. American officials in Berlin continue to receive further reports that orders for heavy industry are declining. A steel company, for example,

reports that output will decline by 50 percent in April and even more in May, putting the firm well below the break-even point. Other firms in structural steel report that they are receiving no benefits from Bonn's program of giving new orders to Berlin. An increasing number of small firms are applying for permits to ship their equipment out of Berlin.

The latest banking figures show further declines in savings and time deposits. Some of this is attributable to withdrawals of savings by East Germans. Savings are now \$4,500,000 under the level of 31 October 1958.

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MIDDLE EAST DEVELOPMENTSIraq

Iraqi Prime Minister Qasim has explained that Iraq withdrew formally from the Baghdad Pact 11 months before the expiration of the pact's first five-year term only after long study and much concern. As Qasim has said, however, withdrawal from the pact was one of the original aims of the 14 July revolution, and it would seem that other motives led Qasim to make the move at this time. Qasim has recently been pressed by both the Communists and President Nasir to make this break--the Communists presented it as one of their demands which could no longer wait, and Nasir cited Iraq's membership in the pact as evidence that Qasim is a party in the "Zionist-imperialist-Communist-opportunist" conspiracy against the Arabs.

If Communist pressure was the decisive factor, Qasim may soon accede to other more sig-

nificant Communist demands, which include arming the Popular Resistance Force (PRF) and executing imprisoned leaders of the former Nuri government. Arms are beginning to be seen in the hands of PRF members in Baghdad, but it is not confirmed that the arms have been regularly issued.

Regarding the fate of the imprisoned "traitors," UAR reports that some individuals have been executed have not been proved. However, Communist pressure is believed to be responsible for a decision last week to bring to trial certain members of the Nuri government who had been released on bail, and who it was thought might go free. Proceedings for their trial, however, have been interrupted by the trial of officers engaged in the Mosul uprising.

Although there is no evidence of a resumption of serious

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disorders anywhere in Iraq, the Qasim regime evidently remains apprehensive. An area around the town of Khanaquin, near the Iranian border and athwart the only direct route from Iran to Baghdad, was declared a prohibited area to vehicular traffic early this week.

USSR-UAR Relations

Moscow has continued to meet Nasir's anti-Qasim, anti-Communist attacks head on, but Soviet leaders apparently hope that the polemics will subside without a further deterioration in relations with Cairo. Khrushchev, in response to a question at his 19 March press conference regarding differences with the UAR over Iraq, stated that the Soviet Union can maintain friendly relations with both Arab countries because of its policy of "nonintervention" in the internal affairs of other states.

Khrushchev went on, however, to criticize Nasir's reaction to his earlier statement of 16 March on the subject, charging that the UAR President --whom he described as "young and passionate"--"went into a passion." Western journalists who were present report that Khrushchev observed that Nasir has taken on "more than his stature permits," and that he thereby "might strain himself," but these remarks were subsequently toned down in the TASS version of Khrushchev's remarks. One Soviet broadcast in Arabic also softened his remarks by pleading that they were made "under the pressure of other considerations."

Soviet commentaries on Nasir's charges against Qasim and Arab Communists stress that

they can only aid "imperialism" and Israel, and welcome Arab League offers to mediate Cairo's differences with Baghdad. Moscow's broadcasts to Arab audiences also charge that Khrushchev's remarks on the subject are being distorted by UAR officials and propagandists in an effort to worsen UAR relations with the Soviet Union.

Nasir continued to conduct his anti-Communist campaign from Syria, which some observers feel may become the most important arena in his struggle with Qasim. Nasir's most telling barbs last week were aimed at Moscow, however. On 20 March he stated publicly for the first time that the Soviet warning to the West at the time of the Suez war did not help the UAR, and that the USSR would not have acted forcefully against Western intervention in Iraq. A Soviet broadcast in Arabic on 24 March called this statement a "lie."

Nasir also replied to Khrushchev's description of him by asserting that were it not for these qualities in the Arab people there would today be in the Arab states Western missile bases aimed against the Soviet Union.

The religious leaders of Al Azhar University in Cairo have been persuaded to denounce "the instigators of chaos, destruction, and atheism," and the sheik of the university has declared a "holy war" against the "campaign of atheism and corruption."

UAR

The UAR authorities are also using the anti-Communist campaign as an opportunity for

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a general tightening of security in the Syrian region.

On 24 March the secretary general of the Syrian trade unions announced that the unions had decided to expel the Communist elements from membership so that the unions could join other organizations and better participate in the "struggle" against Communism and "factionalism." This may be a concealed effort by the government to bring about a reorganization of the Syrian trade unions along lines which have transformed the Egyptian unions into a kind of "popular demonstration" arm of the Nasir regime.

Arab Reaction

Nasir's anti-Communist campaign has received almost unanimous support in other Arab countries. The degree of enthusiasm has ranged from restrained approval to violent demonstrations of support. An outstanding exception, however, is Jordan, where "Nasirism" remains officially the paramount threat to the established order.

Four days of intense anti-Communist, anti-Iraqi demonstrations in Tripoli, Libya, from 18 to 21 March ended in near riots requiring police intervention and the posting of extra guards around the Soviet Embassy. The crowds presumably were inspired and organized by pro-UAR elements.

In Tunisia, where President Bourguiba is involved in a long-standing dispute with Nasir, the state-controlled Tunisian radio has categorized developments in Iraq as a blow to "Nasir's expansionist designs." The Arabic-language press in Moroc-

co, published by the conservative faction of the ruling Istiqlal party, has expressed fear that the dispute may lead to civil war and foreign interference in the Middle East.

Yemeni Crown Prince Badr, according to the Cairo press, has deplored "Iraq's deviation from the right path" and affirmed Yemen's support for Nasir's positive neutrality and nonalignment. The Persian Gulf state of Bahrein officially permitted pro-Nasir parades on 19 March, the first political demonstrations held there since 1956. The conflict has even erupted in Israeli villages, where Arab supporters of Nasir reportedly clashed with Communist sympathizers.

A Saudi offer of good offices in the dispute has been criticized by the Communist press in Iraq. The new government of the Sudan has asked the Arab League to take up the subject, and a special meeting of the league's political committee has been called for 31 March in Beirut.

In Lebanon, Moslems appear wholeheartedly behind Nasir, but some Christian elements are reported "gleeful" at his discomfiture over the abortive Iraqi uprising. The Beirut press is continuing attacks on both Baghdad and Moscow. Communist press and cultural installations in Beirut were bombed on 15 and 22 March, and government security forces have been posted around the Soviet Embassy. The Lebanese Government is officially neutral.

Lebanese President Shihab and Nasir held their long-planned meeting on the Syrian-Lebanese border on 25 March. An ostensible

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motive for the meeting was the resolution of Syrian-Lebanese economic problems.

Shihab may obtain from the meeting additional sup-

port against the more fanatic Moslem elements in Lebanon who feel they have been cheated of the fruits of their "victory" in last summer's civil strife. 25X1

THE SITUATION IN TIBET

The unrest in Lhasa appears to have quieted following several days of intense fighting between Chinese forces and Tibetan rebels which began on 20 March. The Chinese Communist-operated radio in Lhasa--which has been silent since 19 March--has still not resumed broadcasting. Peiping radio continues to ignore the Tibetan situation.

Little reliable information is available on the scope of the fighting; press reports of the Communist bombing of monasteries in Lhasa and the rebel capture of the trade town of Gyantse cannot be confirmed. While Peiping will undoubtedly increase its efforts to wipe out the remaining Tibetan dissidence, guerrilla activity in outlying parts of Tibet and western China is expected to continue for some time.

The Dalai Lama, who fled Lhasa on 17 March with a party of 12 Tibetans, is in southern Tibet headed for the Indian border. He expects to be met by a Tibetan sent from a resistance group in India. Peiping has listed the Dalai Lama among the delegates to the forthcoming National People's Congress--an indication that the Chinese had expected him to attend the Congress meeting in Peiping on 17 April.

The Indian Government is gravely concerned over the situation in Tibet, fearing that the consequences of rebel activity will endanger its relations with Communist China. The Dalai Lama's presence in India or in Indian-protected Bhutan, representing a virtual Tibetan government-in-exile, would be highly embarrassing to New Delhi. However, while Nehru is reluctant to become involved in an "internal" Chinese problem, he probably would not refuse some kind of asylum to the Dalai Lama.

New Delhi is equally apprehensive over the possibility that Chinese troops, in an attempt to wipe out guerrilla activity, will eventually pursue fleeing rebels into Indian or Bhutanese territory and thus engage Indian border forces. Frontier checkposts have standing instructions to deny admission to dissident Tibetans. 25X1

Nehru publicly reiterated his government's hands-off policy toward the "Tibet region of China" before an aroused Parliament on 23 March. His statement by implication put Peiping on notice, however,

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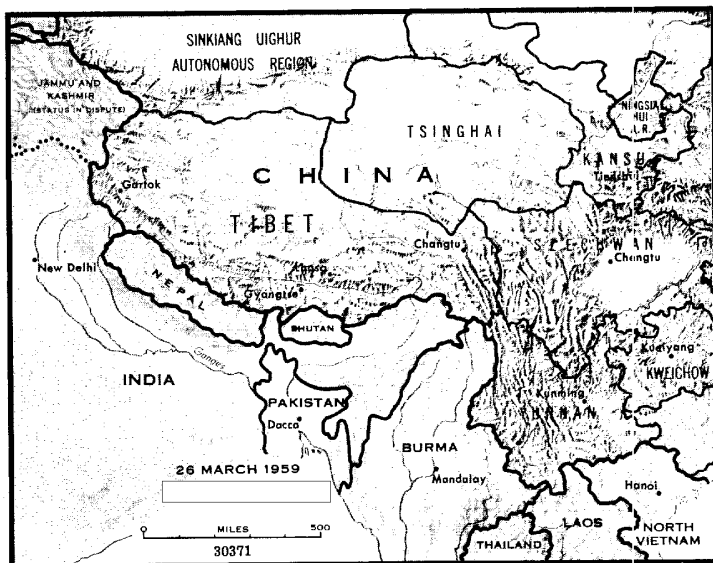
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that he regarded Chinese failure to respect Tibet's "autonomous" status as a violation of previous assurances.



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New Delhi, by issuing official statements confirming rebel action, has also pointedly reversed its past policy of playing down reports of Tibetan resistance.

Peiping may consider New Delhi's "allusion" to Tibetan autonomy as "interference in internal affairs" and will probably protest release of reports on the Lhasa fighting by "official" Indian sources. Communist China, however, does not desire a rift in relations with India and will seek to avoid incidents.

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Nehru has been under increasing pressure from both the Indian Parliament and press to take a stronger stand.

and will seek to avoid incidents.



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PART II

NOTES AND COMMENTS

DEVELOPMENTS IN FEDERATION OF RHODESIA AND NYASALAND

The ruling white minority in the Federation of Rhodesia and Nyasaland has reacted to the challenge of local African nationalism by demonstrating a determination to maintain its position. In Southern Rhodesia, the government has invoked temporary regulations which infringe on civil rights and is enacting legislation to make them permanent. The white voters in Northern Rhodesia have given overwhelming support to federal Prime Minister Welensky's firm racial policies. In Nyasaland, there have been only scattered incidents, although the situation throughout the protectorate is still tense. The recent events seem likely to increase the doubt of both the Africans and the British in the present federation's ability to handle independence in 1960.

In the self-governing colony of Southern Rhodesia, the settler-controlled government proclaimed a state of emergency on 26 February in an effort to prevent a spread of African nationalist disorders from Nyasaland. Regulations promulgated under these powers permit the government to control the movement of persons, to ban meetings of more than three people, and to search premises without a warrant. Press censorship has also been imposed.

The four African National Congress organizations operat-

ing in the federation are outlawed in Southern Rhodesia and penalties are imposed for holding membership or office in them. Furthermore, the minister of justice can detain any person he considers dangerous. Almost 500 Africans had been detained by 5 March.

Although the emergency proclamations were implemented without significant criticism, the government's plan to pass a preventive detention bill permitting a person to be held for five years without trial aroused considerable public opposition, and the bill has been withdrawn for rewriting. In London, Joshua Nkomo, president of the banned Southern Rhodesian African National Congress, has urged Britain to veto Rhodesian legislation which outlaws his organization.

In Northern Rhodesia, European settler support for the federation government's firm handling of the racial crisis was shown in the legislative council elections on 20 March. The white voters gave heavy backing to pro-Welensky candidates in 13 of the 14 European constituencies, and, in the remaining one, they backed a segregationist. Despite this overwhelming settler support, however, Welensky's supporters do not have a majority in Northern Rhodesia's 30-member legislative council because of their failure to win African constituencies.

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SOVIET-UAR ECONOMIC RELATIONS

Despite the exchange of recriminations between Moscow and Cairo over Nasir's anti-Qasim, anti-Communist campaign, the Soviet Union is continuing to meet its obligations under its various economic and military assistance agreements with the UAR. Soviet leaders probably want to avoid the effect which an abrupt move to cut off further aid to the UAR would have on other Asian and African states. Should Nasir persist in his present tactics, however, Moscow might retaliate by threatening to withhold aid or stalling on the implementation of the aid agreements.

The bloc--primarily the Soviet Union--has extended since 1955 more than \$1 billion in economic and military aid to the UAR. The USSR is starting more than 50 industrial projects in the Egyptian region under a \$175,000,000 economic and technical aid agreement designed to promote Egypt's five-year plan. Under an additional \$100,000,000 credit, the USSR has begun the preliminary survey work for constructing the first stage of the Aswan High Dam. The Soviet Union has, in addition, completed surveys for the various irrigation, transportation, and geological projects called for under the Soviet-Syrian economic development aid agreement and now is preparing to begin their implementation. Some of them have been subcontracted to the European satellites.

The bloc has extended about \$500,000,000 in military aid to the two regions of the UAR. The Syrian region, which has received about \$200,000,000 of this, has taken delivery on most of the items it ordered from the bloc. Although there are indications that the Soviet Union is not as lenient in agreeing to the UAR's requests as formerly, negotiations for additional arms purchases, coordinated under Cairo's control, are under way in Moscow. Extensive military training programs continue both in the bloc and in the UAR.

Trade between the bloc and the UAR appears to be continuing at its normal pace. The bloc, which during the 1957-58 cotton season purchased about 65 percent of Egypt's output and more than 40 percent of Syria's, is continuing to buy large quantities of the 1958-59 output. The final deliveries of this year's 200,000-ton wheat supply agreement are now arriving in Egypt from the USSR. Furthermore, bloc petroleum shipments to the UAR, which thus far in 1959 have averaged 200,000 tons a month, are continuing.

Finally, Moscow announced on 23 March that large amounts of industrial equipment for enterprises under the \$175,000,000 Soviet aid agreement with Egypt now are arriving at Egyptian ports. (Prepared by ORR)

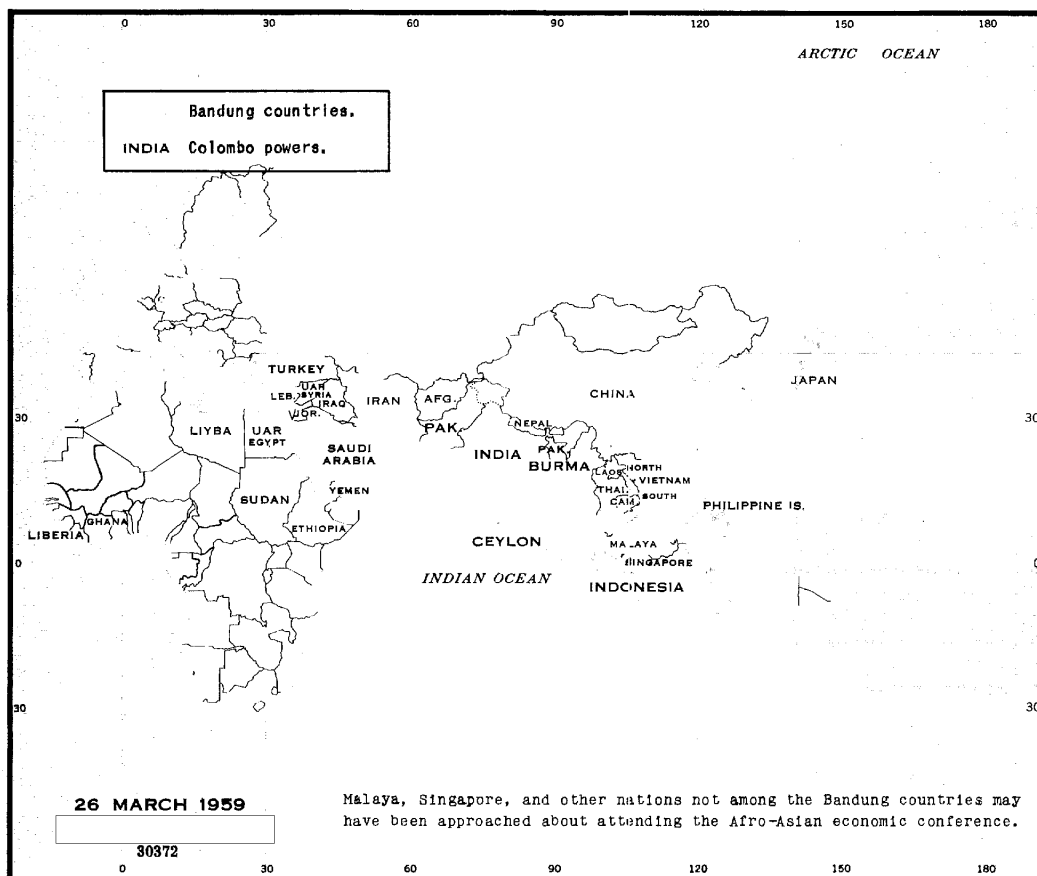
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AFRO-ASIAN ECONOMIC CONFERENCE

Sentiment is growing among the "Bandung countries" for an Afro-Asian economic conference, first proposed two years ago by Ceylon's Prime Minister Bandara-

naike. Representatives of the five Colombo powers--India, Pakistan, Ceylon, Burma, and Indonesia--are to meet in May to plan such a conference, which

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Malaya, Singapore, and other nations not among the Bandung countries may have been approached about attending the Afro-Asian economic conference.

Bandaranaike hopes will be held later this year.

The purpose of the conference would be to discuss a wide range of economic issues, including establishment of an Afro-Asian bank, stabilization of prices of primary export products, formulation of common policies regarding private foreign investment, and possibly establishment of free-trade or common-market zones between certain countries in the area. Means of furthering regional cooperation in economic development planning, food production, shipping, and population control would also be discussed. Bandaranaike has specified that political issues would be excluded.

Many of the 30-odd countries concerned have reservations about the conference, however, and extensive preparations at the committee level

probably will be required before Bandaranaike's conference plan is finally accepted. Some countries question whether substantial advantages would be gained from discussions among nations representing such a wide variety of economic interests. India's Prime Minister Nehru still appears relatively unenthusiastic about the plan. Japan is also lukewarm, and Tokyo apparently would prefer to have the proposed agenda items discussed by experts rather than at a full conference.

Communist attempts to exploit any conference that ensues from the planning meeting in May probably would prove unsuccessful in view of the resentment caused among the Bandung nations by Moscow's and Peiping's efforts to identify their policies closely with the "spirit of Bandung."

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ISRAELI-FRENCH RELATIONS

Israel's extreme rightist Herut party, which advocates an aggressive foreign policy, is calling for a formal Israeli-French alliance. During the parliamentary election campaign this summer and fall, Herut leaders apparently intend to accuse Prime Minister Ben-Gurion of jeopardizing Israeli security by failing to secure a regular treaty.

The government maintains that a formal alliance is not desirable at this time because it would restrict Israel's freedom of action, and that all the assistance which could reasonably be expected from France has been forthcoming under the existing relationship. Furthermore, it contends that the French Government likewise sees no particular advantage in an alliance at present.

The Herut party has challenged the government to produce evidence to support its position.

Recent visits to France by Foreign Minister Meir and the director general of the Defense Ministry may also be related to this effort to minimize the election significance of the issue.

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The appointment of Jacques Soustelle as deputy premier in the Debré cabinet has undoubtedly encouraged the Herut campaign. Soustelle, who has close relations with the Herut party, has long advocated a formal French-Israeli alliance, although his motivations are primarily anti-Arab, and particularly anti-Nasir, rather than pro-Israeli. He reportedly believes a strong Israel would keep the Arab world preoccupied and permit France to resolve its problems in North Africa with a minimum of Arab interference. French Foreign Ministry officials, on the other hand, have apparently convinced De Gaulle that France should tone down its relationship with Israel and that a pact with Israel would endanger French-Arab relations.

Meanwhile, quiet military cooperation between France and Israel is continuing.

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NUCLEAR TEST TALKS

The USSR on 19 March agreed at the Geneva talks to the Western draft articles on duration of the proposed treaty for cessation of nuclear testing and on

periodic review of the control system. As late as 16 March, Soviet chief delegate Tsarapkin had told Ambassador Wadsworth privately that, under the Western

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terms of reference, the USSR could not agree to a treaty. He had contended at the conference that the American duration article had been designed to make withdrawal from the treaty "as easy as possible" and therefore was "harmful and dangerous to international relations."

Tsarapkin stated that linking the right of withdrawal from the treaty to the effectiveness of the control system was unacceptable to the USSR and that the only violation of the terms of the treaty in the Soviet view would be a nuclear test itself. Soviet propaganda had also strongly criticized the American draft duration article before 19 March, calling it another effort "aimed at preventing at any cost a total, unconditional, and permanent cessation of tests."

The Soviet leaders probably believed this demonstration of willingness to make concessions in important East-West negotiations, occurring during Prime Minister Macmillan's Washington visit, would increase pressure on the West to agree to Soviet demands on the agenda and composition of high-level East-West talks.

The Soviet leaders probably also believe their concession on these important points will place the USSR in a better position to demand concessions from the West on the issue of voting in the control commission.

Soviet propaganda since 19 March, while failing to exploit Moscow's concession, has focused on the "impasse" it claims has been created by the West's "unrealistic" position on voting procedures in the control commission and on the composition of the control bodies.

In another effort to discredit the Western attitude toward the talks, Moscow also charged that the three-week recess proposed by the West "can in no way cause satisfaction" and "runs counter to public sentiment," noting that the Soviet delegation had urged that the talks continue uninterruptedly.

On 24 March, Moscow published Khrushchev's reply of 20 March to a letter on the test cessation question from 22 well-known Americans. He charged the United States and Britain with "doing everything they can to prevent an agreement" and stated that the talks therefore are "now faced with failure." He made no mention of the USSR's acceptance of the Western article on duration. Moscow has further asserted that the American announcement at this time of its September high-altitude tests is calculated "to undermine the authority of the Geneva experts' conference and therefore to make the reaching of agreement on stopping tests more difficult."

(Concurred in by 25X1
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BRITAIN'S PROBLEM IN MALTA

Britain is making only slow progress toward a new constitution for Malta, site of its principal Mediterranean naval base, and toward diversifying the crown colony's economy. Since Dom Mintoff resigned as Maltese prime min-

ister last April, London has been ruling the island directly and trying to institute much-needed fiscal reforms, establish municipal government bodies, and bring in a more capable administrator as governor. Some \$81,200,000 over the next five years

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has been promised for capital development, conversion of the dockyard to civilian use, and encouragement of secondary industries.

London would like to return to the Maltese responsibility



MINTOFF

ty for their own affairs while also ensuring Britain's indefinite use of the base, which serves as headquarters of NATO's Mediterranean Command. Mintoff has so far rejected all British constitutional offers, largely

on the grounds that they are accompanied by inadequate economic aid. He has repudiated his own earlier proposal for economic and political integration with Britain, and insists on independence for the tiny, overpopulated island. The British are now seeking to devise a new formula for the island's future political status, hoping in so doing to undercut Mintoff, who remains by far the most popular leader.

The Colonial Office may try to obtain local acceptance of a constitution by letting the Maltese participate in the drafting via a revival of the historic Malta Assembly--a body representative of interest groups rather than political parties. There is reason to believe Mintoff might go along with this approach. He may, however, pursue his independence campaign by inciting the dockworkers--whose full support he can command--to violence, particularly during the transfer on 30 March of the dockyard from the Admiralty to a civilian firm.

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PORTUGAL TIGHTENING INTERNAL SECURITY

The recent creation of new top posts in the Portuguese security forces indicates that the government is seeking to strengthen its ability to deal with subversive action. Premier Salazar is probably especially anxious to ensure political stability in the event he should decide to designate a successor soon.

On 9 March, Colonel Arnaldo Schulz, whose appointment as interior minister last November

was generally interpreted as presaging toughness toward political opposition, placed a close army associate in the newly created position of chief of staff of the National Republic Guard. About the same time, he installed a captain attached to the General Staff in another newly created post--chief of staff of the Public Security Police--and assigned several army officers to municipal government positions.

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Schulz' immediate objective in reorganizing his ministry along military lines is probably aimed at blocking future attempts to overthrow the regime.

A longer term objective is probably to ensure a stable succession. Although there is little evidence to support rumors that Salazar will retire when

he reaches 70 in April, his recent illness may induce him to step down soon. He was recently reported planning to create a new post of vice president for himself, leaving the premiership to ex-Defense Minister Colonel Santos Costa.

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SOVIET ECONOMIC PLANNING CHIEF REPLACED

The naming of A. N. Kosygin to the chairmanship of the USSR State Planning Committee (Gosplan) and the appointment of his predecessor, I. I. Kuzmin, to head the new State Scientific-Economic Council of the USSR Council of Ministers is apparently intended to strengthen both the practical and theoretical aspects of Soviet planning and economic decision making. The new appointments, both announced on 20 March, probably do not presage alterations in the recently approved Seven-Year Plan. Kosygin, although long associated with consumer programs, reiterated at the congress the orthodox view of promoting Soviet economic growth by giving priority to development of heavy industry.

Kuzmin, who also lost his government post of deputy chairman of the Council of Ministers, apparently did not measure up to the exacting job of heading Gosplan. Under the increasingly complex conditions accompanying industrial reorganization and the drafting of the new Seven-Year Plan, and especially

in the past year, Gosplan has been subject to considerable criticism for being too cumbersome and for taking too long to reach decisions.

Kuzmin may also have been held responsible for failing to solve various other chronic



KOSYGIN

economic problems which plague the Soviet leaders, such as reconciling short-term and long-term plans, improving price relationship, establishing economic

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criteria for the introduction of new technology, and preventing the accumulation of unfinished construction projects.

Unlike his predecessors Saburov and Pervukhin, Kuzmin was not a member of the party presidium. He was a technically trained party administrator,



appointed to head Gosplan at a time when Khrushchev was pushing through his industrial reorganization. The innovation of having as Gosplan chief a technical administrator who did not participate directly in top policy decisions as a member of the party presidium may have proved unworkable. Kosygin, already a candidate member of the

party presidium, has long been at or near the top of Soviet ruling circles and had formerly been a first deputy planning chief.

In an attempt to foster stronger ties between scientific advances and economic progress, both a new State Committee for Automation and Machine Building, headed by A. I. Kostousov, and a new State Scientific-Economic Council, headed by Kuzmin, were created on 28 February. The relationship of these two units to each other and to the State Scientific-Technical Committee--which apparently is still in existence--is not yet certain.

The new State Scientific-Economic Council is not expected, however, to have direct operational or planning functions. Its formation may well be part of the formal response to the party congress' criticism of "lagging" economic-science support of planning and policy-making techniques in the economy. The council may assume certain responsibilities for broad coordination and supervision of economic research activities recently undertaken by USSR Gosplan, the USSR Ministry of Higher Education, and the USSR Academy of Sciences.

(Prepared jointly with ORR; concurred in by OSI)

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GOMULKA DOMINATES POLISH PARTY CONGRESS

Gomulka succeeded at the third congress of the Polish Communist party in establishing himself as undisputed master in the party. The congress cleared him and his adherents of the charges of "right-wing-nationalist deviations" brought against him in 1948 even though Gomulka himself had once admitted the charges were true. The

party's errors during the previous period were ascribed to the influence of the cult of personality.

Men who had opposed Gomulka in the past either made their peace with him or were dropped from important party positions. Three pro-Gomulka stalwarts--party secretaries Edward Gierek and

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Zenon Kliszko, and Defense Minister Marian Spychalski--moved up to the politburo. Fourteen of the 18 persons dropped from the central committee were identified with the Stalinist Natolin faction, which had opposed many of the freedoms permitted by Gomulka. Among the prominent Stalinists dropped were the ambassador to Czechoslovakia, Franciszek Mazur, once considered



GOMULKA

to be the Natolin leader; former Vice Minister of State Security Lewikowski, the man who arrested Gomulka in 1951; and former politburo member and outspoken Gomulka opponent Franciszek Jozwiak.

The present composition of the central committee confirms Gomulka's tight grip on the party apparatus and reflects his intention to extend full confidence to all Communists who now "stand firmly on the party line," regardless of whether they may have committed the error of dogmatism or revisionism in the past. All the Stalinists were not dropped.

Boleslaw Ruminski, Eugeniusz Szyr, and General Witaszewski are still on the central committee, for example, but it must be assumed that they have arrived at some understanding with Gomulka. Some leading liberals who have been fairly close to Gomulka in the past, such as Education Minister Bienkowski, were not named to the central committee. Many of the new members, who hold important positions in the party and government have risen to prominence since Gomulka's return to power in 1956.

In general, the congress reflected Gomulka's own views. Party discipline must be strengthened, but there must be no resort to "administrative measures" or police terrorism. There is to be no open persecution of the Catholic Church, but the church must confine its activities to matters of faith and "renounce hopeless attempts to fight socialism." Collectivization of agriculture is still the aim, but it must be voluntary. The rate of economic expansion will continue to be moderate and considerably lower than in other Communist countries which are making a "leap forward."

The USSR apparently has accepted Gomulka's moderate domestic policies, while the Polish leader will follow the Soviet line on foreign issues. The moderate internal policies contrast markedly with domestic policies elsewhere in the bloc and this may lead to renewed friction with other Communist regimes.

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SOVIET DELEGATION COMPLETES INDIAN VISIT

The Soviet Government delegation which completed a 24-day tour of India on 19 March sought to assuage recent frictions and to survey political and economic conditions. It does not appear, however, to have made a significant impact on either official or public opinion there.

The bland joint communiqué issued at the close of the visit stated that the delegation had talks with Prime Minister Nehru and other leading officials in New Delhi on a number of international "problems," including disarmament, Germany, Berlin, and the bilateral defense pacts recently signed by the United States with Pakistan, Iran, and Turkey. The communiqué said that the two sides agreed to continue efforts to reduce international tension and that both favor an agreement for the immediate suspension of nuclear tests.

Originally, the delegation was to have been headed by Soviet President Voroshilov, but, because of illness, he was replaced by A. A. Andreyev, a member of the Presidium of the Supreme Soviet. Andreyev, however, was overshadowed by N. A. Mukhitdinov, a party presidium member who has often acted as a spokesman in conducting relations with the newly independent states of Asia and Africa.

On its arrival, the delegation presented to Nehru a per-

sonal letter from Khrushchev offering to grant India a long-term loan of \$20,000,000 for development of the Indian pharmaceutical industry and to assist with equipment and technical aid for the construction of an oil refinery at Barauni. Both projects had been previously discussed by Moscow and New Delhi.

After talks in New Delhi, the delegation toured the country visiting new projects, including the Bhilai steel plant, which was formally opened in early February, and attended the opening of the Indian Technological Institute in Bombay. Both of these projects were built with Soviet assistance.

During a stop in Kashmir, delegation spokesmen reiterated Soviet support for India on the Kashmir issue. On a number of occasions, the delegation attacked the recently concluded bilateral defense pacts as a "strategic springboard" aimed not only at the USSR, but also at Asian countries. However, Nehru stated at a press conference during the visit that the United States would not be a party "to any arrangement which may threaten the security of India," thus undercutting the delegation's attacks on this issue. (Continued in by ORR)

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FRENCH POSITION IN INDOCHINA

President de Gaulle views the former French territories in Indochina as a sphere in which French prestige and influence should be expanded. Although his goal appears to be the association of Laos and Cambodia with the new French Community, he may also feel that unilateral French activity in Indochina can be used to strengthen France's demands for tripartite US-UK-French global strategic planning.

In Laos, the French ambassador has placed Prime Minister Phoul under heavy pressure to bring Laos into association with the new French Community. Other recent signs of increased French interest in Laos are Paris' offer to send 80 additional military training instructors to Laos, its grant of additional aid funds for road building and geological surveys, and its opposition to the introduction of American training

personnel to supplement the training of the Laotian Army.

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PLOTTING AGAINST CARIBBEAN DICTATORSHIPS

Two long-time militant enemies of Latin American dictatorships, President Romulo Betancourt of Venezuela and former Costa Rican President José Figueres, have grave misgivings concerning the methods and objectives of the latest leader of the crusade against dictators, Cuban Prime Minister Fidel Castro. Both are alarmed at Castro's demagoguery and his tendency to support pro-Communist Nicaraguan and Dominican revolutionaries.

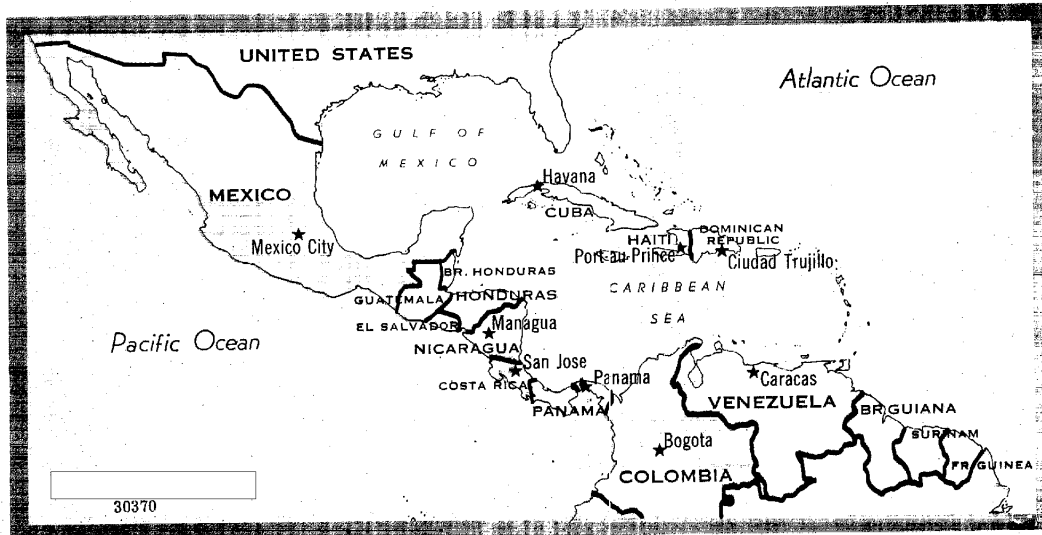
On his visit to Cuba, beginning on 20 March, Figueres is believed to have tried to dissuade Castro from actions that would increase Communist capabilities in the area and to secure his support for Figueres' own plans for ousting the regimes in Nicaragua and the Dominican Republic.

Basic differences, which appear likely to prevent effective cooperation between the two leaders, were emphasized

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during a labor rally in Havana on 22 March. Figueres, while lamenting what he considers the lack of appreciation in the United States for Latin America's "war" on dictatorships and its economic problems, concluded that solutions to these problems can be negotiated and that Latin America's place is at the side of the United States in the cold war. He was heatedly interrupted by Castro's labor chief with the declaration that Cuba "has no need to support the United States, which is still mistreating us."

Castro then harangued the crowd for nearly two hours, strongly disagreeing with Figueres on a number of points, repeatedly attacking the United States, and affirming that Cuba should be neutralist.

The differences among the leading crusaders against dic-

tatorship do not necessarily mean a weakening of the revolutionary fervor now threatening the regimes in Nicaragua and the Dominican Republic. The psychological climate for revolutionary action is already present, and plotting is expected to continue whether or not all exile factions are united.

The Communists, aided by Castro's repeated charges that the United States supports dictatorships, evidently are attempting to gain sufficient control in the revolutionary movements to ensure their influence in any postrevolutionary government in Nicaragua or the Dominican Republic. Other more moderate revolutionaries, however, are looking to Figueres, and possibly also to Betancourt, for aid and guidance.

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THE NEW COLOMBIAN CABINET

The appointment on 23 March of a new Colombian cabinet with broader conservative representation will probably strengthen the eight-month-old National

Front government of Conservatives and Liberals and may reduce the political tension and uncertainty of the past few weeks. The 14 March mass

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resignation of President Lleras' former cabinet, which followed closely on widespread violence, suggested that serious dissension was developing within the government.

The National Front was inaugurated last August following Conservative-Liberal agreement to rotate the presidency and to share on a parity basis all appointive and elective offices for a 16-year period. It has been weakened by the opposition of minority Conservative groups, the resurgence of Communist agitation, the plotting of the followers of former dictator Rojas, and reported growing opposition of Liberals to rotation of the presidency. The coordination process within the coalition has also apparently slowed down government decisions and programs.

The cabinet now is composed of six holdovers and seven new members, including two representatives of the important "Republican" faction of Conservatives which had refused to cooperate with the government. Their participation now may constitute a major initial step

toward a rapprochement between the principal elements of the long-divided Conservatives.

The President's position has also been improved by the ratification of the coalition agreements at a recent convention of his own Liberal party--a step which followed his earlier warning that he would resign if rotation of the presidency were not upheld. Moreover, the end of Rojas' trial by the Senate, with his conviction of misconduct during his 1953-57 presidential term, may remove a disturbing element from the political scene and undercut any further plotting by his supporters.

The government thus far has been successful in carrying out its stabilization program, designed to conserve foreign exchange, control inflation, and pay the heavy commercial debt inherited from the dictatorship. However, any drastic drop in the present low price of coffee, on which Colombia depends for almost 80 percent of its foreign exchange, might threaten this program and lead to economic conditions readily exploitable by opposition groups.

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PART III

PATTERNS AND PERSPECTIVES

NATO'S TENTH ANNIVERSARY OUTLOOK

At the NATO 2-4 April ministerial meeting, which coincides with the treaty's tenth anniversary, most questions facing the ministers reflect the alliance's continuing problem of achieving Western unity in the face of increasingly divisive tendencies of national interests. Although the Cyprus settlement has begun to heal the rift among Greece, Turkey, and Britain and has helped to alleviate concern over the risk to NATO's southeastern flank, other issues still generate discord among alliance members.

The Dutch have long been concerned over the supply of military equipment to Indonesia and on 11 March they warned the North Atlantic Council (NAC) that if Italy sells four destroyers to Indonesia, they might redeploy some naval vessels earmarked for the NATO area. Strong reaction in Iceland to continued incidents in the fishing dispute with the British could jeopardize the continued use of important northern bases there. The outstanding example of these divisive tendencies is the recent series of French moves culminating in the announcement that the French Mediterranean fleet would not be placed under NATO command in the event of war.

The French Problem

This De Gaulle move, taken without prior consultation, provoked expressions of grave concern in member countries. Although the NAC has deferred full debate until the military authorities' views are received, British, Dutch, Norwegian, Greek, and Turkish representatives have spoken of the adverse psychological impact the move would have.

Other comments indicate fear that a precedent might be set for future unilateral West German action. The Belgian representative said his government held this concern.

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the French action could lead to a real danger in future years by encouraging nationalistic tendencies

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Paris has also been the chief obstructionist for the last two months over the defense program approved at the December ministerial meeting. De Gaulle, by his strong opposition, has held up approval of the first steps toward integrating NATO's air-defense system. He has thus far refused French concurrence in the common financing of missile sites and of nuclear stockpiles and has suspended bilateral negotiations on the provision of American missiles. He claims that France, which is about to become a nuclear power, does not have an adequate voice in deciding on use of these weapons.

De Gaulle questions NATO's structure and its geographic scope.

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it should be reorganized with the accent on cooperation rather than integration. His idea of a looser coalition with military forces primarily under national command and his opposition to the integration principle and to giving weight to the views of smaller nations are strikingly at variance with NATO's basic principles.

French spokesmen have made clear that these views and actions stem from De Gaulle's

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frustration over what he considers the lack of Allied support for French policy in Algeria, and from irritation at lack of response to his November 1958 memorandum to President Eisenhower and Prime Minister Macmillan requesting tripartite policy coordination on a global basis. De Gaulle probably regards NATO as the most vulnerable area in which he can exert pressure on Britain and the United States to accede to these demands.

More bolts from Paris can be expected. One such may be foreshadowed in Foreign Minister Couve de Murville's statement on 19 March that France wishes to have all French forces at its own disposal in case of war in order to carry out national missions. Article 12 of the North Atlantic Treaty, providing for review of the pact after ten years if any member so requests, offers another opportunity for French revisionist efforts.

The Military Situation

Many members still fail to meet NATO military goals. The MC-70 study, setting forth the minimum military requirements program considered essential through 1963, was not adopted as a commitment but only "approved for planning purposes" last spring when Britain, France, and other members would not agree to be bound by the allotted force goals. The result, according to the 1958 Annual Review of NATO's defense status, was a return to the military shortcomings MC-70 had been designed to correct.

Events of the past three months show no reversal of the unfavorable trends which caused NATO military authorities to warn the ministers at last December's meeting that, unless these

are corrected, the military security of the NATO area will be in serious jeopardy and will require a major review of overall planning. Implicit was the possibility of having to abandon the forward strategy concept.

The bulk of France's NATO-committed forces is still in Algeria. Britain is continuing the progressive reduction of its armed forces through 1962 and plans to end conscription next year.

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Of the seven West German divisions committed to NATO thus far, all are under strength and none has a significant divisional combat capability. Additional defense measures, which the Dutch believe necessary in New Guinea, may deplete their NATO equipment unless American aid fills the gap.

There are also pressures in the Netherlands and Luxembourg for lowering the military service period. Belgium's reduction from 15 to 12 months will take effect in September. Denmark's parliament is likely to approve a defense reorganization plan involving reduction of conscription time for the army from 18 to 12 months and for the navy from 18 to 14.

Related projects, such as air-defense integration and the introduction of modern weapons, are lagging. In accordance with the defense resolution adopted at last December's meeting, Secretary General Spaak will report to the ministers in April on progress in implementing measures necessary to strengthen the defense effort.

The Ministerial Meeting

The discussion of Berlin and the German problem, which

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will open and dominate the NATO foreign ministers' 2-4 April meeting in Washington, will be undertaken in the context of various schemes for lessening East-West tension in Central Europe. Exchanges of views in recent council sessions, while far from conclusive, have underlined members' concern with the urgency of developing a Western position that will win public support.

Pressure might come from NATO governments for more specific information on three-power contingency plans to maintain access to Berlin, particularly prospective policy in the event East Germans replace Soviet personnel at checkpoints.

There is some anxiety that the West may be pushed into a position of risking war over a legal issue such as the competence of East German personnel to stamp documents. Public opinion in the Scandinavian countries and Britain, especially, would not support this. While all

countries say they favor a firm stand on Berlin, little consideration has been given to specific methods or degrees of firmness. Primary responsibility is acknowledged to rest with the former occupying powers, but the other nations are alert to the fact that a military showdown would involve them all. At this point, however, most members are counting on a negotiated peaceful settlement, or referral of the matter to the United Nations in case of an impasse.

Time will probably limit extensive consideration of other topics.

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could give rise to discussion of the French fleet affair as well as of the whole question of force commitments.

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COMMUNIST STRENGTH ON CYPRUS

The present truce on Cyprus between the Communists and the Greek Cypriot nationalists, led by Archbishop Makarios III, is not expected to last long once the inevitable economic, political, and social problems of an independent Cyprus arise. Present Communist strategy, however, calls for supporting Makarios as the only Greek Cypriot leader.

Despite this current collaboration with the nationalists, the Communist leadership has followed Radio Moscow's line in denouncing the recent Cyprus accords --thus putting itself in a position to attract future support from those who become disillusioned with the implementation of the settlement.

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Communist Organization

The Communist Party of Cyprus (KKK), established in 1922, was outlawed in 1933 but reappeared in 1941 as the Reform

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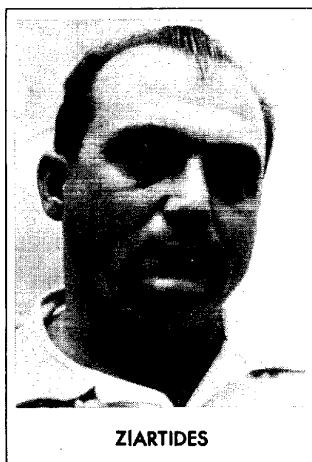
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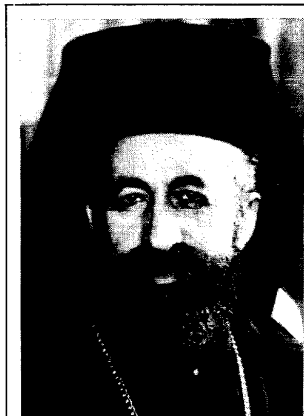
Party of the Working People (AKEL). AKEL in turn was proscribed in 1955. Archbishop Makarios has indicated that he will not oppose the legalization of AKEL in the independent republic to be created.

The present size of the Communist party on Cyprus is not definitely known, but is usually estimated at between 5,000 and 10,000 card-carrying members. The party has made great strides since its founding, but its appeal has always been almost exclusively to the Greek Cypriot population. In the municipal elections of 1953, the last elections on the island, Communist-backed candidates secured 42 percent of the popular vote of the Greek Cypriot community but attracted few votes among the Turkish Cypriot minority. The municipal councils of three of the six cities on the island now are controlled by the Communists.

Ziartides, an extremely able, Moscow-trained labor leader, is the island's leading Communist. He is not known to be an officer of the party at this time but derives his power from his position as secretary general of the island's largest trade union, the 40,000-member Pan Cyprian



ZIARTIDES



MAKARIOS

Federation of Labor (PEO). The PEO has rapidly expanded during the past five years and now dwarfs in size and influence the anti-Communist labor union sponsored by the Greek Cypriot nationalists. While the PEO leadership has worked effectively for improved labor conditions, the leaders of the anti-Communist organization have devoted their major efforts to the political struggle for enosis-- union of the island with Greece.

Since 1949, the secretary general of AKEL has been Ezekiel Papaioannou.

he may have been replaced in 1958 by the central organizing secretary, Andreas Fantis, Papaioannou remains a leading AKEL spokesman.

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Three front organizations-- the Reform Youth Organization, Union of Cypriot Farmers, and the Pan Cyprian Organization of Democratic Women--were also declared illegal in 1955 but presumably have retained their organizational structure and are prepared to resume operations with legalization.

At the same time, the five Communist newspapers of Cyprus were closed down. In February 1956, however, Haravghi (Dawn) began publication as the voice of the outlawed Communist party. By 1958, under the able

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PAPAIOANNOU

management of Stelios Jacovides, a doctrinaire Communist, Haravghi had increased its circulation to over 12,000 copies daily. No other newspaper on Cyprus has a larger circulation.

The Greek Nationalists

The Greek Cypriot nationalists and Turkish Cypriots are in uncoordinated opposition to the Communists. The enosis-minded Greek Cypriot nationalists, led by the Greek Orthodox Church, are made up of conservative elements with much of their strength among the peasantry. They are loosely organized, and independence may provide the impetus for a splintering of this political grouping into several parties. At the very least, efforts are expected to be made to create some form of political center as an alternative to the Communists and the reactionary, church-dominated nationalists.

Such unity as exists among the Greek nationalists is largely the result of widespread devotion to Archbishop Makarios. The leaders of the Greek Orthodox Church have dominated Cyprus politics for centuries, and Makarios, who signed the recent Cyprus accords on behalf of all Greek

Cypriots, has brought this supremacy to unprecedented heights. His power was won in part by acquiring the aura of martyrdom through his three-year exile from Cyprus and through the forfeiting of leadership by the lay leaders of the nationalist movement. The enormously popular Greek Cypriot underground leader Grivas, in his farewell message to the people of Cyprus, issued a strong call to support Makarios.

Makarios staked his reputation on the Cyprus accords and is personally determined to make them work. However, despite his talent at political compromise, he has little time to produce satisfactory answers to the various economic and political problems of Cyprus, and there is some question whether his approach to these problems will be progressive enough to meet popular demand. Moreover, he has inherited a legacy of ill will between the Turkish and Greek Cypriots which will take years to erase. Finally, the nationalists, who have concentrated their energies on the national struggle for enosis, do not have the reputation for good local government which the Communists have developed through their scrupulous attention to local affairs.



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The Turkish Cypriots

The Turkish Cypriots, a Moslem minority comprising 18 percent of the population, may hold the balance of power in future governments if the Greek Communists and conservatives become roughly balanced in strength. The Cyprus agreements allow the Turks to hold 30 percent of the seats in the legislature--enough for them to control the operation of government. They are implacably anti-Communist.

The Turkish Cypriot leader, the astute Fazil Kuchuk, has indicated that he is prepared to work with Makarios for the creation of a Cypriot republic; Makarios is expected to be president and Kuchuk vice president. Kuchuk, however, has also given notice that he will jealously guard the rights granted the Turks in the Cyprus agreements. There remains, therefore, a possibility of continued tension between the Greek and Turkish communities which the Communists can be expected to exploit. The inevitable problem of minority

rights may even give the Communists a chance to gain adherents in the Turkish community.

One controversial aspect of the Cyprus settlement is the power of veto given the Turkish vice president and the Turkish members of the legislature. While this power may be a serious impediment to the functioning of the new government, it may at the same time provide a means for negating much of the effect a rapid rise in Communist strength would have on the government.

The Cyprus accords also provide for Britain, Greece, and Turkey to resist any attack, "direct or indirect," against the independence of Cyprus and for joint or individual action by the three powers to re-establish the "state of affairs" established by the London accords. These provisions thus provide the basis for future action by one or more of the three states to prevent Cyprus from falling to the Communists.

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THE RISE AND FALL OF THE POLISH WORKERS' COUNCILS

The Gomulka government, with the passage on 20 December 1958 of a law on Worker Self-Government Conferences, dealt the Polish Workers' Councils a final blow as a potentially effective instrument for worker participation in industrial management. The first Polish Workers' Councils were based on the Yugoslav model which Tito established in 1949 and 1950 to gain greater support for his regime and were formed in the summer of 1956 by the "labor intelligentsia" as part of a campaign against Stalinist methods of factory management.

The basic aim of those who led the struggle in Poland was a more rational economic system that would permit better management at the individual factory level. As the council movement spread, it became an integral part of the "liberalization" process that brought Gomulka to power in October 1956.

Comparison With Yugoslav Model

In Yugoslavia the councils were established by the party to further its own aims, while in Poland they were the result of a spontaneous movement

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backed initially by the workers themselves. The Yugoslav councils are, in theory at least, the basic management authority; in Poland, they were permitted only to "co-manage" the enterprises.

In general, the Yugoslav councils have wider powers than the Polish version ever had. Workers' Councils in Poland were limited to individual enterprises; in Yugoslavia they extend upward to a coordinating agency at the national level. The Polish enterprise director retained much more authority than his Yugoslav counterpart.

The leaders of the Polish Workers' Council movement believed that many of the traditional functions of the entrepreneur could be transferred to the councils within the framework of the socialist system. Their idea was that since the workers of an enterprise had the necessary material interest in its operation, they could be relied on to assume the responsibility for its co-management. Such a system seemed to conform to the socialist concept of direct worker participation in the management of productive activity and was expected to improve the efficiency of both management and workers, as well as to enhance labor discipline and eliminate waste.

Establishment of Councils

The first Polish Workers' Councils were inspired and controlled by technical and administrative personnel rather than by workers with a long history of trade unionism. As a political necessity, the Gomulka regime accepted the principle of Workers' Councils, but found itself committed to a concept without any clear notion of its potential political and economic consequences. Gomulka himself is said to have felt from the beginning that the councils were anarchist and syndicalist

in nature and should be rendered ineffective as quickly as possible.

The law establishing the councils in November 1956 was frankly experimental. There was no provision for coordinating the activities of a number of councils, nor did the councils have sufficient authority to take actions that might have alleviated some of the shortcomings inherited from the preceding decade of mismanagement.

Under different conditions, the councils might have developed into an effective movement capable of improving Poland's industrial situation and eliminating some of the worker dissatisfaction. Their history, however, shows that Polish laborers are not sufficiently interested to participate actively in management and to cooperate voluntarily with measures aimed at increasing productivity unless there are adequate economic incentives.

Worker Disillusionment

When the councils did not prove to be a panacea for all the ills besetting the Polish economy, there was widespread disillusionment. They were hampered from the beginning by lack of agreement on their proper status and functions and by the conflicting interests of the councils, workers, managers, and the party.

The fact that the leaders of the councils were, in the main, the technical and administrative intelligentsia rather than the workers proved to be a major cause of difficulty. The intellectuals were able to see the blunders and absurdities of the doctrinaire party functionaries and welcomed the opportunity to exercise leadership. Many rank-and-file workers, however, soon charged that the "technological elite" had more in common with management than with workers.

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Party Objections

Production problems frequently arose as a result of administrative confusion and rivalries among the councils, trade unions, the party, and factory management. These were combined with the generally narrow interests of many councils themselves and their inability to cope with the complexities of industrial management. The party from the beginning had been critical of the idea that the councils should have substantial powers over the administration of industry. Party leaders felt they could not tolerate any organization which might compete for power with the party.

At the party central committee's plenum in May 1957, Gomulka took great pains to criticize the "false concepts" that had appeared in public discussions of the councils' role. He maintained that management of the enterprises by the councils would mean the destruction of the planned economy. The organization of the councils on an industrial and nationwide basis, he argued, would do nothing to improve efficiency but would merely foster the concept of an anarchist utopia and the proliferation of duplicating administrative bodies. He implied that the councils had no functions that could not be performed as well by other existing organs.

Gomulka's concept was that the councils should be limited to reducing production costs, assisting in fuller exploitation of plant capacity, planning for the constructive use of surplus manpower, advising on appointments to supervisory positions, combating theft, bribery, and other dishonest practices, and dealing with matters of labor discipline and distribution of surplus funds.

Gomulka proposed at the Fourth Trade Union Congress in April 1958 establishment of Workers' Self-Government Conferences (WSGC). The councils would become organs of the WSGC, lose their autonomous status, and in fact become subordinate to the party and trade unions.

The regime inaugurated an intensive drive to establish WSGC in individual enterprises on a "voluntary" basis, and by mid-February 1959 more than 8,000 had been formed.

New Law

Under the complicated statute passed by the Sejm on 20 December 1958, the WSGC is to be an instrument for the control of labor by the party and its subsidiary organization, the trade unions; the range of worker self-government activities is to be carefully circumscribed; and the "binding principle of one-person management" is strongly affirmed, thus ruling out any effective worker participation in industrial management. While leaving the councils legally in existence, the law in fact formalizes their demise and provides a procedure for their abolition.

The new law merges the Workers' Councils into a quadripartite body--council leaders, party functionaries, union officials, and management representatives. Furthermore, the law does not even make Workers' Councils mandatory, merely stating that they "may" exist or be formed.

While it is still theoretically possible for the Workers' Councils to have an effective voice in the WSGC, voting procedures have been stacked against them. They will be in a minority from the beginning, as the trade unions are merely

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party organizations in another guise and the enterprise director is dependent on the party for his position.

Should a Workers' Council attempt to maintain its influence in the direction of a factory, the party and trade union representation in the WSGC could easily be enlarged or the factory director could always use his veto power. Furthermore, the law makes it easy for party and trade union members to infiltrate the Workers' Councils and to gain control if necessary. A system of checks and balances will also serve to keep the councils in a subordinate position. The presidium of the council must include union, party, and management representatives, who will thus be in a position to control the presidium's decisions. Moreover, council elections will be controlled and supervised by the trade unions.

Prospects

The reorganization of the system offers the party every opportunity to increase its activity and influence among industrial labor. While the roles of the unions and management have been enhanced, the party will gain most.

Prospects for true worker participation in policy and administrative decisions involving the direction of the

economy are virtually nonexistent. There are already indications that the WSGC is to be used largely as a propaganda forum for exhorting workers to greater productive efforts, since existing conferences are pushing worker competitions and pledges to exceed planned goals and quotas. The same worker indifference to party propaganda which characterized the general attitude toward the Workers' Councils and hastened their deterioration, however, is likely to impede efforts to use the WSGC to raise productivity.

The WSGC does offer the prospect of improving administrative coordination among groups responsible for the organization of production, but they are likely to be overburdened with petty details, and the interests of individual factories rather than those of the entire economy are likely to be emphasized. Management will gain greater authority, responsibility, and reward under the new system.

Workers' Councils probably will continue to exist only where they have active worker support and are economically effective. Since they are even less likely to meet these criteria under the WSGC than before, it is likely that most councils will gradually die away, probably with little objection from the workers.

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PEIPING'S DOCTRINAL CLAIMS AND SINO-SOVIET RELATIONS

Faced with strong Soviet opposition, Peiping's retreat from the early ideological claims made for the Chinese communes culminated last month in Chinese pronouncements that the USSR still sets the pace

and the pattern throughout the orbit for progress toward the ultimate state envisioned by Marx, Engels, and Lenin. The junior partner, probably bitter over the forced retreat, retains its communes, not as an

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internationally applicable breakthrough toward Communism itself, but as a peculiarly Chinese innovation required by local conditions for the "building of socialism" and the eventual transition to Communism.

The episode is typical of several occasions since 1953 on which Peiping has independently claimed the discovery of new ideological truths, only to be forced subsequently to abandon or scale down its claims. Mao Tse-tung and his colleagues will probably continue to seek enhanced prestige as "creative" Marxists, but the communes controversy indicates that they consider the Sino-Soviet alliance too valuable to be jeopardized by doctrinal disagreement.

When the Chinese Communists first instituted the communes program last July, it was with the claim that "Communism is not far distant in China." Basing their claims on quotations from Marx, Engels, some of Lenin's early writings, and even works of Utopian Socialists, they said the "Chinese people," in seeking to "grope out a concrete road" to Communism, had discovered under the guidance of Mao and the Chinese party that the commune, a qualitative improvement over collectivization, was the best means of transition. Soviet theorists since Lenin were not even mentioned in passing.

The ideological claim may have been motivated by the need for a psychological incentive during intense reorganization, a conviction that Soviet standards could not realistically be applied to China, and Mao's own desire to refurbish his prestige as an independent interpreter of Marx after the about-face on his "hundred flow-

ers" thesis. Practical economic necessity appears to have dictated the commune program and its retention today shorn of major doctrinal pretensions. Liu Shao-chi, Mao's chief lieutenant, has stressed that essential rapid industrialization depended on a revolution in agriculture, a revolution which could be achieved only through regimentation and complete control of the labor force.

The Chinese were aware that the USSR had experimented briefly with communes, but they apparently believed that Peiping could exploit peasants more intensely than Moscow because Chinese peasants had less to lose, their resistance had been more completely broken, and they had gone through decades of war and social anarchy.

The commune program not only contradicted earlier Soviet experience, however, but in its role as a shortcut to Communism flew in the face of the Soviet dictum that considerable material abundance and highly developed technology are prerequisites for the entry into this final stage of Marxism. Possibly rationalizing away the impossibility of meeting these requirements in China in the immediate future, the Peiping theorists seemed to imply that these considerations had something in common with bourgeois materialism, and harked back to the original Marxism "To each according to his needs."

Recent Soviet doctrine, recognizing the need for incentive, holds that each should receive "according to his effort." But the Chinese, unable to deliver even the beginnings of material abundance during the drive to industrialize, sought to

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substitute for material incentives the vision of reaching the ultimate goal, no matter how grim the short cut, within the not-too-distant future.

Mao and his colleagues may have felt they were shielded in this independent ideological pathfinding by the 12-party Moscow declaration of November 1957, which Mao helped draft. This provided, as an alternative to "separate roads to socialism," that the individual parties would use "creativity" in applying the general building codes of socialism, "in accordance with the concrete conditions of their countries." But developments made it clear that the Kremlin was angered by the Chinese claims of progress toward Communism, and that the Soviet leaders were less than gracious in showing their pique and indicating that the claims were presumptuous.

The independence and boldness of the Chinese claims suggest that Peiping did not expect a severe rebuff from Moscow, but rather concurrence that the Chinese party is competent to discuss the building of socialism and Communism. The continuation of Chinese claims through September and October further suggests that Moscow at first attempted to use silence to indicate its growing displeasure, hoping that the Chinese leaders would take the initiative in moderating their statements. When this approach failed to dampen Chinese enthusiasm, the Soviet leaders apparently decided to object more directly.

Soviet Ambassador Yudin probably informed the Chinese leaders frankly that China did not have the material require-

ments for completing the building of socialism in a few years; furthermore, he may well have implied that China might find it increasingly difficult to get them. In a speech on 6 November in Peiping, Yudin had nothing to say about the communes and much to say about high-level industrialization and the dawn of Communism in the Soviet Union.

The degree of Soviet irritation with the Chinese is indicated by Khrushchev's willingness to disparage them before Westerners. He told Senator Humphrey that the communes were in fact simply a method of using massive amounts of labor in agriculture. He also said that the



MAO TSE-TUNG AND KHRUSHCHEV AT AUGUST 1958 MEETING IN PEIPING.

... CHINA RECONSTRUCTS, FEBRUARY 1959

Soviet Union had found the principle of "to each according to his need" impractical--that incentives were necessary.

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Faced with blunt Soviet disapproval, Peiping's claims on the imminence of pure Communism

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were scaled down. The retreat on the issue of incentives, however, was also dictated by practical domestic considerations; the 10 December resolution of the Chinese Communist party central committee plenum called for stress on incentives to spur "production" and indicated that the principle of distribution of money and supplies "according to work" would be the regime's policy "for a long time to come."

The ideological retreat was embarrassing to the Chinese party and required a rationalization. Chinese writers provided this by stating that the revolution could neither "stand still" nor dash forward without adequate material foundations. In effect, however, Mao's thesis of "uninterrupted revolution" was modified by acknowledging the need for "revolutionary stages." In January the party's theoretical journal, Red Flag, reasserted the point made by Mao 20 years ago that "the political and social revolutions cannot be accomplished at one stroke."

The extent of Peiping's public retreat is emphasized by two major commentaries on Khrushchev's report on the Soviet 21st party congress. People's Daily on 5 February and Red Flag on 16 February accepted Khrushchev's "clarifications" and made no attempt to blur the doctrinal points at issue between Peiping and Moscow.

The major points acknowledged by the editorials were that: (1) common "laws" preclude a separate path to socialism; (2) Communism requires an abundance of goods and must be erected on a highly industrialized base which will require decades to build; (3) remuneration "according to work" is still the basic principle of distribution under socialism and will continue to be "for a

long time to come," and (4) China will not move toward the USSR's advanced position at a rate faster than that of the satellites.

Chou En-lai, attempting to mollify the Soviet leaders, told the Soviet party congress that the communes were Chinese formations evolved from and for Chinese conditions and, by implication, that Peiping did not intend to export the idea. The Chinese persist, however, in the obvious contention that the commune is more than a form of collectivized agriculture--it is a unit of society differing significantly from the Soviet model.

The Soviet leaders continued to be sensitive to this connotation of "commune"; for example, Khrushchev and Yudin failed to mention it in their speeches at the congress. Yudin, who advised that those who want to know "what Communism is" must study documents of the congress, referred only to China's "socialist transformation of rural communities."

There is no reliable evidence that the Soviet Union made any concessions to obtain the Chinese recantation. Long-term aid and technical assistance may have been used either as a weapon or a bribe, but the Sino-Soviet economic agreement signed on February does not seem to extend Peiping special considerations. In the ideological area, Khrushchev's thesis that the socialist countries would "more or less simultaneously pass to Communism" removes the earlier hints that the European Communist countries would achieve this goal first. While this may represent a concession to Chinese pride, it also pulls Peiping back to travel with and not ahead of the satellites.

Khrushchev's remarks at the congress that "countries economically backward in the

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past are able to make up rapidly for lost time by drawing on the experience, cooperation, and mutual assistance of other Socialist countries" appears to be a reminder that Peiping's aspiration to status of a major industrial power depends on Soviet aid. In this, Khrushchev is relegating China almost to the level of the satellites, who continue to stress the role of Soviet aid in their advance toward socialism.

Mao's prestige as a theorist in the bloc--particularly in Eastern Europe--if not damaged, has not been enhanced, and the forced ideological retreat almost certainly left the Chinese with some feeling of bitterness.

Peiping's recantation of certain ideological points in-

dicates that the Chinese are unwilling to risk serious damage to a profitable alliance over doctrinal pretensions. In yielding to Soviet pressure, the Chinese are following a pattern which marked earlier ventures in the doctrinal field.

The Chinese Communists continue to consolidate the communes, considering them the "best form for China to make the transition from socialism to Communism." Regardless of the ideological retreat, the communes involve major modifications of Peiping's economic pattern, which originally was based on the Soviet example. In the event that Mao issues a thesis on the subject, he will probably apply it to "China's concrete conditions" in order to avoid a direct challenge to Moscow's ideological leadership in the bloc. Moreover, any independent doctrinal claims he advances will probably be on a modest scale and with more ambiguity than those the Chinese made in 1958.

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ANNEX**SINO-SOVIET BLOC ACTIVITY IN TUNISIA, MOROCCO, AND ALGERIA**

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1. General Bloc Policy:

The over-all aims of Sino-Soviet bloc policy in North Africa continue to be disruption of Western interests, establishment and expansion of lasting political and economic relationships, and encouragement of an anti-Western neutralist posture in the area. In the last six months, the bloc has enlarged the modest scope of its trade relations. Soviet First Deputy Premier Mikoyan declared in January that the USSR, without attaching political strings, would be "always disposed to study" any Tunisian requests for economic development loans. Moscow scored an initial breakthrough in the political field by exchanging ambassadors with Morocco, and Morocco has also given agreement for a Chinese Communist ambassador, who apparently will be a Chinese Moslem. Soviet propaganda throughout the period called for immediate American withdrawal from air bases in Morocco.

2. The bloc has furnished political and propaganda support for the Algerian provisional government established in Cairo in September, but Moscow and the European satellites, eager to preserve good relations with France, so far have stopped short of recognition. China and the Asian satellites, on the other hand, have recognized the provisional government. The bloc is interested in stimulating anti-Westernism and nationalist regionalism throughout North Africa, and bloc governmental activities in this regard often parallel those of the UAR.

3. Diplomatic Activity:

The Soviet Embassy in Rabat,

opened in October and now staffed with 33 nationals, is the only bloc diplomatic post in the area. In February Morocco named an ambassador to Moscow. The USSR and Czechoslovakia maintain trade missions in Tunis, and the USSR, Czechoslovakia, and Poland have trade missions in Casablanca. Soviet officials in Rabat have moved quickly to make initial contacts both with Moroccan society and with the Mauritanian and Algerian nationalist movements. The Polish trade mission in Casablanca, and to a lesser extent the Soviet and Czech missions there, are actively expanding social and propaganda activities and efforts to promote trade. Tunisia is committed in principle to an eventual diplomatic exchange with both the USSR and Communist China.

4. **Economic Activity:** In recent months the bloc has intensified its efforts to increase commerce with North Africa, but trade with the bloc continues to be only a small fraction of the total foreign trade of Tunisia and Morocco. Bloc commerce constitutes about 4 percent of Morocco's total trade, somewhat over 2 percent of Tunisia's total trade, and one percent of Algeria's trade carried on within the French economic framework.

5. If recently concluded agreements between Morocco and bloc countries are fully implemented, a substantial increase in the present small amount of trade will occur in 1959. Agreements with Communist China and Czechoslovakia call for an increase of roughly 100 percent in trade turnover. In Tunisia, recent trade accords, especially those with the USSR and Communist China, foreshadow a considerable increase in 1959. The agreement with China calls for \$2,000,000 in trade each way

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compared with total exchanges in 1957 of only \$600,000. Both the Casablanca and Tunis trade fairs continue to be focal points for bloc promotional activities. The USSR will exhibit for the first time at the Casablanca trade fair in April.

6. Morocco has experienced great difficulty in its trade with Peiping because of China's unwillingness or inability to absorb Morocco's traditional agricultural exports. In 1958 China's large exports of green tea to Morocco were balanced by Chinese imports from France. A Chinese trade delegation recently spent three months in Rabat and worked out a series of triangular trade transactions as well as Chinese purchases of phosphates in an effort to correct this imbalance.

offices in Rabat in November, immediately following the Moroccan-Chinese agreement in principle to establish diplomatic relations. The USSR is reported to have tentative plans to open a cultural center in Rabat and it will reportedly include a secondary school staffed with Arabic-speaking Soviet teachers. In Tunisia, the USSR and Czechoslovakia are the most active bloc countries in local propaganda directed at the press and theaters. The USSR has recently attempted direct mailing operations; it has provided a free and unsolicited supply of Arabic-language literature to Tunisia's largest Arabic book wholesaler. However, there appears to be no widespread public distribution of bloc publications.

10. Subversive Activity: The Tunisian and Moroccan Communist parties have apparently been unable to penetrate the nationalist movements and dominate political parties which they support publicly. Dominant nationalists still regard the Communist parties as foreign organizations, since party leadership has been in the past predominantly European. Communist parties in all three areas have, however, substantially "Arabized" themselves in the last several years. In Tunisia, there are about 300 hard-core Communists; in Morocco, where the party is formally illegal but tolerated, less than a thousand; and in Algeria, where it is also illegal, between 5,000 and 10,000. Several higher level Moroccan government officials, including the director of mines, are Communists. In addition a considerable portion of the French teachers supplied to both Tunisia and Morocco are Communists or Communist sympathizers, and this is a potentially serious source of Communist influence.

9. Cultural and Propaganda Activity: Peiping installed a New China News Agency representative and opened information

11. It is probable that, with the establishment of the

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Soviet Embassy in Rabat, North African Communists may receive some degree of direct guidance. The three parties are apparently in consultation with each other on regional questions, and they have maintained covert contacts with a number of European Communist parties, especially those in Italy, France, and Belgium. Direct contact with Moscow through visits of party leaders is the mechanism for basic guidance.

12. Reaction to Bloc Activities: The governments of Morocco and Tunisia have cautiously accepted a wider measure of bloc relations, but they have been slow to do so and they have rejected many bloc initiatives. Both are sensitive to the dangers posed by a growth in bloc influence. Their security services tend to discount the potential of local Communists, and the services' concern over UAR, French and, especially in Tunisia, Algerian activities tends to push the Communist question into the background. Given their pre-occupation with organizational and political questions and their present capabilities, the security services probably could not cope effectively with substantial Communist subversive operations.

13. President Bourguiba has used the threat of limited arms procurement from the bloc to induce Western aid. Although the Tunisian Government indicated in July that it would exchange ambassadors with both Moscow and Peiping, the government has ignored Soviet overtures and it has apparently dropped the question for the time being.

14. Both Morocco and, to a lesser extent, Tunisia advocate a foreign policy of "non-dependence" which the bloc, for reasons of its own, has so far heartily endorsed. Both gov-

ernments, particularly Tunisia, tend to be Western oriented and to be proud of their veneer of French culture. Political factions in both countries advocating disengagement from the West were apparently strengthened in 1958 by rising North African dissatisfaction over the continuing war with Algeria, Western failure to meet Tunisian arms demands, and the continued presence of American, French, and Spanish bases in Morocco.

15. The Algerian rebels' contacts with the bloc, primarily made through Cairo, but also through Rabat and Bengasi, have increased during the past year. The Algerians have attended international Communist-front meetings and a delegation visited both Moscow and Peiping. Both Morocco and Tunisia continue to seek to influence the provisional government along moderate lines, but their concern over foreign influences on the movement is directed at the UAR rather than the bloc.

16. The Outlook: The bloc will probably continue to make slow progress in broadening its political and economic relationships with North Africa and, if circumstances permit, it will move on into the field of economic aid. Trade turnover between Morocco and Tunisia and the bloc will probably increase but will remain within the range of the present small percentages. Future bloc efforts will continue to be affected to a large degree by the course of the Algerian war and by the periodic crises that recur in France's relations with Tunisia and Morocco. The Tunisian and Moroccan governments would probably be inclined to accept bloc economic assistance to supplement American, other Western, and UN aid.

17. North African Communist parties have improved somewhat their effectiveness as

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they have "Arabized" themselves and have continued to identify themselves with the cause of national independence. Any significant extension of their influence in domestic policy depends on the extent to which

the position of the leading conservative political figures is further eroded by internal crises or by the lack of visible gains resulting from cooperation with the West. 25X1

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