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economic benefit. Thus Ayub's government is caught between this desire and the desire to cooperate with the West in improving Afghan-Pakistani relations. The result has been an ambivalent execution of policy which frequently nullifies the aims of all parties.

Ayub's Second Year

The Ayub government during the next year is likely to have some difficulty in preserving the public acceptance it has enjoyed during its first year

in power. It will have to make tangible progress in raising the standard of living through the sustained implementation of policies already formulated.

Since the regime basically rules by intimidation, it cannot easily keep in touch with the feelings of the people. If it does not perform well during the next year and loses popular support, there is danger that it would not become aware of the dissatisfaction before it reached serious proportions.

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SOCIALIZATION OF AGRICULTURE IN NORTH VIETNAM

The Communist regime in North Vietnam is committed to the goal of collectivizing agriculture. President Ho Chi Minh has said that this transformation, a prerequisite to changing the individual, backward agriculture of the north into a "collective, socialist, highly technical and mechanized" agriculture, is the "first and foremost" task facing the nation.

Acknowledging that this will be a "most difficult and complex" task, Hanoi has borrowed freely from the experiences of Communist China. Like the Chinese, the North Vietnamese planned to reach the goal gradually, through a series of well-defined stages. But, also like the Chinese, in practice they have advanced in sudden spurts followed by longer periods of consolidation. At times, however, they have appeared to lack the boldness and deftness of the leaders in Peiping.

The Theory

The process of agricultural socialization, as envisaged by

both the Chinese and Vietnamese, requires that land redistribution be followed by the establishment of manpower-exchange teams--called mutual-aid teams in China. These teams, organized first on a seasonal and then changed to a permanent basis, are designed to take advantage of traditional peasant patterns of cooperative activity during busy farming seasons. The teams are an embryonic form of farm socialization in which peasants work together to accomplish specific jobs but retain ownership of the means of production--land, draft animals, and tools--as well as of the crops produced.

The next step is the formation of lower level agricultural producers' cooperatives, in which the peasant retains ownership of the means of production but all farm work is performed in accordance with a prearranged, centralized plan. The resulting crop is divided among the cooperative members on the basis of an individual's contribution of land, tools, and labor. These forms in turn are followed by higher level producer cooperatives,

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which are essentially the same as Soviet collective farms. In them, land and farm equipment are held in common, and a peasant's share of the collective income is determined solely on the basis of his work.

The Chinese Communists have shown that the collective farm is not the end of the socialist rainbow by forming larger, more all-embracing units called communes. Some Vietnamese have talked about grouping cooperatives into larger ones and setting up "cooperative networks," but Ho Chi Minh has said that North Vietnam has no intention of organizing communes in the immediate future. Whatever Hanoi's ultimate intention, at present North Vietnam is too far down the socialization ladder for this question to be meaningful.

Actual Developments

Like the Chinese, the North Vietnamese Communists launched a program of land reform in the areas they held prior to taking over all of the north. This was largely a device to enlist and keep peasant support for their revolutionary cause. Even at that early stage, however, the North Vietnamese Communists encountered difficulties. Overzealous local officials pushed the plan so hard in 1953 they began to alienate the people, and the program had to be stopped before much land had been redistributed.

In 1955 and 1956 the Communists returned to the effort. Party theoretician Truong Chinh, usually regarded as a hard-line Stalinist, was put in charge, and thousands of specially picked officials were sent into the countryside in a major effort to see the program through. The results seemed gratifying. The regime announced that by mid-1956 land

reform had been basically completed, that practically all land had been redistributed, that the landlord and rich-peasant class had been "greatly weakened," and that the formation of manpower-exchange teams had been "promoted."

Again, however, there were excesses, and again the rural populace reacted strongly. Dissidence was widespread, flaring into open rebellion in some areas--particularly the more strongly Catholic ones. The leading party theoretical journal sadly admitted, "We committed grave mistakes...resulting in the greatest damage to our party and our people." It was thus necessary, the party decided, to "settle a number of questions on land reform." A "mistakes correction" campaign, under the same Truong Chinh, was started. This was the low point of the socialization drive. During its course, the number of manpower-exchange teams dropped from 190,000 teams in mid-1956 to only 72,000 teams in October 1957.

The campaign lasted longer than the regime had originally intended, but by early 1958 Premier Pham Van Dong was able to announce that the "mistakes"

GROWTH OF SOCIALIZED AGRICULTURE IN NORTH VIETNAM

DATE	MANPOWER-EXCHANGE TEAMS		SIMPLE PRODUCER CO-OPS		COLLECTIVES
	NUMBER	% OF FARM HOUSEHOLDS	NUMBER	% OF FARM HOUSEHOLDS	NUMBER
DEC 1955	67,265	53	6	—	—
JUN 1956	190,249	60	37	—	—
OCT 1957	72,000	—	—	—	—
DEC 1957	86,000	27	44	—	—
JUL 1958	157,885	41	133	—	—
DEC 1958	244,336	65	4,721	4.4	3
JUN 1959	250,000	70	15,026	19.6	535(JULY)
OCT 1959	—	—	22,945	38.2	—

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had been corrected. This, he said, "strengthened solidarity" in the countryside and provided a new "stimulus" to the socialization movement.

President Ho decided the time had come to reactivate the

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drive. This decision coincided with the launching of the regime's new three-year economic plan (1958-60). The plan stipulated that the development of agriculture would be the "key task" for the period and that the socialization of agriculture was the "only road" by which this could be accomplished. It set the ambitious goal of having all of North Vietnam's farm households in lower level cooperatives by the end of the plan period, as compared with less than one percent at the outset.

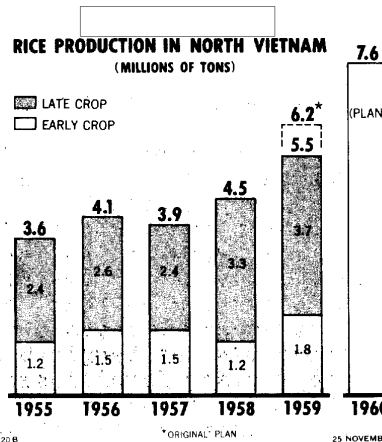
The renewed drive concentrated in early 1958 on the formation and development of manpower-exchange teams, which, the regime argued, could be used as the basis for a later drive to set up cooperatives. The number of teams tripled that year. In the last three months of 1958 and in 1959 the emphasis shifted to lower level cooperatives. There has been no headlong rush into cooperatives such as took place in China in 1955, but, as one high official in Hanoi remarked, "Our enthusiastic and eager people have firmly and prudently spread the cooperative movement." The number of cooperatives jumped from 133 to 4,700 in the last three months of 1958, to 15,000 at the end of June 1959, and to almost 23,000 by the end of October.

Effect on Farm Output

While there are good reasons for believing that Hanoi's agricultural production figures offer an overly optimistic view of the situation, there is little reason to doubt that total farm output has gone up substantially since 1955. Hanoi has tied this general rise in production to the introduction of socialist organizational forms.

In fact, the major rationale for the adoption of these forms has been the supposed effect in raising output.

A number of benefits can probably be traced to the spread of cooperative farming, including improved efficiency in the use of animals and manpower, and a better channel through which to spread the gospel of new farming methods. The new forms have not been in existence long enough, however, to have had any marked impact on output. The primary causes for such growth have been the



restoration and extension of an irrigation system badly deranged by war and neglect, the application of larger amounts of both natural and chemical fertilizers, the introduction of new farm implements, and the fuller exploitation of an abundance of human labor.

Outlook

The last 18 months have seen a quickening of Hanoi's effort, but the regime still has a number of serious obstacles to overcome before it can reach its goal. The program has been

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lagging in the country's extensive mountain areas. As of September, only 246 out of a total of 2,200 mountain villages had undergone even the initial step of land reform. The authorities, calling attention to the special characteristics of the mountain people, have stated that it is "incorrect to push cooperativization too strongly" in their villages.

In the more productive lowlands, the major focus of opposition seems to be the Catholics. Their unhappiness with the land reform boiled over into rebellion in 1956, and as recently as last September the regime was trying to reassure Catholic peasants that they would have "plenty of time" to practice their religion if they joined cooperatives, and that they would be permitted to work parish land and take off on holy days. The fact is that these privileges will be permitted only after completion of a Catholic's normal work for the cooperatives.

The program has suffered from the ineptness of local officials who oversee it. Their zealotry has twice gotten out of hand, and Hanoi has, during the present upsurge, censured some of them for what it calls "erroneous tendencies" in failing to observe the "spirit of voluntariness" and using "threats" when setting up cooperatives.

By far the most serious obstacle, however, is the conservative nature of the great bulk of the peasants. There have been frequent and sometimes petulant references to the peasants' lack of "enlightenment" and their "inbred and narrow-minded sense of ownership." This seems especially

true of the more successful peasants. While little overt resistance has been noted in recent months, Hanoi continues to complain darkly of the "provocative plots of evil elements" who sow "dissension" among the peasants and "sabotage" the movement.

In an effort to overcome these obstacles, the regime recently launched a big "debate" in the rural areas on the subject of whether the capitalist or the socialist path was the one to follow. The campaign bears a marked resemblance to one launched in China in 1957. Hanoi says this struggle between the "progressive and the backward" will be a "long and hard battle," since an individualistic peasant cannot change his ways overnight just by joining a cooperative. The authorities do state, however, that the "debate" has already led many who had planned to leave cooperatives to stay and has convinced many "fence-sitters" to join.

On a broader scale, Hanoi emphasizes that nothing will attract the peasants like a good example. "Our peasants," the regime admits, "prefer facts to theory." Therefore, it is an urgent task to raise the income of cooperative members and prove the asserted superiority of cooperatives.

It is not at all clear that this superiority has been adequately demonstrated. Many cooperatives suffer from a lack of competent management--an inevitable result of a system which concentrates on the lower and poorer peasants when choosing managerial boards and other ranking officers for a cooperative. These elements generally lack the skills and technical knowledge needed to direct

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farming operations on this scale.

The original goal for 1959 was to have 50 percent of all peasant households enrolled in cooperatives by the end of the year; this has been scaled down to only 40 percent in recent press releases. Since 38.2 percent were said to have joined up by the end of October, the new goal seems surprisingly modest. However, the target of the three-year plan to have all peasant house-

holds in cooperatives by the end of 1960 still appears high. The regime can, of course, do what its Chinese mentors did--sweep everyone into the new organizational forms and leave the details until later--but it is aiming at a 75-percent increase in farm production over the three-year plan period. Conflicts are apt to arise between the two goals, and it is unlikely both can be reached.

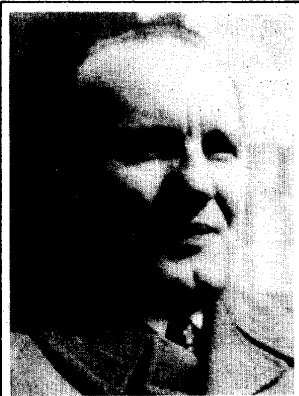
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THE HUNGARIAN PARTY THREE YEARS LATER

On 30 November the Hungarian Socialist Workers (Communist) party will hold its first congress since the 1956 revolt. It has grown from 30,000 members then to more than 450,000

of Stalinist-inclined provincial party bureaucrats for their use of arbitrary methods reminiscent of the pre-revolt period suggests Kadar may be making tactical changes in order to strengthen his control of key party organs and ensure implementation of his policies.



KADAR

While Kadar appears to have effectively silenced or isolated revisionist elements and right-wing followers of former Premier Imre Nagy, the strength of his Stalinist opponents continues to hamper his ability to implement policy. These elements, which have representation particularly in the central committee and middle echelons where there are large numbers of party functionaries, have on several occasions challenged Kadar in discussions preceding the formulation of party policy.

now, but is still divided over policy and tactics. Despite repeated endorsement of his leadership by Khrushchev, factionalism continues to plague party First Secretary Janos Kadar. Recent press criticism

Their disagreement with Kadar is not over basic ideology or long-range goals; rather, it is a question of timing and of the weight which the first secretary seemingly attaches to purely domestic factors in the

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formulation of policy. They have disputed Kadar's go-slow approach to agricultural collectivization and demand a more accelerated rate of growth in heavy industry than he is willing to project for the next several years.

Challenges to Kadar

Not since mid-1957 have the hard-line advocates challenged Kadar publicly. At a party conference that summer--the only major conclave since the revolution--Kadar suffered a temporary setback at the hands of the Stalinists, who were able to elect to the central committee many functionaries who had formerly occupied high-level posts under the Rakosi regime.

Kadar's foes chided him for tolerating "opportunism" in the party and demanded a more militant program. They may have thought they were strong enough to force his eventual removal.

After Khrushchev's victory in July 1957 over the Molotov-Malenkov "antiparty group," Kadar's position was clearly reinforced and attacks on the 1945-1956 Rakosi leadership were accelerated.

In September and October 1957, Kadar and then Deputy Premier Ferenc Muennich visited the USSR and China and were warmly received. Again during Khrushchev's tour of Hungary in April 1958, Kadar was reaffirmed as Moscow's choice, and every effort was made to enhance his personal prestige and thus strengthen him in his own party. As a follow-up to Khrushchev's visit, Kadar's "go-slow" approach to agriculture was re-endorsed by the central party daily, *Nepszabadsag*. In addition, the paper scored the "many mistakes and deficiencies" in the work of old-line Stalinists who had been reappointed

to party positions following the revolt.

The announcement on 17 June 1958 of Nagy's execution again imperiled Kadar, who had been involved in Nagy's activities. Encouraged by Nagy's execution, the Hungarian Stalinists renewed their pressures on Kadar, although they did not challenge him openly until after the parliamentary elections of November.

At the central committee plenum in December a call was issued for a whirlwind collectivization drive, which was begun almost immediately with the aid of 500 agitators who had obviously been alerted in advance. The sharp contrast between this impulsive collectivization drive, which utilized coercive pressures and force, and Kadar's own policies suggests that he was obliged to accommodate the "hard-line" elements. Kadar, however, probably was responsible for delaying for several weeks publication of the central committee resolution calling for collectivization. Significantly, the drive progressed most rapidly in those countries where Kadar's factional opponents were strongest and where there had been noticeable "foot-dragging" in implementing other regime policies.

Hungarian internal policies were undoubtedly discussed in Moscow when Kadar, together with Muennich and top party ideologist Gyula Kallai, attended the Soviet party congress in January 1959. Evidently encouraged by the results of his Moscow talks, on his return he discussed economic conditioning in a public address and emphasized the role of heavy and light industry in future economic plans, avoiding specific mention of collectivization.

A March central committee meeting--an evident consequence

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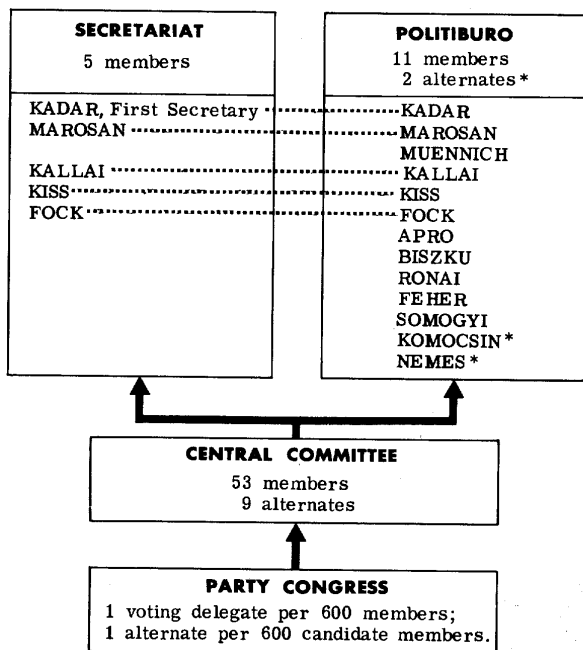
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of Kadar's policy line after his Kremlin talks--re-emphasized the importance of further industrial development and tied any future collectivization to general economic "conditions." The midwinter drive ground to a halt in late March and early April--perhaps because of spring sowing--but Kadar subsequently admitted to columnist Joseph Alsop that there had been central committee resolutions with which he had not been in agreement.

eral professional functionaries who are inclined to favor orthodox, unimaginative approaches to current problems, and others whose allegiance is difficult to determine. Premier Muennich, Minister of Interior Bela Biszku, ideologist Kallai, labor boss Somogyi, and agricultural specialist Feher probably are consistent Kadar supporters; the chief proponents of orthodoxy are Deputy Premier Apro and party secretary Karoly Kiss, perhaps supported by economist Jenő Fock, trade specialist Sandar Ronai, and Nepszabadsag editor Deszö Nemes.

HUNGARIAN PARTY ORGANIZATION
450,000 MEMBERS IN OCTOBER 1959



These "hard-liners" reflect the sentiments of those local party officials who, schooled in the Rakosi tradition, apply regime directives with vigor and hard-handed methods--methods which Nepszabadsag and other party media have condemned sharply. Such lower level bureaucrats outnumber the "centrist" faction, however, and it has been in the central committee that they have chosen to attack the first secretary--for the second time in a year--on this occasion over the draft agenda for the congress and the Five-Year Plan, 1961-1965.

An attempt apparently was made during the enlarged central committee plenum of October to reconcile Apro and his supporters with the "centrists." The "hard-liners" had reportedly demanded a resumption of last winter's forced collectivization drive and renewed emphasis on development of heavy industry under the plan. The communiqué of the October plenum suggests there is unlikely to be a resumption of last year's all-out drive, although the possibility exists that some additional collectives will be formed during the coming months.

Nikita Khrushchev arrived in Budapest on 4 June for a two-day "unofficial" visit, and greeted Kadar effusively as "that outstanding son of the Hungarian people." During his visit he worked to shore up Kadar and, at the same time, sought to reconcile policy differences in advance of the congress.

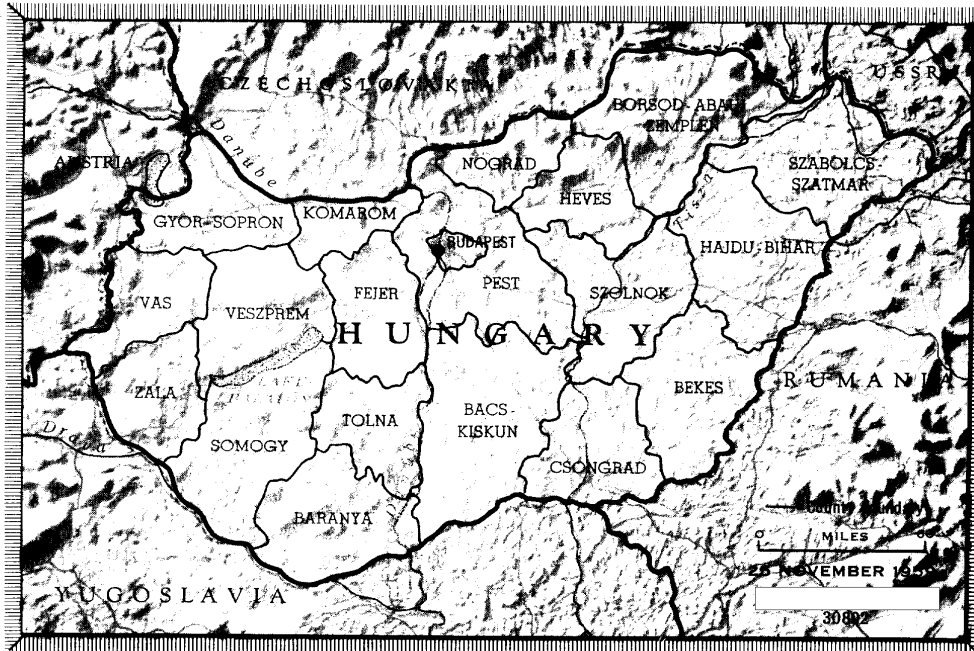
Politburo and Central Committee

The politburo, where Kadar can count on obtaining a majority, nevertheless includes sev-

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On the other hand, Kadar and his agricultural specialist, Feher, were probably responsible for the resolution, which--perhaps in a deliberate effort to undercut Stalinist objections--stressed further development of the agricultural cooperative movement both in terms of organizing new farms and consolidating those which already exist. The resolution emphasizes the need to develop the farms into viable economic units. It provides for economic benefits, such as tax concessions, and otherwise seeks to demonstrate the advantages of the "socialist sector."

The Congress

While the press of party business in advance of the congress has necessitated the recent central committee plenums, the air of secrecy surrounding at least three of them and the bitter press criticism directed at rural party bureaucrats by functionaries of the central apparatus suggest that Kadar may have tried for

the last time to reconcile the outstanding differences by persuasion. He now may use more direct means, such as increasing his majority in the central committee--dropping those who refuse to accept party directives and discipline--or revising party statutes to encourage an influx of new, younger members who presumably would be more sympathetic to his views.

Kadar cannot obtain a clear majority by filling already existing vacancies, as there have been only two deaths in the central committee since the party conference in 1957.

Recent tactical shifts suggest that Kadar is moving to tighten the party organization and to assure its response to his direction. The election on 2 November of Sandor Gaspar, a close associate of Kadar's, to succeed Gyorgy Marosan as the first secretary of the Budapest municipal party organization, and the subsequent personnel overhaul of the city executive committee is consonant with

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the first secretary's objectives.

Ostensibly a promotion, Marosan's assignment to full-time duties in the secretariat could signal a gradual diminution of his authority by depriving him of direct control over the Budapest organization. The elevation of Gaspar to the politburo, as a corollary to his appointment to succeed

Marosan, seems likely. Another expected change in the politburo would involve alternate member Deszo Nemes, a hard-line advocate, whose demotion has been rumored for several months. Such a move would probably be in conjunction with an effort to exert greater control over the agitation and propaganda sections of the party.

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FINLAND'S RELATIONS WITH THE USSR

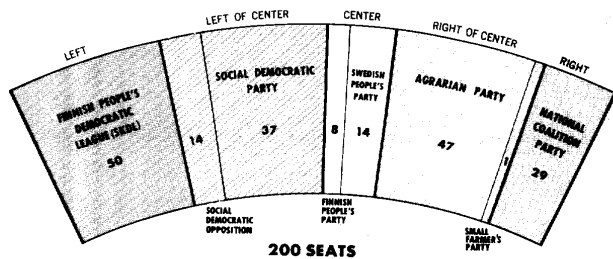
The remarks of Soviet Deputy Premier Mikoyan during his recent visit to Helsinki for the signing of the long-term (1961-65) trade agreement between Finland and the USSR illustrate the continuing delicate situation in which the Finns find themselves with respect to the Soviet Union. Mikoyan specifically warned Finland against participation in Western European economic organizations "with political overtones" which might impede Soviet-Finnish trade. He made it clear that the USSR opposed any increase in Finnish defense forces, stating that Finland's

external security was guaranteed by Soviet military might.

Economic Relations

Trade with the Soviet bloc --particularly the USSR, which accounted for about 18 percent of Finland's foreign trade in 1958--is vital to Finland. The USSR offers a market for the high-cost products of the Finnish metalworking and shipbuilding industries, which were expanded after World War II to meet reparations payments. The Finns also obtain from the USSR the bulk of their requirements for such basic raw materials as fuels, metals, grains, and fibers which otherwise would have to be purchased with hard currency. They feel this trade is indicative of their determination to maintain good relations with their powerful neighbor and to adhere to a policy of strict neutrality.

FINNISH DIET



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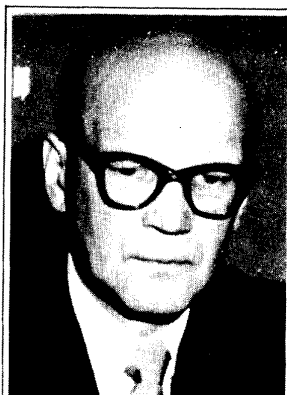
On the other hand, the Finns realize they cannot afford to remain aloof from Western European economic integration projects and ultimately find their exports unable to compete in Western European markets. They had hoped to protect these markets by means of a Nordic customs union until this development was overtaken by the newly formed European Free Trade Association (Little Free Trade Area, or Outer Seven). In view of Mikoyan's warnings the Finns have given up any thoughts of formal membership in the association and instead plan to negotiate with the participating countries, probably for bilateral arrangements which would safeguard Finnish trade. The Diet has authorized such negotiations--with only the Communist-front Finnish People's Democratic League (SKDI) opposed.

In May 1958 President Kekkonen accepted in principle Khrushchev's offer of a \$100,000,000 - \$125,000,000 commodity credit. The offer was renewed in early 1959, and in August Moscow proposed that the credit be discussed in connection with the annual trade talks --which began in mid-November. Use of this credit would, of course, increase Finland's economic dependence on the USSR.

Political, Military Relations

The USSR in 1958 became concerned over the relative decline in Finnish trade with the Soviet bloc and probably felt that Finland was coming under strong economic and political influence from the West. Moscow is deeply suspicious of certain Finnish political leaders, notably those of the Conservative party and the right-wing elements of the Social Democratic party which were in the Fagerholm cabinet. Because Moscow curtailed trade and postponed negotiations for the 1959

trade protocol, the Fagerholm government fell in December 1958. The minority Agrarian party cabinet which succeeded it is particularly sensitive to Soviet pressures. Since 1944 the USSR has also used Finland's geographic and military position to exert pressure. The peace treaty severely limits Finland's military establishment and precludes any effective defense effort. Mikoyan formalized the Soviet opposition to any strengthening of Finnish defenses when he told the Finns they "need not take part in the arms race" because under the 1948 Treaty of Friendship, Cooperation,



KEKKONEN

and Mutual Assistance, "the USSR and its military might are the guarantee of Finland's security."

Mikoyan's remarks have been interpreted by some observers to mean that Finland is not privileged to reject Soviet military assistance and have caused genuine concern among some Finns. Most Finns recognize, however, that Finland is impotent in the face of overwhelming Soviet military superiority.

Domestic Politics

The multiparty situation and the bitter struggle within the Social Democratic party

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hamper the formation of a stable majority government capable of rallying general support. The minority Sukselainen government has been able to remain in office since January without broadening its parliamentary base, because the other parties do not want to bear the onus of bringing about another prolonged cabinet crisis by toppling the Agrarians. On many issues, moreover, the minority Agrarians can count on the support of the Communist-front SKDL and the Opposition Social Democrats for a majority.

The Agrarians are trying to entrench themselves in office by insisting that they are the only party capable of maintaining correct and "friendly" relations with the USSR. Sukselainen is unlikely to agree to include the regular Social Democrats in the government, since their leaders V. Tanner and V. Leskinen are personae non gratae with the USSR. A change in the Social Democratic leadership is not likely before the party congress next April.

The only other possible majority government is a popular-front cabinet comprising the SKDL, the Opposition Social Democrats, and the Agrarians. Such a development seems precluded by the strong opposition within both the Agrarian parliamentary delegation and the party's rank and file to cooperation with the Communists.

A new election appears to be the only way to clear the political atmosphere, but President Kekkonen is said to oppose early elections, even if some Agrarians see an election as a means to eliminate the Small Farmers' party, led by popular former Agrarian member Veikko Vennamo, before it becomes a serious threat. A critical factor which will influence the decision to call new elections is whether the SKDL might increase its parliamentary strength. This in turn would be affected not only by the strength of the potential Agrarian splinter movement and the division of the Social Democrats but also by the economic climate, particularly employment, at voting time. In any event, elections are not likely before the spring.

President Kekkonen's behavior is another factor in the situation. He is seeking to improve his prospects for re-election in 1962 by trying to make himself--and, to a lesser degree, his Agrarian party--an indispensable link with the USSR. Although he is distrusted and disliked by many people, his basic patriotism has not been impugned, and he appears to be genuinely concerned about the country's future, which he feels is best guaranteed by following a policy of accommodation with Moscow rather than by rallying the democratic parties behind a moderate but resolute policy toward the USSR.

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