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CURRENT INTELLIGENCE WEEKLY SUMMARY



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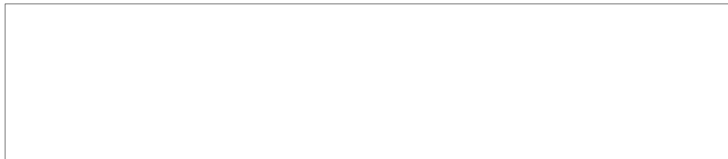
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THE WEEK IN BRIEF **CONFIDENTIAL**

PART I

OF IMMEDIATE INTEREST

EAST-WEST RELATIONS Page 1

In his speech to the Supreme Soviet on 5 May, Khrushchev resorted to a time-honored Soviet device on the eve of important East-West negotiations which is designed to place the Western powers, particularly the United States, on the defensive and to demonstrate that the USSR's peaceful coexistence line does not result from any weakness the West could exploit in summit talks. In general he sharply criticized the West's attitude toward the summit, and, specifically, he charged violations of Soviet airspace by American aircraft. The speech probably was also intended to warn against any exaggerated expectations in the Communist world regarding the outcome of the Paris meeting and to prepare the ground for blaming American "insincerity" should the talks break down. Khrushchev's reaffirmation at the end of his speech of his desire for a "mutually acceptable agreement" apparently was designed to reassure Western leaders and to forestall speculation that he has lost interest in summit negotiations. [redacted]

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KHRUSHCHEV SHAKES UP TOP SOVIET LEADERSHIP Page 4

The Soviet leadership shake-up on 4 May is the most extensive since the defeat of the Malenkov-Molotov "anti-party" group in 1957. The evidence indicates that the changes were made at Khrushchev's direction. The net result is that the Khrushchev-Mikoyan-Kozlov team appears to be stronger than ever, and Frol Kozlov's position as Khrushchev's designated successor has been strengthened. [redacted]

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TURKISH DEMONSTRATIONS Page 5

The demonstrations in Turkey against the government of Premier Menderes have subsided, but students are still determined to carry on the struggle and new outbreaks are possible. The government appears determined to crush the opposition Republican People's party and, now that the NATO meeting in Istanbul has ended, may use the rioting as an excuse for proscribing the party and arresting its leaders. Premier Menderes and President Bayar are reported also apprehensive over possible defections from their Democratic party. [redacted]

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PART I (continued)

SOUTH KOREA UNDER HUH CHUNG Page 6

The South Korean public appears to desire a return to peaceful conditions, but students have renewed demonstrations, demanding that a new National Assembly be elected before changes are made in the constitution. Should prolonged political bickering appear to preclude a clean sweep of the old regime, the general public might again join the students in agitating against the government. Acting Chief of State Huh Chung, a political independent, apparently sees himself as more than a caretaker. His early moves have been intended to gain popular support, and he may emerge as a new political power in South Korea.

[Redacted]

CUBA AND THE CARIBBEAN Page 8

The Castro regime, which is steadily strengthening its ties with the Sino-Soviet bloc, is becoming further isolated from other Latin American governments. Venezuela's Betancourt is now included among the democratic Latin American presidents being attacked by Cuban Government media. Betancourt says he is completely disenchanted with Castro and would be happy to play a leading role in focusing hemisphere attention on the Cuban problem, provided Dominican dictator Trujillo were ousted first. In the Dominican Republic, the church-state conflict is intensifying.

[Redacted]

PART II

NOTES AND COMMENTS

MAY DAY IN THE COMMUNIST BLOC Page 1

May Day was observed throughout the bloc with the usual massive parades and Communist-style hoopla. In Moscow, rockets and missiles were displayed for the first time since November 1957, but no important new equipment was shown. Crowds were notably apathetic in Eastern Europe. The traditional tremendous parade in Peiping was given up this year in favor of smaller, dispersed celebrations throughout the country. This, says Peiping, will be the pattern for future May Days in order to allow the greatest number of people to participate.

[Redacted]

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PART II (continued)

STATE FARM MOVEMENT IN THE SOVIET UNION Page 2

Collective farms in the USSR, primarily those near major urban centers and on marginal land, are rapidly being converted to state farms. The regime expects by this means to promote greater specialization of production and to reduce costs. The process is also consistent with the regime's long-range goal of eliminating the differences between state and collective farms.

[Redacted]

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INTELLECTUAL UNREST IN YUGOSLAVIA Page 3

Articles in Yugoslav journals in recent months indicate more unrest among party intellectuals than at any time since the Djilas affair in 1954. The basic issue is how far Yugoslavia can evolve toward Western concepts in its political program. Tito, who over the years has borrowed heavily from the West in developing his economic program, is apparently having difficulty limiting the influence of Western thought.

[Redacted]

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EAST GERMAN REFUGEE FLIGHTS INCREASING Page 5

Some 15,500 East German refugees--farmers, small businessmen, and youths--fled to West Berlin in April, despite the regime's intensified efforts to stop the flow. A new element is the large number of youths escaping from the regime's drive to place them on collective farms. The regime blames the Evangelical clergy for the flights, hoping thereby to counteract the effects of that church's criticism of the oppressive methods used to collectivize the farmers.

[Redacted]

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MOSCOW SHIFTS TACTICS TOWARD SOVIET EMIGRÉS Page 7

Soviet propaganda toward emigrés no longer urges repatriation but rather tries to instill a feeling of patriotism and to encourage spiritual and cultural ties with the homeland. Moscow probably believes that most emigrés who would return have already done so in response to the vigorous "return to the homeland" campaign of recent years and that the problem now is to organize and make more effective use of those remaining abroad.

[Redacted]

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SOVIET-PAKISTANI RELATIONS Page 8

The USSR, as part of its extensive effort to exploit contacts between Khrushchev and free world leaders, has sounded out the Ayub government on several recent occasions to determine whether such visits have produced any change in Pakistan's cool attitude toward bloc countries. Since Moscow continues to support Afghanistan and to censure Pakistan for participating in Western military alliances,

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Soviet diplomatic feelers seem designed primarily to arouse fears among Pakistan's allies of revision of Rawalpindi's strongly anti-Communist policies.

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ADDITIONAL PAKISTANI CABINET CHANGES Page 9

President Ayub apparently intends to relieve ambitious Lieutenant General Sheikh of his duties as minister of interior within a few weeks and appoint him permanently to the less powerful Ministry of Food and Agriculture. The departure of Lieutenant General Azam Khan from the cabinet to assume the governorship of East Pakistan has already stimulated extensive rumors about rivalries within the government.

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PREMIER NU CONSOLIDATES HIS CONTROL IN BURMA Page 10

Premier Nu's return to effective control of the Burmese Government has been assisted by General Ne Win's determination to withdraw the army from open participation in political affairs. The new government's programs are designed to produce a rapid return to pre-1958 conditions of party politics and appear intended to eliminate, as far as possible, all reminders of the army regime. Although government efficiency and integrity may decline, the army will continue its behind-the-scenes watchdog role.

INDONESIAN ARMY INTENTIONS Page 11

The Indonesian Army is encouraging the anti-Communist Democratic League and the league's anti-Sukarno press campaign, with the immediate objective of preventing installation of President Sukarno's appointed parliament. Sukarno, who is still abroad, reportedly has been extremely irritated by these activities and may even dismiss army chief Nasution. Dutch plans to send naval units on a six-month flag-showing cruise to Far Eastern waters could be exploited by Sukarno to drum up an anti-Dutch propaganda drive which could unite all Indonesian factions.

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BELGIAN CONGO Page 12

Political activity in the Congo, centered about the legislative elections scheduled for 11 to 25 May, has been marked by the Communists' efforts to increase their influence in the Belgian colony. Although no single party is expected to control the legislature, the group led by Patrice Lumumba--one of several enjoying Communist support--is expected to make a strong showing. The imminence of African rule on 30 June has increased restiveness among the Europeans in the Congo.

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PART II (continued)

NATIONALIST AGITATION OVER PORTUGUESE AFRICA Page 13

Portugal's African possessions are likely to come under increasing attack from nationalist and exile movements supported by independent African states.

[Redacted]

Agitators in the Belgian Congo are attempting to arouse nationalist sentiment in Angola. Although the internal situation in the Portuguese territories remains calm, Lisbon's rule will be subjected to growing pressure as additional areas come under African control.

[Redacted]

MIDDLE EAST HIGHLIGHTS Page 15

The Arab boycott of US shipping which began at midnight 29 April has gained momentum, with dockworkers' unions or governments in almost all Arab states having expressed their determination to implement it. Most American-flag ships have been diverted from Arab ports. In Lebanon, despite this week's violent Christian-Moslem incidents, President Shihab has scheduled parliamentary elections beginning 12 June. The political influence of the Iraqi Army will be increased as a result of Qasim's reshuffle of the cabinet following the resignation of competent, conservative Finance Minister Hadid. In this week's Afro-Asian Economic Conference in Cairo, the UAR took the lead in thwarting attempts by representatives from Sino-Soviet bloc states to increase their influence in the organization.

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BRITISH LABOR PARTY RECONSIDERING ITS NUCLEAR DEFENSE POLICY Page 18

The British public's demands for unilateral British nuclear disarmament have become markedly stronger in recent weeks, and there is growing pressure on the Labor party leaders to abandon their support of an independent nuclear deterrent. As suggested in part by the recent parliamentary debate on the government's abandonment of the Blue Streak missile project, Labor leaders appear to be preparing for a new compromise to accommodate their critics. This situation adds to the pressures on the Macmillan government to show some tangible progress on disarmament.

[Redacted]

POLITICAL DEVELOPMENTS IN THE EUROPEAN COMMUNITY Page 19

A low-keyed effort to resume direct progress toward European political integration by instituting popular election of the European Parliamentary Assembly is expected to attract increasing attention within the European

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Economic Community (EEC) in the next few months. Plans for such an election--provided for in general terms in both the EEC and EURATOM treaties--will probably be approved soon by the assembly, but ratification by the member governments will be difficult to obtain. Proposals by European federalists that the limited powers of the assembly be increased have virtually no prospect of adoption at this time.

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[Redacted]

US BASE IN TRINIDAD FACES HARASSMENT Page 20

Trinidad's termination on 30 April of the use by US military planes of the island's only operational airport may presage other moves which would limit effective use of the Chaguaramas naval base and missile-tracking station. Premier Williams, who has strong anti-US prejudices, has long campaigned for full participation in the planned revision of the 1941 US-UK agreement on West Indies bases and for obtaining at least part of Chaguaramas for the federal capital. Other harassments he has hinted at include cutting the base's power supply, fomenting labor troubles, delaying movements in and out, and elaborating his charges that the base is a source of radiation hazards.

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[Redacted]

PARAGUAYAN EXILES LAUNCH NEW INVASION Page 22

The Stroessner regime in Paraguay, increasingly in the spotlight as the last dictatorship in South America, has encountered another exile invasion attempt. The Argentina-based effort, which began on 29 April, now appears to have faltered, but on 3 May a new small-scale thrust occurred in the northeast along the Brazilian border. The armed forces, loyal to the Stroessner regime, are said to be confident they can control the situation.

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[Redacted]

THE TAMBRONI GOVERNMENT Page 23

The all - Christian Democratic minority government of Fernando Tambroni has won investiture in the Italian Senate after pledging itself to a six-month tenure limited to caretaker functions. The opposition parties of the left may still renew their efforts to overthrow Tambroni in the lower house, but with no prospect of success barring an unlikely breach of party discipline by Christian Democratic left-wingers.

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PART III

PATTERNS AND PERSPECTIVES

KHRUSHCHEV AT THE SUMMIT Page 1

Khrushchev probably views the summit meeting which opens in Paris on 16 May not as a decisive confrontation with the West but as a new and important stage in a protracted period of high-level negotiations. This viewpoint and the opportunity for further bilateral discussions during President Eisenhower's visit to the USSR in June probably preclude any move to force a showdown at the summit itself or in the period immediately after. Khrushchev's principal efforts probably will be focused on obtaining a general statement on Berlin which the USSR could then represent as marking Western acceptance of the principle that the Berlin situation is "abnormal" and should be modified in the direction of ending the "occupation regime" in West Berlin. [redacted]

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WEST GERMANY'S PRE-SUMMIT MOOD Page 5

West Germany is more apprehensive than usual about the impending East-West negotiations. Although official statements express confidence and the mass of the population appears to be busy enjoying Germany's continuing economic prosperity, the politically minded minority seems suspicious, uncertain, and generally pessimistic about the outlook. There is a strong tendency to regard the meeting as a major test of Bonn's allies. [redacted]

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JAPAN'S INTERNATIONAL ECONOMIC ACTIVITIES Page 8

Since 1953 Japan has had the greatest foreign trade growth of any major nation, and its standard of living is now 25 percent above the prewar period. The emphasis of Japanese trade has shifted from Asia to the United States, but loss of control over many of its former markets and sources of supply has raised new problems which are complicated by growing international pressures on Japan to liberalize its import program and restrict exports. The popular belief that Japan is prepared to engage in a substantial capital export program to assist underdeveloped countries in Asia cannot be substantiated. [redacted]

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1960--BANNER YEAR FOR NORTH VIETNAM Page 15

North Vietnam observes several important milestones this year, including President Ho Chi Minh's 70th birthday, the 30th anniversary of the founding of its Communist party, and the 15th year of "national independence." Party membership has been expanded, the first party congress since 1953 and the first elections for the National Assembly

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since 1946 are to be held, and a new constitution is to be promulgated this year. Modernization of the 270,000-man army, the strongest in Southeast Asia, continues. Although Hanoi's Three-Year Plan, which ends this year, will fall considerably short of its original goals, the nation has achieved self-sufficiency in food at an austerity level.

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

Khrushchev climaxed his pre-summit maneuvers with a speech to the Supreme Soviet on 5 May in which he resorted to a time-honored Soviet device --used frequently on the eve of important negotiations-- which is designed to place the Western powers on the defensive and to demonstrate that the USSR's peaceful coexistence policy does not result from any weakness the West could exploit at the negotiating table.

The Soviet premier gave a pessimistic assessment of prospects for agreement at the summit, citing recent Western policy statements and actions as providing little ground for hope that the Western leaders "are really looking for concrete solutions." He charged that "aggressive forces" in the United States recently have intensified their efforts to "wreck the summit conference, or at least prevent it from reaching agreements."

Although Khrushchev's references to President Eisenhower were couched in moderate terms, he went further in criticizing the President than at any time since his visit to the United States. He remarked that recent speeches by American spokesmen were an "ill omen" for a "favorable outcome" at the summit and said this situation has been "aggravated" by the "unfortunate fact that even the American President approved these speeches." He expressed regret that President Eisenhower intended to limit his presence at the summit to only

seven days and observed that this shows that questions to be discussed in Paris "do not enjoy due attention on the part of the United States Government."

Khrushchev apparently intends to build up his charges of recent violations of Soviet air space by US aircraft into a major international issue. He denounced these flights as a "direct provocation" and announced that the USSR would bring these incidents before the UN Security Council. He charged that the incidents were timed to coincide with the summit meeting and that the United States is seeking to weaken the USSR's "determination to fight for a relaxation of international tension and an end to the cold war and arms race."

In an effort to portray American policy as irresponsible and provocative and to generate widespread public alarm over its possible consequences, Khrushchev warned that the USSR reserves the right to reply to "such aggressive actions" in the future "with measures which we shall find necessary to ensure the safety of our country." Without committing the USSR to such a course, he attempted to convey the notion that it would employ missile retaliation.

Khrushchev's threat to bring the issue before the Security Council closely parallels a Soviet move calling an emergency session of the council in April 1958 to condemn flights of US Strategic Air Command nuclear-

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armed bombers over the Arctic "in the direction of the frontiers of the USSR." This move coincided with the beginning of the abortive preparatory talks in Moscow to arrange a pre-summit foreign ministers' conference. The 1958 maneuver culminated in a veto by the Soviet Union of an American resolution calling for an Arctic inspection system to reduce the danger of surprise attack.

In addition to the primary effort to discredit the United States on the eve of the summit meeting, Khrushchev's speech probably was calculated to warn against any exaggerated expectations in the Communist world regarding the outcome of the Paris talks, which he has been careful to portray as only the first of a series of such negotiations. Khrushchev's harsh criticism of the United States may also be intended to prepare a case for blaming American "insincerity" should the talks break down.

Having invoked the threat of a new and dangerous crisis, Khrushchev concluded his speech by reaffirming his commitment to the "Leninist policy" of peaceful coexistence and by pledging himself to "spare no effort at Paris to achieve a mutually acceptable agreement." This pledge was intended to reassure Western leaders and forestall speculation that he has lost interest in summit talks.

Prior to Khrushchev's speech, Soviet and bloc officials

portrayed the Paris summit meeting as a general discussion to narrow differences rather than to negotiate specific settlements. The Polish foreign minister privately expressed doubt that the Berlin problem could be solved now. A Soviet official in Geneva said that the one thing the West could be assured of was that Khrushchev would come to Paris "with a smile" and a willingness to discuss issues seriously.

In Vienna, a Soviet Embassy official expressed the view that some progress could be achieved on disarmament and nuclear testing. British press reports quote a "top Communist diplomat" to the effect that Khrushchev will mark time until the US elections and will seek only broad general agreements in Paris, leaving the details to be worked out later.

Bloc spokesmen, including the Polish foreign minister, sought privately last week to de-emphasize any suggestion of a crisis on Berlin at the summit. The Soviet military attaché in Prague, apparently acting on instructions, went out of his way to stress to the American attaché that Khrushchev's 25 April speech in Baku was not intended as a threat to use force on the Berlin issue. The Hungarian and Rumanian attachés also took the same approach in private conversations, and the Soviet ambassador in London publicly denied that Khrushchev's remarks could be interpreted as a threat.

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Disarmament Talks

In the last sessions before the recess on 29 April of the disarmament talks at Geneva, the Soviet delegation used the problem of a final communiqué to further its efforts in blaming the West for rejecting "complete and general disarmament" and obstructing progress in the conference. Soviet chief delegate Zorin introduced a draft communiqué designed to commit the West to agreement on having achieved a "certain rapprochement of views" and to continue work on the basic principles of a general treaty after the recess. Zorin sought to induce the West to accept by indicating that when the negotiations resumed, the USSR would consider some provisions in the Western list of principles in developing an agreed program for complete disarmament.

Following Western presentation of amendments eliminating the items on a rapprochement and the future work, the bloc delegations took the line that the West's position demonstrated its opposition to the UN resolution and its desire to "strain the atmosphere." As a result, the communiqué merely noted the recess and date for resumption. Zorin's tactics in attempting to create the impression that the West opposes general disarmament provide further evidence that Moscow is preparing the ground for shifting the talks to a discussion of partial measures after the summit.

Nuclear Test Talks

Moscow's acceptance of the Eisenhower-Macmillan proposal of 29 March for establishing a moratorium on small underground tests through unilateral declarations appears designed to focus the summit discussions on the duration of the moratorium. After stressing earlier that a moratorium should be formally incorporated into the treaty, either as an annex or protocol, the chief Soviet delegate on 3 May presented a Soviet Government declaration accepting, in effect, the US-British proposal, provided the three powers reached agreement on a "mutually acceptable duration for the moratorium."

Although the declaration again proposes four to five years as a suitable period, it implies that this is subject to negotiation, on condition that the moratorium be continuous with the research program for improving detection techniques. Soviet agreement to begin working out this program also included acceptance of the American proposal for conducting experimental nuclear explosions during the course of research.

The Soviet delegate, however, indicated that the research program and experimental tests should be "joint," rather than coordinated national programs as proposed by the Western powers. This approach may indicate the USSR plans to

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debate the concept of "joint" as opposed to "coordinated" in the preliminary meeting of experts beginning on 11 May to establish the framework for the research program.

The Soviet move appears timed to demonstrate Khrushchev's intentions to conduct serious negotiations on the nuclear test issue at the summit. The Soviet premier will probably

call for a long-term Western commitment on a moratorium and may propose a two- to three-year period as a compromise solution. In return he will probably press for Western concession on the number of on-site inspections as the only other major issue blocking conclusion of a treaty.

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KHRUSHCHEV SHAKES UP TOP SOVIET LEADERSHIP

The Soviet leadership shake-up on 4 May is the most extensive since the defeat of the Malenkov-Molotov "antiparty" group in 1957. The evidence indicates that the changes were made at Khrushchev's direction. The net result is that the Khrushchev-Mikoyan-Kozlov team appears to be stronger than ever, and Frol Kozlov's position as Khrushchev's designated successor has been strengthened.

The transfer of Kozlov from first deputy premier to the party secretariat will give him an opportunity to establish influence over the hard core of party professionals. Their support will be necessary if he is eventually to take over control and maintain his position against other contenders.

In addition, the secretariat has been reduced from a 10-man body to a tight group of six, a size reminiscent of the Stalin era. Other than Khrushchev, Suslov appears to be the only remaining party secretary who might have the semblance of an independent voice.

The promotion of Aleksey Kosygin, Nikolay Podgorny, and Dmitry Polyansky from candidate status to full membership on the party presidium is a logical move. Kosygin and Polyansky particularly have been mentioned frequently as rising stars on Khrushchev's team, and Podgorny, party chief in the Ukraine, replaces Aleksey Kirichenko as representative of the Ukrainian Republic in the top leadership.

The removal of Kirichenko and Belyayev from their top party positions simply formalizes the demotion they received earlier this year when they were assigned to remote provincial posts.

The promotion of Kosygin from deputy premier and USSR economic planning chief to first deputy premier and his replacement by Vladimir Novikov, who worked for a time in Leningrad, Kozlov's old bailiwick, were the principal shifts in the government. For the past year, Novikov has been chief economic planner in the Russian Republic (RSFSR).

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TURKISH DEMONSTRATIONS

The demonstrations in Turkey against the government of President Bayar and Premier Menderes have subsided following the conclusion of the NATO Ministerial Council meeting in Istanbul on 4 May. Before they did so, however, serious rioting occurred in Istanbul and Ankara, and minor demonstrations took place in Izmir, Malayta, Bursa, and possibly other Turkish cities. Many student leaders were arrested and some were reportedly beaten during interrogation. The students appear determined to continue their struggle against the government, and new demonstrations are a distinct possibility.

The riots, which began on 28 April, appear to have been sparked solely by recent repressive acts of the government against the political opposition in Turkey, although they may have been prolonged by the students in hopes of attracting the attention of the NATO delegates. Menderes was the special target of the demonstrators, and there were repeated indications that the police also were the objects of student hatred. While the students were unsuccessful in winning support of the troops sent to suppress the demonstrations, the army generally was cautious in handling the crowds, and the students displayed respect for the army's strength.

Many intellectuals have long opposed the increasingly authoritarian posture of the Turkish Government, and lawyers

and university faculty members were particularly active in supporting the student demonstrations. The general public, however, remained largely apathetic. Student leaders have denied that the opposition Republican People's party (RPP) was behind the rioting and have denied government charges that Turkey's small underground Communist party was involved. Observers have noted that there was no indication of anti-Americanism in the demonstrations.

The Menderes regime has reacted to the demonstrations with new charges that the RPP is fomenting open rebellion. The regime may use the riots as an additional excuse for further limiting--if not eliminating--the RPP. Several local RPP leaders reportedly have been arrested, and there is speculation that the government will move against the top leadership of the party after the NATO meetings. If the government proscribes the party, the RPP plans to operate underground. If reprisals against the opposition become severe, RPP leaders may seek political asylum in foreign embassies in Ankara.

The administration is also worried that dissidents in the governing Democratic party (DP)--possibly as many as 150 of more than 400 DP deputies in the legislature--may resign and eventually join with the RPP to topple the government. Apparently in anticipation of such moves^{25X1} President Bayar reportedly has threatened to arrest any DP deputy who resigns.

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SOUTH KOREA UNDER HUH CHUNG

Continued student restiveness in South Korea confronts the provisional government of Acting Chief of State Huh Chung with the problem of how to maintain law and order while decisions on a new form of government and elections are being made. The general public appears to desire a return to peaceful conditions, but students have renewed demonstrations, demanding that elections be held for a new National Assembly before changes are made in the constitution. Should prolonged factional maneuvering and political bickering in the legislature appear to preclude a clean sweep of the old regime, the general public might again join with the students in agitating against the government.

On 2 May some 20,000 students at Pusan and Taegu defied martial law to hold peaceful demonstrations demanding the speedy election of a new assembly before the existing American-style presidential system of government is changed for one with a prime minister and cabinet responsible to the legislature. In Seoul, some 500 students who staged a sitdown strike before the National Assembly building had to be dispersed with tear gas.

American Ambassador McConaughy has noted that these demonstrations showed more planning than was evident in the largely spontaneous movements of 19-26 April. Seoul students have organized an executive committee representing all of the city's 27 colleges and universities. Outside political groups may also be attempting to manipulate the students. The army seems intent on adopting stiffer measures than heretofore to cope with demonstrations.

Such activity emphasizes the uncertainty of whether the public is willing to accept amendment of the constitution by a discredited incumbent National Assembly. Ignoring demands that it quit, however, the assembly has continued its preparations to change the structure of the government before a new legislature is elected. The committee charged with drafting the amendments to establish a parliamentary form of government published on 4 May its proposals for making the president a titular head of state and providing for his indirect election by the legislature.

It is questionable, however, whether this measure will have the two-thirds support of assembly members needed to pass a constitutional amendment. Former President Rhee's Liberal party, after virtually abdicating its leadership of the legislature following the overthrow of the regime, now may be moving to reassert its majority position in the present highly fluid political situation. There are also indications that a minority among the Liberals may be maneuvering for a return of Rhee, possibly as president under the new parliamentary system. While the assembly appears united in its support for a cabinet system of government, it is not agreed on the method of selecting the president. A legislative fight may develop over how he is to be chosen.

Outside the legislature, preparations are under way for the formation or revival of a number of minor parties, from the Progressive party on the left to the militant National Youth Corps on the right. An unstable, multiparty situation may develop.

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Meanwhile, Huh Chung, while apparently favoring amendment of the constitution prior to holding elections for a new assembly, appears to have kept clear of the dispute. His administration has begun to reform the police, revise legislation to make local governments more responsible to the people, and clean up graft and corruption among officials and in the economy. Despite such popular actions, Huh as yet has not emerged as a popular leader.

On 28 April, Huh gave Ambassador McConaughy the impression he would lean heavily on the United States for support and particularly requested American assistance in overhauling the police system. Huh assured the ambassador he hoped to promote the closest possible relations with the United States and requested a public statement of support to "aid in calming down the situation."

Huh has indicated that he recognizes the need to normalize relations with Japan. He feels, however, that he must move cautiously to avoid any impression of making excessive concessions. For this reason, he has stated publicly that any over-all settlement is dependent on Tokyo's ending the repatriation of Koreans in Japan to North Korea. In the meantime, he appears willing to revise Rhee's hostage diplomacy toward Japan, relax enforcement of the "Rhee fishing line," and permit Japanese newsmen to enter South Korea.

Pyongyang continues heavy commentary on events in South Korea, and now characterizes the outcome as a victory for the Korean people, but only "an initial victory." To free themselves fully, Pyongyang urges,

the southerners must continue their demonstrations and "compel the American imperialists to withdraw." North Korean leaders have again called for a joint North-South political conference, the establishment of a joint economic commission, and general all-Korean elections to set up a unified government.

There is no indication that North Korea intends to initiate hostilities, but Pyongyang may attempt to infiltrate additional agents during the present confused situation. The naval incident on 4 May off the east coast near the demilitarized zone, between a South Korean patrol boat and North Korean torpedo boats, was probably accidental. The South Koreans reported heavy fog in the area, and both sides may be somewhat nervous concerning the other's intentions. The South Korean vessel reportedly was not damaged.

Acting President
Huh Chung



HUH CHUNG

Huh Chung, now 62, has a reputation for directness, integrity, and personal courage. He is a political independent who apparently sees himself as more than a caretaker, and he may emerge as a new political power in South Korea. Educated at Columbia University in the 1920s, Huh speaks English and Japanese fluently and has a fair command of French. He met Rhee, a fellow Methodist, in the United States and there became active in the Korean political independence movement. Following the establishment of the South Korean Republic in 1948, he was appointed transportation minister and elected to the National Assembly. Subsequently he served as social affairs

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minister and was acting prime minister for five months in 1951-52.

Despite his close association with Rhee, Huh opposed his strong-arm methods and often used independent judgment in the cabinet. Dismissed from office in 1952 and defeated for re-election to the National Assembly in 1954, Huh retired from political life, bitterly resentful of Rhee.

In December 1957, Rhee appointed Huh mayor of Seoul, allegedly at the urging of the late vice president - elect, Yi Ki-pung, with whom Huh had been associated as a political moderate. Yi apparently believed that Huh, as a political independent with Liberal party leanings, was better able to deliver the Seoul urban vote to Rhee in the 1960 elections than any proadmini-

stration mayor. As mayor, he conducted an able, largely non-political administration, and gained significant popularity.

During an official trip to several major US cities in 1959, Huh criticized the Rhee administration's abolition of the elective system for local offices. This, coupled with pressure from those Liberal party leaders who were angered by his failure to cooperate in repressive measures for the election, caused his ouster the day after he returned to Korea in June 1959. In the fall of 1959, he served briefly as chief delegate to the South Korean - Japanese negotiations for normalizing relations.

Huh's appointment as foreign minister on 25 April was one of several desperate, last-minute attempts by Rhee to popularize his regime. 25X1

CUBA AND THE CARIBBEAN

The Castro regime, which continues to strengthen its ties with the Sino-Soviet bloc, is becoming further isolated from other Latin American governments. The estrangement between Fidel Castro and Venezuelan President Betancourt appears virtually complete; Cuban Government propaganda media have begun to attack Betancourt as they have other democratic presidents--Frondizi of Argentina, Lopez Mateos of Mexico, Lleras Camargo of Colombia, and Alessandri of Chile.

In his May Day speech, Castro derided Betancourt indirectly but unmistakably. The next day an editorial in the Castro-

controlled daily *Revolucion* attempted to promote a breach between Venezuelan civilian groups and the military, intimating that Betancourt is subservient to the army and to American oil companies.

A political crisis in Venezuela could develop as a result of an open rift with Castro. Disagreement over policy toward him is increasing, particularly within the government coalition. Venezuelan leftists staged a Latin American "congress of support for the Cuban revolution" in Havana on 29-30 April, and a Venezuelan civilian "militia" group marched in the Cuban May Day parade.

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Cuba has maintained close contacts with dissatisfied elements in Venezuela's government coalition and with Communists there, and it may be giving them financial aid and guidance. Betancourt told Ambassador Sparks on 26 April that he was completely disenchanted with Castro; he said he would be happy to play a leading role in focusing Latin American attention on the Cuban problem if Dominican dictator Trujillo were ousted first.

Dominican Situation

The church-state conflict is intensifying in the Dominican Republic, and a break in relations between the Trujillo dictatorship and the church may be imminent. The American Embassy reported on 3 May that Trujillo has launched a strong antichurch program in the country.

One of the top anti-Trujillo dissident leaders told the American Embassy in Ciudad Trujillo that any expression of US disapproval of Trujillo would trigger a coup attempt now being organized with the help of military elements and would salvage US prestige among the dissidents "at the eleventh hour."

Sino-Soviet Ties With Cuba

Sino-Soviet ties with Cuba continue to be evident.

Small shipments of Soviet crude and refined petroleum, wheat, and pig iron are arriving in Cuba under the trade agreement concluded in February.

Marta Frayde--a charter member of the 26th of July movement and close confidante of Castro--told the press during her recent visit to East Germany that she favored closer relations between both countries. Peiping radio continues its extensive reporting on events in Cuba, and the secretary general of the Cuban Communist party, Blas Roca, was received by Mao Tse-tung while in Peiping for the May Day celebrations.

Expansion of Propaganda Media

The Castro regime is steadily expanding its substantial propaganda efforts abroad. Plans have been announced for a powerful short-wave radio station for which the Ministry of Communications claims to have appropriated \$1,700,000 "to bring the truth of the Cuban revolution to all Latin America." This probably would be closely tied in with the Castro-subsidized Prensa Latina news agency.

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PART II

NOTES AND COMMENTS

MAY DAY IN THE COMMUNIST BLOC

In Moscow's May Day celebration this year, a military parade featured, for the first time since November 1957, a massive display of rockets and missiles. Four 700-nautical-mile and eight 100-n.m. surface-to-surface missiles were shown, as well as eight surface-to-air missiles. The only new piece of equipment seen, however, was a single-round rocket launcher mounted on an amphibious tank chassis. Two versions were shown, one of which had a new-type conical warhead. This rocket appeared to be one with two stages.

Superheavy artillery pieces, probably designed to fire ram-jet-assisted shells with atomic capabilities, were also shown for the first time since 7 November 1957. Unlike the rockets and missiles, however, these special artillery weapons are not believed to be in the hands of troops. It is possible that the weapons shown are prototypes which have never been produced in quantity.

The attention given advanced weaponry in this year's parade served both as a reminder of Soviet military power on the eve of the summit and as an assurance to the Soviet people that their military strength has not been impaired by manpower cuts.

All European satellites except Poland celebrated May Day with parades, but only in East Berlin were military units featured; an estimated 4,000 to 5,000 East German troops marched through the city. This action was in defiance of quadripartite agreements banning

all troops but those of the occupation powers. As in previous years, certain unarmed paramilitary delegations, including the workers' militia (Kampfgruppen), marched in the parade alongside about 100,000 "workers" and sympathizers. The East German demonstration of strength and "sovereignty" in defiance of the West was greeted by a crowd of 25,000, smaller than expected, in Marx-Engels Platz. This is in sharp contrast with the 750,000 persons who attended celebrations in West Berlin.

In the other satellites, there was little popular enthusiasm for the demonstrations. In Czechoslovakia, the people participated in the parade because they felt their jobs depended on their participation, while in Poland hundreds left carrying "furred banners" before Gomulka had finished speaking.

Most satellite spokesmen commemorating May Day emphasized the peace theme and Khrushchev's call for peaceful coexistence. This soft tone--abetted by the deletion of scurrilous advance propaganda and provocative floats--was marred somewhat, however, by East German and Czech attacks on the Bonn government, by a generally hostile tone and specific condemnation of Yugoslavia by Albania, and by calls for "vigilance" and caution by certain other satellites, including Rumania.

Peiping announced on 24 April that, beginning this year, the traditional method of observing May Day with a tremendous parade in the capital would be abandoned in favor of smaller celebrations throughout the

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cities and countryside of Communist China. The change was in order "to enable the greatest possible number of people to celebrate their own holiday enthusiastically and to give them a chance to be happy and joyful and to relax." A joint notice of the party central committee and State Council called on everyone to celebrate May Day "more extensively and more enthusiastically" than ever before.

Chinese Communist press reports claimed that 3,000,000 people took part in the celebrations in Peiping alone as a

result of the new policy. Chu Te was the senior member of the top leadership present in Peiping; other leaders observed the decentralization theme with Mao in Tientsin, Liu Shao-chi in Chengtu, Chou En-lai in Kweiyang, and Chen Yi in Kunming. Peiping declared a one-day cease-fire for the Chinmens on 1 May in order to enable "compatriots" to celebrate the occasion.

North Korea and North Vietnam celebrated May Day in the customary fashion with huge demonstrations, parades, and speeches in the capitals.

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STATE FARM MOVEMENT IN THE SOVIET UNION

Collective farms in the USSR, primarily those near major urban centers and on marginal land, are rapidly being converted to state farms. Participants at an academic meeting on agriculture in March commented that all but about 200 collective farms in Moscow Oblast would become state farms by the end of the year. There

the creation of specialized truck farms near major urban centers. The regime apparently hopes that the specialization resulting from such change-overs will reduce production costs, improve supplies in state retail outlets, and erode the competitive position of the collective farm free market; conversion may also alleviate local shortages in agricultural labor.

USSR STATE AND COLLECTIVE FARMS						
(UNITS, END OF YEAR)						
	1950	1953	1956	1957	1958	1959
STATE FARMS	4,988	4,857	5,098	5,905	6,002	6,500
COLLECTIVE FARMS	121,400	91,200	83,000	76,500	67,700	55,000

have been several Soviet press accounts in the past month of conversions of collectives to state farms, notably in the New Lands area and the Soviet Far East.

The immediate motivation is apparently economic. The changes taking place around major cities comply with decrees issued late in 1958 calling for

state farms could help stabilize labor and make it possible to create more rapidly conditions comparable to those in industry.

By conversions on marginal land, the state can take a more direct hand in solving the problems of the economically backward collectives.

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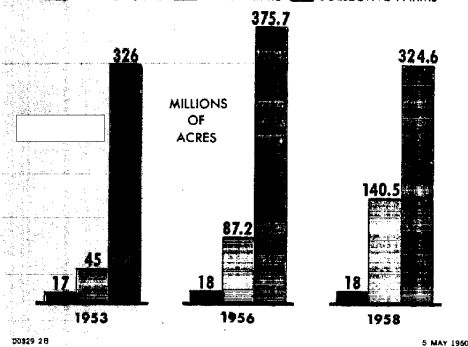
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The state farm system has generally been favored by the regime as a more efficient form of agricultural organization which allows tighter state control. The form is also more consistent with the eventual goal of making both living con-

USSR: DISTRIBUTION OF SOWN ACREAGE

■ PRIVATE PLOTS □ STATE FARMS ■ COLLECTIVE FARMS



ditions and wage systems of the urban and rural worker similar. The changes, however, apparently do not portend the elimination of the collective system. Soviet leaders have indicated that for the present the collective system is to continue along with the state-farm system. A principal reason for the state's present position is unwillingness to guarantee a normal wage to all agricultural workers--an obligation that could be a major burden in a poor crop year.

Conversion will not be received favorably by all collective farmers. In marginal agricultural areas, where the collective farmer's income is very small, the security offered by

the state farm might be welcome; on the other hand, the change-over means that collective farm capital, nominally owned by the farmers themselves, is transferred to the state and the farmers become state employees with fixed wages. Furthermore, the regime is discouraging state workers from owning cattle and cultivating private plots--valuable sources of revenue for the farm workers. Collective farmers in the more prosperous areas will resent any tampering with their favored situation.

The extent of recent changes is indicated by an official Soviet year-end report which disclosed that 500 state farms were created during 1959, as compared with fewer than 100 in 1958. In January 1959 there were 850 collectives in Moscow Oblast. During the past decade the number of collective farms has decreased from over 250,000 to 55,000 at the end of 1959--mostly through amalgamations but partly through conversion to state farms. The number of state farms has increased each year since 1953, although at an uneven rate, and now totals approximately 6,500.

On an average throughout the USSR, a state farm has from four to five times more sown acreage than a collective farm; the over-all share of state farms in the sown acreage has increased from about one tenth in 1953 to more than one fourth in 1958, and the amount of produce sold by state farms to the state has also increased sharply in recent years. (Prepared by ORR)

INTELLECTUAL UNREST IN YUGOSLAVIA

Articles in Yugoslav journals over the last nine months indicate more ferment among party intellectuals than at any time since the Djilas affair in 1954. Although de-

bates between liberal intellectuals and some conservative regime ideologists on such questions as the function of the state, the meaning of real and formal democracy, and the class

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structure of modern society are conducted in Marxist terminology, the basic issue is how far Yugoslavia can evolve toward Western concepts in its political program.

The regime's leading ideologist, Edvard Kardelj, in late February attempted to minimize the conflict, but Mihailo Markovic, a professor at the University of Belgrade, assured an American diplomat that the debate will go on "in one form or another."

In addition to Markovic, more outspoken members of the liberal group include officials in the International Institute for Politics and Economics and a number of writers and intellectuals, including Gavro Altman, an editor of the



KARDELJ

party's monthly, Komunist. The debate has been carried on primarily in two journals, Nasa Stvarnost, a nonparty intellectual monthly, and Komunist.

Typical of the liberal, and in fact non-Marxist, positions which have appeared in these journals is Markovic's contention that, since the West



ZIHERTL

has progressed in the social science and philosophy fields as well as in technology, Marxists must accept those parts of Western thought which represent a real contribution.

A tactic commonly followed by the liberals is to criticize those Soviet ideological positions which are also held by conservative Yugoslav ideologists. Najdan Pasic, editor of Nasa Stvarnost, for example, has denied the Soviet theory that the sole role of the Western state is to oppress the working class. Rather, he argues, every state is performing a series of functions which are indispensable to the society as a whole.

The primary spokesman for the more doctrinally conservative elements has been Boris Zihertl, central committee member and leading regime educator. He accuses the liberals of forgetting Lenin's view that a Communist state must be better in every respect. Claiming that the liberals learned their Marxism "from the works of Marx's bourgeois critics," he also condemns the liberals for being so pro-Western that they are incapable of separating Marxism from Stalinism.

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In his attempt to resolve the debate, Kardelj assumed a middle position, but one which seemed somewhat to favor the liberals. Milentije Popovic, another important party leader, followed Kardelj's lead. In essence, they are appealing for continued free development of "science and scientific thought," with the qualification that it must not degenerate into "futile speculations and verbalisms." Although Kardelj did not advocate an end to the debate, Komunist apparently felt a cooling-off period was called for and has ceased allotting space to it.

The existence of these rumblings among the intellectuals has important implications for Yugoslavia's future orientation, since the dissidents are by and large from the new generation of party ideologists. Moreover, they are sympathetic to Djilas--who advocated a modified type of Western political democracy for Yugoslavia--although they believe his tactics were wrong. Apparently the regime, which over the years has borrowed heavily from Western practices in developing its economic program, is having difficulty limiting the influence of Western thought on its evolving political program.

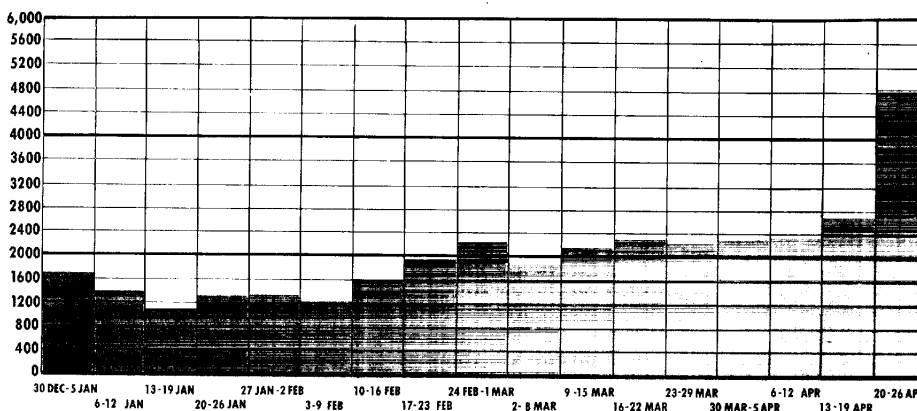
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EAST GERMAN REFUGEE FLIGHTS INCREASING

In the week ending 26 April, 4,911 East German refugees--farmers, small businessmen, and youths--registered in West Berlin, bringing to 7,675 the number of escapees for the two-week period beginning on 15 April. A new element among the refugees is the large number of youths evading the regime's drive to place them on collective farms. Some 5,435 refugees reached West Berlin in the com-

parable two-week period last year, almost one third less, although the regime's security precautions were then less drastic. Some 15,500 refugees fled to West Berlin in April, compared with only 8,612 in March and 9,162 in April 1959. This is the highest monthly total since the mass flights of professional workers in August 1958.

REFUGEES ESCAPING TO WEST BERLIN



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The high refugee flow is particularly embarrassing to the Communists on the eve of the summit, but the Ulbricht regime probably considers that the drastic measures which would be necessary to close the Berlin escape routes would be even more embarrassing. The regime has clamped severe controls on the East-West German border, however; only 1,681 East Germans eluded the border police in April, bringing the total refugees figure for the month to 17,183.

The flight of experienced farmers--said by West German officials to constitute about 16 percent of the April totals--will add greatly to the regime's difficulties arising from the speed and extent of its collectivization campaign.

[redacted] the regime fears that many remaining farmers joined collectives merely to gain time until they can collect enough money to flee.

Officials view with concern the low morale of remaining farmers, as well as the serious shortage of adequate farm machinery, the lack of properly trained administrators and organizers, and the serious shortages of farm buildings to shelter livestock on collectives. Officials reportedly believe that, as a result of these shortages, it will be five years before the regime achieves its goal of raising all livestock on large collective farms and two or three years before the newly collectivized farmers are organized into large-scale enterprises.

SED central committee secretary Gerhard Grueneberg, who

handles agricultural matters, has reportedly demanded that farm production for 1960 reach that of 1959--a poor year--despite the disorganization in newly formed collectives. He has threatened to purge officials who do not meet or surpass this goal, and a shake-up is imminent in one district.

[redacted] East German ambassadors to bloc countries have been ordered to exert pressure on these governments to provide East Germany with farm machinery. This presumably would be in accordance with a 1958 directive of the bloc's Council for Mutual Economic Assistance, which ordered support for East Germany's drive to overtake the West German standard of living.

The regime also is worried about the relatively large sums farmers have taken with them to the West, despite action to block the savings accounts of suspected defectors. The flow of currency to West Berlin forced the quotation on the East mark down from 3.93 in comparison with the West German mark in mid-March to 4.71 on 20 April; it probably now is down even further.

The regime is seeking to pin the onus for the flights on the Evangelical Church. The move is designed to counteract the effects of the sharp public criticism by leading East German churchmen of the coercive methods used in the collectivization campaign. Party boss Ulbricht has sought to explain away the criticism by charging that it comes from a small number of "West German militarist clergy."

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MOSCOW SHIFTS TACTICS TOWARD EMIGRÉS

A notable shift in Soviet tactics in the treatment of emigrés has taken place this year. Current propaganda no longer urges repatriation, but rather aims at promoting a feeling of patriotism, admiration for Soviet accomplishments, and a strengthening of spiritual and cultural ties with the homeland.

A vigorous redefection campaign was launched in 1954 to bring as many emigrés as possible back under Soviet control and to demoralize the rest. In early 1955 a Committee for Return to the Homeland was formed in East Berlin to handle the drive, and a political amnesty was issued within the Soviet Union. The campaign had only limited success; fewer than 10,000 returned, including many social misfits and persons who had never lived in the Soviet Union. The amnesty, furthermore, did not prove an effective safeguard for returnees. Emigré circles have learned that some of those who returned to the USSR were sent to prison for earlier transgressions, or were not allowed to settle in their native areas.

The committee probably feels that most defectors likely to return have done so by now, and that it is time to concentrate on the "compatriots" who have settled abroad. In line with the recent shift in tactics, the name of the committee's newspaper has been changed from For Return to the

Homeland to The Voice of the Homeland. Clubs are being organized in foreign countries to serve as local chapters of the "Union of Soviet Patriots." The committee has increased its mailing of cultural and educational literature and has stepped up its broadcasts.

Emigrés are urged to propagandize Soviet achievements and establish closer contacts with friends and relatives living in the homeland. Soviet emigrés are being offered the opportunity to visit friends and relatives in the USSR with the guarantee that they will be permitted to return to their adopted countries. In the past, many emigrés have feared to visit the Soviet Union, as some earlier visitors had not been allowed to leave.

Judging from its present propaganda line, the committee apparently feels that rising Soviet prestige and lessening tensions may bring at least some waverers back into the fold. In a letter to an emigré in West Germany, the committee says: "Today we are not calling you to the homeland, because we do not know what reasons have been holding you away for so many years. But we also do not admit the thought that after all these years you have become hopelessly callous and that our appeal to think once more about your ties to the homeland will not find a response in your heart."

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SOVIET-PAKISTANI RELATIONS

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The USSR, as part of its extensive effort to exploit contacts between Khrushchev and free world leaders, has sounded out the Ayub government in Pakistan on several recent occasions to determine whether such visits have produced any change in Pakistan's cool attitude toward bloc countries. Since Moscow continues to support Afghanistan and to censure Pakistan for participating in Western military alliances, Soviet diplomatic feelers seem designed primarily to arouse fears among Pakistan's allies of a revision of Rawalpindi's strongly anti-Communist policies.

Soviet diplomats, in dealing with Pakistani officials, have exuded confidence that Pakistan eventually will take steps toward improving relations.

Following the SEATO meeting in Lahore last February, the USSR made several provocative moves against Pakistan. The joint communiqué issued during Khrushchev's visit to Kabul in March endorsed the Afghan position in the dispute with Pakistan over Pushtoonistan--the first explicit Soviet statement on the issue. In a speech on his return to Moscow, Khrushchev declared, "Our sympathies on the question are on the side of Afghanistan."

Arriving in Pakistan a few days later, Ambassador Kapitsa told the press that the USSR did not recognize the Durand line--the present boundary between Afghanistan and Pakistan--and he called Pakistan's proposal for a plebiscite among Pushtoons a joke. When reprimanded by Qadir, Kapitsa became extremely arrogant and sarcastically thanked him for his "lecture."

As part of the bloc campaign to exploit the Khrushchev-Menderes exchange, Moscow is planting hints that a similar meeting is being worked out with Pakistan.

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being held concerning a Khrushchev-Ayub meeting.

Pakistani officials are [redacted] concerned that their government's pro-Western posture may be unsuited to the East-West "thaw," but they plan to make no decision as to a revision until after the Commonwealth conference,

which opened in London on 3 May. Pakistan is unlikely to make any major changes in its foreign policy, and recent hostile Soviet statements make difficult even pro forma changes by the Ayub government to bring Pakistan more in line with the current East-West detente.

[redacted]

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ADDITIONAL PAKISTANI CABINET CHANGES

Pakistani President Ayub apparently intends to relieve ambitious Lieutenant General Sheikh of his duties as minister of interior within a few weeks and appoint him permanently to the less powerful Food and Agriculture post, which he assumed on an apparently temporary basis on 20 April. Lieutenant General Azam Khan, generally regarded as Ayub's right-hand man, vacated the top post in the Ministry of Food when Ayub appointed him governor of East Pakistan on 11 April. In addition, Akhtar Hussain and Zakir Hussain, who were recently replaced as governors of West and East Pakistan respectively, have been named to the cabinet and are to be assigned posts soon.

Ayub has sought to maintain the appearance of governmental stability. These are the first changes in cabinet membership since the army take-

over of October 1958, although several shifts in cabinet assignments were made last January. The new assignments for Sheikh and Azam reflect the continuing high priority being given to increasing food production and to economic



SHEIKH

development in East Pakistan, but it is not clear why Ayub now has decided to accept the disadvantages of a second reshuffle.

Ayub's action has stimulated extensive rumors and speculation concerning rivalries and the balance of power within the government. The crash program to increase food production is almost certain to suffer as a result of Azam's transfer, since this has obliged Ayub to appoint his third food minister in three months.



AZAM

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Sheikh has already indicated he does not share Azam's eagerness to push the program. Ghulam Faruque, chairman of Pakistan's Water and Power Development Authority and one of the country's most capable administrators, believes that Azam, although highly capable, is likely to offend East Pakistani sensitivities in his drive for greater efficiency and harder work.

The simultaneous reduction of the influence of Sheikh and Azam, who have been Ayub's two strongest lieutenants in the cabinet, suggests that Ayub is at least partly interested in

consolidating his paramount position in the government. Sheikh says he protested against his intended transfer. He has frequently been mentioned in rumors circulated by opponents of the regime as ambitious to increase his own power, and he may feel keenly the loss of the powerful Ministry of Interior, which controls the police. Azam reportedly tried to decline the governorship, probably partly because he had just taken hold of the food problem and partly because his departure from Rawalpindi removes him from both the military and political center of power.

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PREMIER NU CONSOLIDATES HIS CONTROL IN BURMA

Premier Nu's first month back in office has been marked by a smooth transition from military to civilian rule and a rapid reversion to the pre-1958 practices of Burmese government. In keeping with General Ne Win's decision to avoid responsibility for the programs of the new government, all but five of the 75 military administrators of the interim regime have returned to military assignments. There has been no protest from the army, although many of its reform programs have been canceled or suspended. It appears that U Nu is attempting to eliminate, as far as is expedient, all reminders of the previous regime.

Immediately on taking office on 5 April, U Nu announced abrupt changes in government programs. For his Buddhist supporters, he reimposed a ban, lifted by General Ne Win in 1959, on the sale and slaughter of beef, and he appointed a commission to advise on adoption of Buddhism as a state religion.

For urban voters, he suspended the army's squatter resettlement program and, to meet student demands, announced plans to re-establish tuition-free middle schools. For his own political followers, his government is reviewing the cases of government officials--mainly political appointees from his previous regime--sacked by the army for incompetence.

Despite the 18-month interlude of army rule, U Nu's views on party affairs are remarkably unchanged from the past. U Nu is the idealistic advocate of unity, democracy, and magnanimity. However, he allows his lieutenants to carry out a vindictive campaign against the opposition Stable Anti-Fascist People's Freedom League (AFPFL). As Nu publicly calls for the development of an effective two-party system, his subordinates are preparing cases for the legal ouster of 11 opposition members from Parliament. Within the governing Union party, he has reappointed as secretary general

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Kyaw Dun, who is under indictment for a political kidnaping. Meanwhile, infighting of the type which split the AFPFL has erupted between the party's "educated" and "peasant" factions.

Despite the prospective decline in government integrity

and efficiency resulting from the return of party government, at least some of the reforms instituted by Ne Win are likely to be continued. Furthermore, despite Nu's overwhelming nationwide popularity, the army, united by Ne Win, intends to keep a check on government policies. It will intervene openly if the government provides sufficient provocation.

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INDONESIAN ARMY INTENTIONS

The Indonesian Army is encouraging the anti-Communist Democratic League and the league's anti-Sukarno press campaign, with the immediate objective of preventing the installation of President Sukarno's appointed parliament. Despite continuing rumors of a coup, the army leadership appears at this time to be interested mainly in the parliamentary objective and in preventing the inclusion of Communists in a reorganized cabinet.

Army support and instigation of league activities, although covert, are no longer secret. Should army and league pressures prove insufficient to force Sukarno's political retreat, the army may find its political role further reduced by him, and Army Chief of Staff General Nasution may even be dismissed.

League criticism of the 261-member parliament, which was appointed by President Sukarno in late March to replace the body he dissolved earlier the same month, has apparently created sufficient confusion to prompt Acting President Djuanda to advise Sukarno, now midway on a world tour, to reconsider his plan to install the parliament in June.

the President remains determined to install and maintain the new parliament until elections are held in 1962.

Sukarno reportedly sent back orders that "no principal measure" be taken before his return and that the newspapers which were criticizing his policies be banned. The dailies have not been banned, and they continue to print antiparliamentary articles, but General Nasution has ordered them to stop criticizing Sukarno.

League and army strategy appears directed toward persuading appointed members of parliament not to accept their seats in the new body. The principal target is the Nahdatul Ulama (NU), Indonesia's second largest Moslem party, which accounts for 14 percent of the parliamentary membership. Should all NU appointees join representatives of the Democratic League, the army, and the navy in refusing their seats, their combined numbers would account for only 32 percent of parliament. The remainder are chiefly air force and police representatives and adherents of the National and Communist parties.

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A new element, however, which is likely to benefit Sukarno and dissipate much of the criticism directed toward him is a Dutch plan to reinforce troops in Netherlands New Guinea and send naval units on a six-month flag-showing cruise to Far Eastern waters from early

June to mid-December. Indonesian officials have already reacted vehemently to Dutch plans, and President Sukarno could easily exploit them to drum up a propaganda drive for the "liberation" of "West Irian" which could unite all Indonesian factions.

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BELGIAN CONGO

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Political activity in the Congo, centered about the legislative elections scheduled for 11 to 25 May, has been marked by the Communists' efforts to increase their influence in the Belgian colony. Although no single party is expected to control the legislature, the National Congo Movement faction led by Patrice Lumumba--one of several groups enjoying Communist financial support--is expected to make a strong showing. The imminence of African rule has increased restiveness among Europeans in mineral-rich Katanga Province, and outbound aircraft are heavily booked.

Belgian Communist efforts to establish a foothold in the Congo have emphasized the cultivation of leading African politicians through financial aid, together with promises of bloc economic aid for the Congo after independence on 30 June. Belgian Communist leaders reportedly believe that Congolese anticipation of rapid economic advance following independence will lead to a disillusionment susceptible to Communist exploitation. The bloc will probably offer some technical and economic aid after independence, and it might offer large-scale economic support if pro-Communist elements become influential in the new government.

Meanwhile, delegates to the economic round-table conference in Brussels are studying Belgian proposals for continuing economic links with the Congo after independence. Communist efforts to disrupt the conference appear to have had little effect. A number of delegates remain concerned about the Congo's financial plight, however, and are dissatisfied with steps taken by Brussels to bolster its economy.

Despite periodic reassurances from Congolese spokesmen, an increasing number of Europeans appear to be planning to leave the Congo prior to independence. Renewed tribal warfare in the Congo interior has been viewed as an ominous portent by Europeans already depressed by the prospect of African rule. The imposition of currency controls to slow the flow of European capital from the Congo has further shaken the morale of Europeans.

The 3 May disorders in the Congo interior at Stanleyville--in which European cars were stoned--are the first major anti-European outbreak during the election period. The prospect

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of further outbreaks will add to the problems of Belgian security forces already hard pressed to keep the peace between warring tribes in Kasai Province.

Organized opposition to the prospect of Congolese independence is centered in southernmost Katanga Province, where many Africans as well as the large European contingent

are distrustful of any Congolese central government. Moise Tshombe, leader of one of the province's two major political groups, has said he intends to proclaim Katanga an independent state on 30 June unless the other five provinces agree to his plan for a federal union in which each province would be fully self-governing except for whatever powers it might voluntarily delegate to a central authority.

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NATIONALIST AGITATION OVER PORTUGUESE AFRICA

With independence attained or imminent in most African countries, nationalists are directing their attention increasingly toward Portugal's African possessions. Nationalist groups exiled from Portuguese territory have recently shown new vigor; they apparently have acquired the support of prominent African leaders as well as aid from the Communist bloc.

The principal vehicle for Communist activity against Portuguese Africa is the Conakry-based Revolutionary Front for the Independence of the Portuguese Colonies (FRAIN)

The first goal of FRAIN's leaders, most of whom have long records of Communist affiliation, reportedly is the "liberation by violent means" of Portuguese Guinea, a propaganda target of the Guinean Government as well. FRAIN has also conducted a propaganda campaign against the present conspiracy trials in Angola.

FRAIN's operations apparently are supervised by Guinean Minister of Public Works Ismael Touré

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A second group, the Liberation Movement of Territories Under Portuguese Domination, also claims to have Guinean support.

Another center of exile activity is the Belgian Congo, which has a tradition of relatively easy native passage over its long common border with Portuguese-held Angola. The Alliance of the Bakongo (Abako), a Congolese tribal group which dominates western Leopoldville Province, reportedly has been attempting to extend its influence to related tribes in Angola and the enclave of Cabinda. Congolese interest in the Portuguese territories is also revealed in the recent private statement of Patrice Lumumba, a member of the Congo's governing council, that the situation in Portuguese Africa is the most pressing African problem.

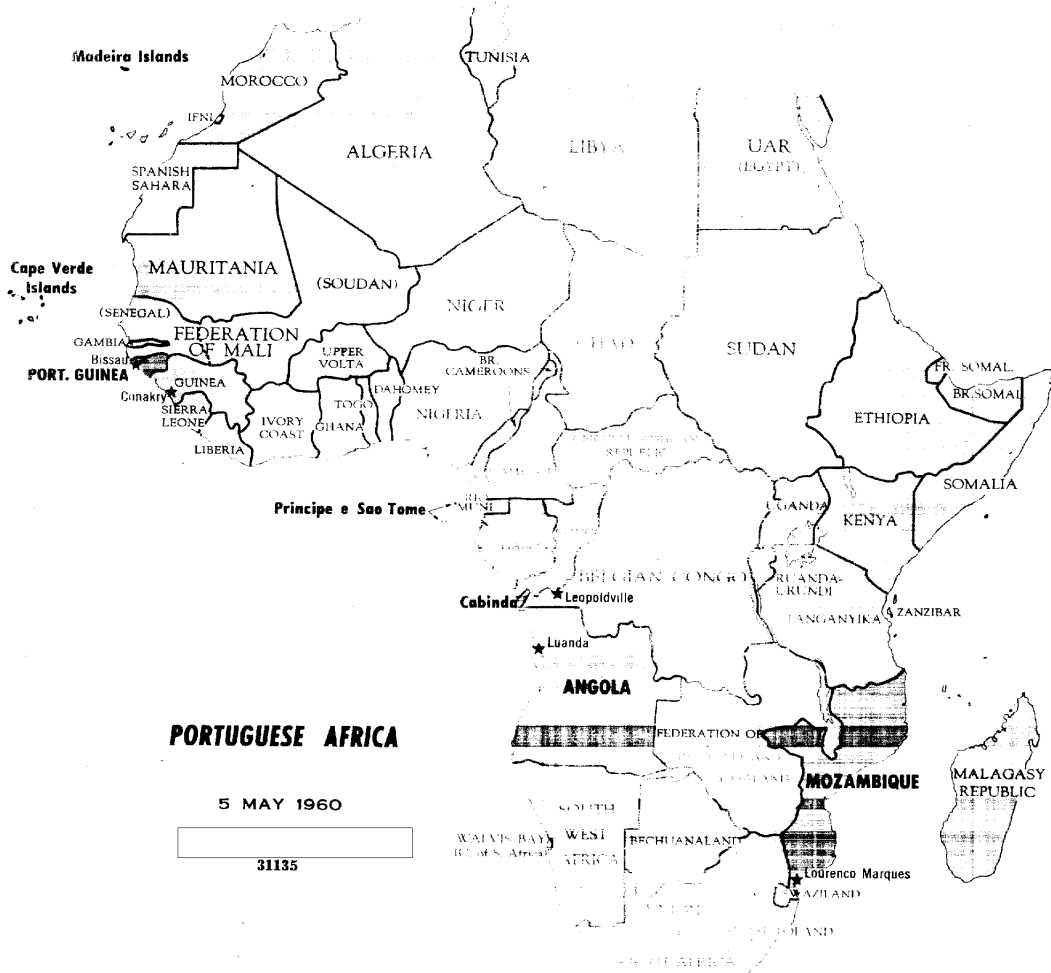
The anti-Communist Union of the Peoples of Angola (UPA)

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has become the spokesman for Angolan exiles in the Congo [redacted]. The UPA has been represented at several African political conferences. One of its leaders, Jose Gilmore, is a member of the steering committee of the All-African Peoples' Conference (AAPC), although FRAIN has recently deprived him of some of his support in West Africa.

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The Portuguese Government, recognizing the growing threat to its control, has increased the size of the security forces in its African territories. At present, the Africans are under government control. Nevertheless, Portuguese rule will be subjected to growing pressure as Africans gain power in additional areas of the continent.

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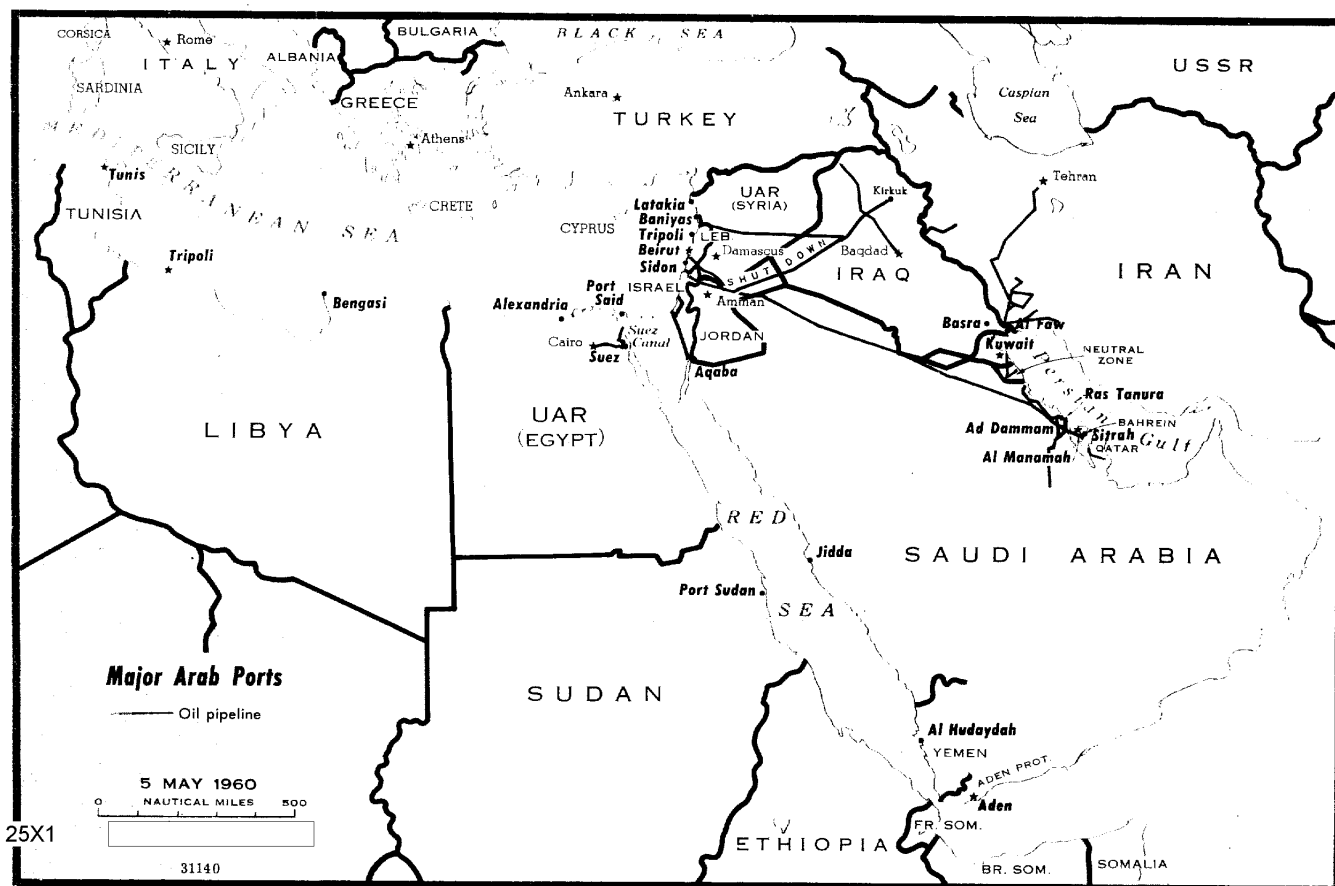
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MIDDLE EAST HIGHLIGHTS**Boycott of US Shipping**

The boycott of American-flag vessels in Arab ports officially went into effect at midnight 29 April in retaliation for the picketing and boycott in New York of the UAR freighter Cleopatra since 13 April. Although the immediate practical effect on American trade in the Middle East has been slight, the boycott is picking up momentum. The Arabs believe the action against the Cleopatra is part of a "Zionist conspiracy" to obtain passage for Israeli ships through the Suez Canal, and this has given the dispute a highly emotional character which, for most Arabs,

transcends economic considerations.

Only a few ships have actually been refused service thus far--at Port Said, Suez, Latakia, Baniyas, Aden, and Tripoli in Libya--but a considerable number of vessels have been diverted to non-Arab ports to avoid incidents. The UAR Government has rerouted at least six ships with American agricultural surplus cargo to Greece and Italy for transshipment to the UAR on non-US ships, and the Lebanese, Iraqi, and Libyan foreign ministers have requested the diversion of American ships from ports in their countries. Arab merchants

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are said to be asking their agents in New York to send American goods on non-US ships.

Despite the UAR's differences with Iraq and Jordan, the General Federation of Iraqi Trade Unions and Jordanian dockworkers have declared their intentions of boycotting American ships, although none are expected soon at Basra or Aqaba. The boycott in fact has received wide Arab support, and American-flag freighters probably will not be serviced in Arab countries, with the exception of Tunisia and Morocco.

They have not, however, been barred from the Suez Canal, and, according to the under secretary of the UAR Foreign Ministry, American-owned ships under flags of convenience will not be boycotted. Tankers are included in a general ban ordered by the Saudi Arabian Government, and workers at the Iraq Petroleum Company's facilities in Lebanon have said they will not load American-flag tankers. On the other hand, on 4 May the government of Bahrein, presumably out of consideration for oil revenues, reversed its initial decision to boycott both US-flag and US-owned tankers, and an American-flag tanker has since been loaded. The first two American-owned foreign-flag tankers to visit Sidon and Baniyas, in Syria, were loaded on 1 and 2 May.

The secretary general of the UAR-dominated International Confederation of Arab Trade Unions, which organized the boycott, earlier told American Embassy officials that a boycott of American aircraft would be a later step if the boycott continues. The UAR also is known to be considering a possible ban on American goods. American embassies and consulates have recommended that American passengers on American

ships stopping at UAR and Lebanese ports not disembark because of the possibility of involvement in incidents. The assault in New York on a UAR seaman from the Cleopatra reportedly has aroused talk of reprisals along UAR waterfronts.

Even before the official start of the boycott, dockworkers in Alexandria and Kuwait worked American ships only following police or government persuasion. Lebanese longshoremen, according to Foreign Minister Uwayni, have made it clear they will not work on American vessels even if it means defying Lebanese troops. Although Arab government officials publicly support the boycott, they privately have expressed deep concern over the adverse effect a prolonged dispute could have on Arab-American relations. The US Senate's passage of an amendment to the foreign aid bill, empowering the President to withhold aid from countries (the UAR) engaging in economic warfare against other aid recipients (Israel), has aggravated Arab resentment.

Moscow has seized these new opportunities to try to convince the Arabs that the Soviet Union is their big-power protector against a Western-supported Israel. In broadcasts to Arab audiences on 3 May, Radio Moscow declared that Zionist influence in the United States is behind the refusal to unload the Cleopatra. Censuring the Senate's action amending the US foreign aid bill, the commentator asserted that the dispute is further proof of Western "hatred for the UAR," which he described as "a long-term political trend."

Lebanon

Despite increased Christian-Moslem tension resulting

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from intervention by Moslem-directed police in a dispute between two Christian factions on 1 May, President Shihab has dissolved parliament and scheduled parliamentary elections beginning 12 June. The elections will be held on four successive Sundays, permitting movement of security forces from district to district in an effort to keep incidents to a minimum.

The 1 May violence occurred as crowds gathered for a pontifical mass planned as a gesture of national unity and attended by the papal nuncio, the Maronite patriarch, the Lebanese cabinet, and members of the diplomatic corps. Supporters of former President Chamoun and the Phalange, the political action arm of the Maronite Church led by Minister of Works Pierre Jumayyil, staged rival demonstrations. The pro-Nasir Moslem chief of the emergency police, a deserter during the 1958 rebellion, threw a hand grenade into the crowd. This was followed by firing by the police. Extremist Christian elements retaliated on 2 May by bombing the residence of the Moslem director of National Police. That night Christians in Beirut clashed with troops and police.

Although President Shihab can be expected to take strong measures to prevent further disorders, the incidents are likely to unite the Christians against the Shihab regime and possibly against the patriarch, who has been re-

garded by many Christians as being soft in defending Christian rights.

The setting of the voting dates and apprehension in Christian quarters that any new parliament would be dominated by pro-UAR elements bent on destroying the delicate balance between Christians and Moslems are likely to increase the influence of extremists among the Christian elements. Further incidents are probable.

UAR preparations for intervention in the elections are becoming evident. There are several reports of UAR contacts, both in Lebanon and Syria, with a number of aspirants for Parliament.

Iraq

A reshuffle of the Qasim cabinet on 3 May has resulted in the dropping of Finance Minister Muhammad Hadid, one of the most influential and conservative members, and the appointment of Brig. Gen. Ismail Arif, former military attaché in Washington, as minister of education. The opportunistic Arif, who was an early Qasim supporter, reportedly has criticized the Qasim regime at social affairs in Baghdad attended by Americans. He has replaced Brig. Gen. Muhi al-Din Abd al-Hamid, a Qasim crony, who has been made minister of industry.

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Minister of Municipal Affairs Nadia al-Dulaymi, Iraq's first woman cabinet minister and a suspected Communist, has been shelved and made minister of state. Another new face is Minister of Municipalities Abbas al-Baldawi, a long-time civil servant who has been governor of a number of provinces under both the royal regime and the present one. Hard-working conservative Hashim Jawad, minister of foreign affairs, is combining Hadid's duties with his own on a temporary basis. The replacement of the competent Hadid is likely to delay economic recovery, and Arif's appointment will increase the army's influence. Military men now hold nine of the 21 cabinet posts.

Afro-Asian Conference

This week's Afro-Asian Economic Conference in Cairo appears to have marked a gain for Nasir's kind of neutralism. The USSR, participating as an observer rather than a member but backed by representatives

of Communist China and other Asian Communist states, lost a fight to include eight Soviet Asian republics in the conference membership. Membership remains limited to countries which participated in the 1955 Bandung conference or to those central governments located in Africa or Asia.

Communist China's objection to the establishment of an Afro-Asian investment fund, drawn up by the UAR and labeled an "imperialist trap" by the Chinese, was overruled. The Chinese delegation also objected without effect to the election of an Indonesian as a vice president of the organization, and there were loud complaints from the North Koreans on the inclusion of South Korea as a conference member.

Muhammad Rushdi of the UAR was elected president, and the UAR apparently will continue to lead neutralist opposition to the Communists, as it has in the Afro-Asian solidarity movement.

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BRITISH LABOR PARTY RECONSIDERING ITS NUCLEAR DEFENSE POLICY

The British public's demands for unilateral British nuclear disarmament have become markedly stronger in recent weeks, and there is growing pressure on the labor party leaders to abandon their

support of an independent nuclear deterrent.

An Easter week-end march from the nuclear weapons research center at Aldermaston to Trafalgar Square in London

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sponsored by the Campaign for Nuclear Disarmament proved highly successful in indicating what the American Embassy terms a "strong ground swell of public awareness and disapproval of nuclear weapons as instruments of national policy." Since Easter, two important trade unions and the Cooperative party, an affiliate of the Labor party, have passed resolutions urging unilateral British nuclear disarmament. Other influential unions will probably follow suit.

The Transport and General Workers Union, Britain's largest, is already on record favoring unilateral disarmament. These groups have the votes to repudiate the Labor party's leadership at the annual fall conference unless some marked shift in their direction occurs in the meantime.

Party leader Gaitskell, who insisted as recently as 1 May that Britain could not disarm unilaterally, has acknowledged that Labor's policy would have to be reconsidered. One strong hint of an impending policy change came in the re-

cent parliamentary debate on the Blue Streak missile project, when Labor's shadow defense minister, George Brown, charged that in abandoning plans for a British delivery vehicle to carry nuclear warheads, the government had admitted the impossibility of providing an independent deterrent.

The Labor party's present position, adopted last year to stem left-wing pressure, calls for Britain to abandon nuclear arms only if efforts to form a nonnuclear "club" of all nations other than the United States and the USSR succeed. A possible compromise would call for an end to production of nuclear weapons, but retention of those already on hand.

Public agitation and the prospect of a Labor party shift will add to the pressures on the Macmillan government, which has long shown extreme sensitivity to public opinion on the issue, and will heighten London's desire for some demonstrable progress on disarmament at the summit meeting.

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POLITICAL DEVELOPMENTS IN THE EUROPEAN COMMUNITY

A low-keyed effort to resume direct progress toward the political integration of Europe is expected to attract increasing attention in the next few months in the European Economic Community (EEC). Geared to implementation of existing provisions of the EEC and EURATOM treaties, the project seeks the election of the European Parliamentary Assembly by direct universal suffrage. This comparatively modest achievement has long been sought by integration-

ists, who claim it would give the average voter an important sense of participation in the integration project and would automatically create a "European body" with real prestige and authority.

The present 142-seat assembly technically represents the "peoples" of the member states, but its members are drawn from and selected by the national parliaments. It now is proposed to replace this

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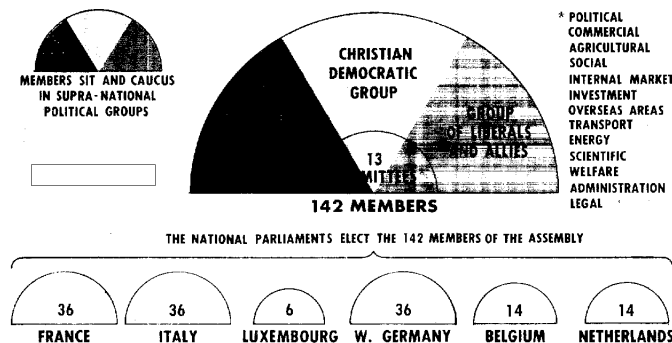
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with an assembly three times as large, only one third of which would be drawn from the national parliaments and the remainder elected in simultaneous, community-wide elections. Although certain ground rules would be established, the elec-

sultation with the member governments. Electoral procedures, for example, vary widely within the community, and some countries are reluctant to adopt new ones even for limited purposes. A freely elected European assembly would almost

certainly have Communist members. No way has been found, moreover, to provide parliamentary representation for the associated overseas territories.

EUROPEAN PARLIAMENTARY ASSEMBLY
(COMMON MARKET, EURATOM, COAL-STEEL COMMUNITY)

**MAJOR POWERS OF THE ASSEMBLY**

1. May compel the executive commission of each community to resign by two-thirds vote of censure;
2. Reviews and debates annual reports of the three communities;
3. May request reports from the executive commissions and question their members;
4. May pass resolutions and make recommendations to the other community institutions;
5. Must be consulted on a large number of Common Market and EURATOM policies;
6. Must give its consent to amendments to the Coal-Steel Community treaty under certain procedures;
7. May recommend changes in the annual budgets.

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toral laws of the member states would apply during a transitional period, and the first directly elected assembly would itself draft a community electoral law.

This plan is largely the work of a Belgian Socialist, Fernand Dehousse, and its cautious tone reflects the problems he and his committee have uncovered in 18 months of con-

success. Some among them have hoped to link the direct elections proposal with an expansion of the assembly's powers-- a move which would almost certainly doom the entire project. Despite the widespread support the Common Market enjoys, few if any of its member countries are prepared at this time to set up a European constituent assembly.

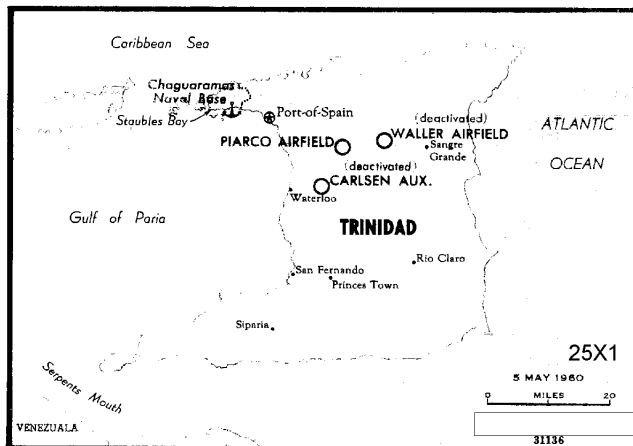
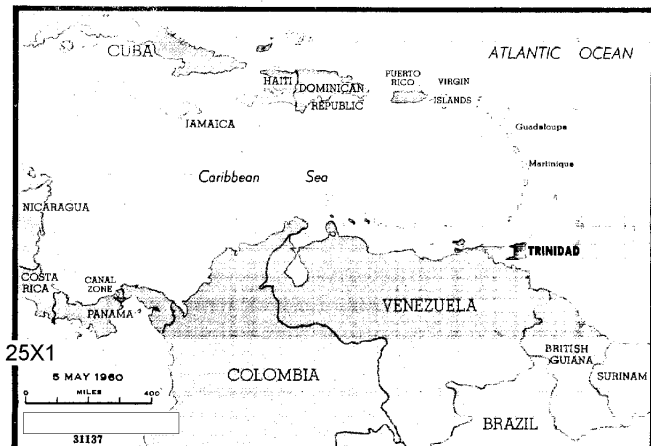
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US BASE IN TRINIDAD FACES HARASSMENT

Trinidad's termination on 30 April of the free use by US military planes of the island's only operational airport, at Piarco, may presage other moves which would limit effective US use of the Chagua-

ramas naval base and missile-tracking station. Trinidad has claimed it lost thousands of dollars in uncollected airport charges and extra maintenance costs necessitated by heavy US use of the airfield.

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In line with his frequently indicated anti-US prejudices, Premier Williams nevertheless refused last summer to discuss the US offer to pay fees, being determined to reserve the issue for bilateral or quadripartite talks with the US, the UK, and the government of the West Indies Federation on the overall problem of revision of the 1941 US-UK base agreement.

Williams' success in eliminating a practice arranged under a ten-year-old US-UK understanding may encourage him to press his campaign even more actively for revision of the 1941 agreement. The British Colonial Office now is seeking a formula which would circumvent his threat that, unless Trinidad participates as an equal delegate in the base-revision talks, he will repudiate any agreement.

Williams seeks a promise that Chaguaramas will be evacuated by 1967 at the earliest; he offers in return another site which the US previously rejected. In the meantime, he seeks "joint use" of the base and release of unused areas. He continues to demand that the United States give up Tucker Valley, in the heart of

the Chaguaramas base area, which he wants as the site of the federal capital. He asserts that the 1941 agreement will lapse in any case when independence is achieved.

Williams has already begun preparations for harassment of the base's operations. He plans to construct a marine police launch station at Staubles Bay, an enclave of British-owned land within the Chaguaramas site, and has hinted he might cut off the base's electricity. He could also foment labor troubles among the approximately 500 local employees of the base. Trinidad Government officials have indicated they may set up customs posts outside the base, following up Williams' charges that extensive smuggling is carried on.

Williams appears to be planning to follow up his success in arousing alarm over radiation hazards last summer by preparing charges that nuclear submarines are using the base and constitute a radiation danger. While the public does not echo Williams' vehement anti-Americanism, his control over the electorate apparently remains firm.

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PARAGUAYAN EXILES LAUNCH NEW INVASION

The Stroessner regime in Paraguay, increasingly in the spotlight as the last dictatorship in South America, has encountered another exile invasion attempt. The Argentina-based effort, which began on 29 April, now appears to have faltered, but on 3 May a new small-scale thrust occurred in the northeast along the Brazilian border. The armed forces, loyal to the Stroessner regime, are said to be confident they can control the situation even though isolated skirmishes are still being reported.

The invasions apparently are a major effort by the small leftist 14th of May movement, which led a similar invasion in December. Some observers believe the Communist-oriented National Liberation Front was also involved. Apparently the moderate exile groups did not take part, despite an agreement in January with leaders of the 14th of May movement. Exiled

members of the ruling Colorado party have remained aloof from these opposition groups. While seeking Stroessner's downfall, they want their party to retain



STROESSNER

control of the government and have attempted to gain support within the military for a palace coup.

President Stroessner's periodic attempts during the past two years to liberalize the political atmosphere have aroused opposition within his own Colorado party and have been received coldly by opposition leaders, who see reform as a threat to their plans for revolt. The December invasion, despite its quick suppression, rattled Stroessner supporters and encouraged opposition exiles, partly because the rebels dramatized their efforts through the use of clandestine radio transmitters and through arrangements with Cuba's Prensa Latina news agency, which sent a representative to travel with the insurgents.

Economic difficulties have contributed to Stroessner's problems in recent months. Recent strengthening factors

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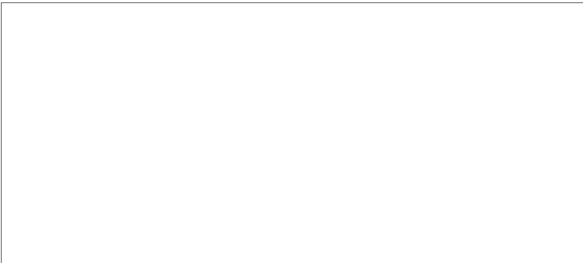
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have included a cordial official visit from Brazil's foreign minister and an indication that Argentina now may be prepared to crack down more strongly on exile movements in the border area.



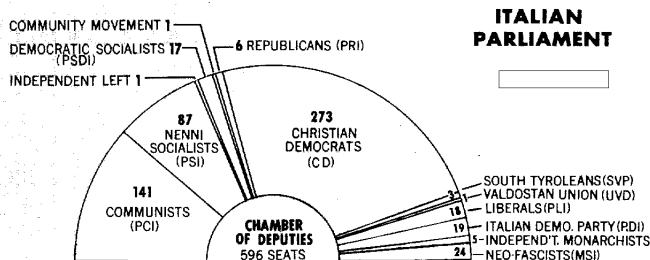
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THE TAMBRONI GOVERNMENT

The two-month-old Italian cabinet crisis has been formally brought to a close by a governmental formula which is almost identical to that which precipitated the crisis. On 24 February the government of Antonio Segni resigned when the conservative Liberal party withdrew its support from Segni and thereby put the all-Christian Democratic government in the position of depending for its majority on the votes of the Monarchists

Christian Democrats of having immediately to pay the price at the polls of tacit parliamentary alliance with the neo-Fascists.

Circumstances at the outset of the crisis appeared more favorable than at any previous time for a center-left government, but conservative forces were able to block two such attempts. There will, however, be further skirmishing, if not a major showdown during the next few months over the issue of the party's over-all orientation.



The party decision on 28 April to approve the Tambroni government carried with it the stipulation that a meeting of the national council, the party's highest policy-making body, would be held in three weeks,

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and neo-Fascists--a situation deemed by the Christian Democrats too costly in popular votes.

and the advocates of center-leftism can be expected to renew their campaign to achieve a formal revision of the party line.

Now the Tambroni government, with the approval of the Christian Democratic directorate, has come to power with the neo-Fascists as its only other party support in the Chamber of Deputies. This situation was made possible, in part, by the postponement during the course of the crisis of scheduled local elections, thus removing the risk for the

President Gronchi, his long-standing enthusiasm for an "opening to the left" presumably sharpened by recent conciliatory pronouncements from Socialist party leader Pietro Nenni, may press Tambroni to introduce gradually a legislative program slanted to the left, thus maintaining pressure among the Christian Democrats for a clear-cut political line.

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PART III

PATTERNS AND PERSPECTIVES

KHRUSHCHEV AT THE SUMMIT

Khrushchev probably views the summit meeting, which opens in Paris on 16 May, not as a decisive confrontation with the West but as a new and important stage in a protracted period of high-level negotiations. This outlook probably precludes any move to force a showdown at the summit itself or immediately after, prior to President Eisenhower's visit to the USSR in June. The Soviet leader summed up this approach during his trip to France by expressing "hope that the meeting will usher in a series of important negotiations between the leaders of the great powers, with the object of putting an end to the cold-war policy."

Moscow's general policy line during the pre-summit period has reflected the more conciliatory posture adopted by Khrushchev during his visit to the United States. Moscow has endeavored to appear responsive to Western views on the timing of a summit meeting with no fixed agenda. Except for adjustments in its position on a nuclear test ban treaty, however, the Soviet Government's efforts to create a favorable pre-summit atmosphere have not gone so far as to presage Soviet concessions on major East-West issues.

Germany and Berlin

Despite Khrushchev's frequent statements assigning top priority to disarmament and his intention to negotiate outstanding issues of a nuclear test ban treaty, he probably regards the German and Berlin questions as the focal point of the summit. Over the past few months, Moscow has increasingly invoked the threat of a separate East German peace treaty to soften

Western resistance to a peace treaty with both German states converting West Berlin into a free city. Moscow probably realizes that, on these issues, a change in the status quo would be of little advantage to the West, and believes that negotiations are unlikely to be fruitful for the USSR unless conducted under the threat of unilateral Soviet action.

At the same time, Moscow does not wish to detract from the general policy of detente or appear to be repudiating the Camp David agreement not to impose a time limit on negotiations. Thus, the threat to sign a separate treaty has been ambiguously formulated and calculated to create uncertainty as to the timing and circumstances of such action.

Against this background, Khrushchev's initial move at the summit on these issues probably will be to reintroduce his maximum demands for a peace treaty signed by both German governments and the establishment of a free city in West Berlin. Modifications of this position, as indicated by authoritative East German statements reportedly issued at Moscow's direction, would probably include an offer to draft two separate documents containing the same basic provisions, one of which would be signed by the Western powers with Bonn and the other by the bloc with East Germany.

As a part of his peace treaty proposal, Khrushchev will probably urge that the heads of government agree on the underlying principles. He will press for the establishment of a four-power commission to develop the details and of an all-German commission to present a joint

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proposal to the four powers. The Soviet leader may accompany such a proposal with an offer to hold the Berlin question in abeyance during peace treaty talks, but within a strictly defined time limit. As a further variant, Khrushchev may propose declarations ending the state of war, which would be signed by the bloc and Bonn and the Western powers and East Germany, citing as a precedent the 19 October 1956 Soviet-Japanese joint declaration.

However, Khrushchev probably does not expect at this stage to win Western agreement to a four-power commission to draft a peace treaty or to an all-German committee to discuss an expansion of contacts and reunification. Western agreement to these proposals would imply acceptance of the long-standing Soviet position that conclusion of a peace treaty is the only task remaining for the four powers and that reunification is the exclusive responsibility of the two German states.

Largely for the record, Khrushchev will advance as a separate issue the 1 June 1959 proposal to make West Berlin a free city, garrisoned either by token contingents of all four powers or by neutral troops. As an ostensible concession, Moscow may drop its suggestion that a Soviet component join the "symbolic" Western units in West Berlin, and instead build up the UN and neutral role in guaranteeing the free city.

Finally, Khrushchev may indicate that the free-city status can be reached in stages, provided the final goal is explicitly spelled out. The first stage might not go beyond the severance of all ties between the Federal Republic and West Berlin, with troop reductions at a later date. Agreement to a limited first stage, however,

would probably be contingent on a clear commitment to discuss further stages at an early date.

Interim Berlin Agreement

After the maximum Soviet demands have been put forward for the record, Khrushchev probably will try to move on promptly to the question of an interim Berlin solution along the lines discussed at the Geneva foreign ministers' conference in 1959. Gromyko recently hinted this in a private talk with Ambassadors Thompson and Bohlen, and Moscow's sharp propaganda criticism of alleged Western attempts to cancel out the "positive results" of the foreign ministers' negotiations suggests that the USSR considers the Western proposal for an interim solution still open to negotiation.

Khrushchev may introduce certain modifications to make the Soviet interim-solution proposal more palatable to the West. He may drop Soviet insistence on formal East German participation in such an agreement and suggest that East Germany could be associated by means of separate commitments. He may offer to extend the time limit on an interim agreement from 18 months to two or three years, and he may refrain from insisting on linking an interim agreement to the creation of an all-German committee. He can be expected to stress that an interim solution would not involve any change in existing Western access arrangements.

Khrushchev would probably insist, in return, on a Western commitment to reduce troops in West Berlin, possibly in phases. On the basic question of the status of Western rights at the expiration of such an agreement, there is no evidence that the USSR would abandon its opposition to explicit confirmation of these rights.

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Minimum Aims

It is unlikely that Khrushchev expects to reach agreement even on the main elements of an interim Berlin solution in the few days available to the heads of government. He probably will concentrate his main efforts on obtaining a general statement which Moscow could then represent as marking Western acceptance of the principle that the Berlin situation is "abnormal" and should therefore be modified in the direction of ending the "occupation regime" in West Berlin.

Khrushchev may even be satisfied with an agreement to resume high-level negotiations on Berlin with terms of reference which the USSR could interpret as a step toward an eventual change in West Berlin's status. He will be particularly vigilant to maintain intact the provision of his Camp David agreement with President Eisenhower that new negotiations on Berlin should not be protracted indefinitely. Therefore, he may press for setting a specific date for a subsequent summit meeting, or at least for another foreign ministers' conference.

Disarmament

Often in the past, when the Soviet leaders have wanted to impress world opinion with their peaceful and constructive purposes, they have turned to the disarmament problem. Since Khrushchev's speech to the UN, Moscow's main effort has been to focus on disarmament as the central theme of its peaceful coexistence campaign and to present a convincing case that the USSR is prepared to move toward total disarmament.

In six weeks of actual negotiations at the Geneva disarmament conference, however, the bloc delegations have resisted Western efforts to discuss the

vital question of effective international controls. The Soviet delegation declined to spell out its position, beyond the vague and general proposition enunciated by Khrushchev that the extent of control should be commensurate with the various stages of the disarmament process.

Soviet tactics in the negotiations have been aimed primarily at obtaining a definition, in Soviet terms, of complete and general disarmament as the final goal of the conference, and winning Western agreement to a set of disarmament principles lifted directly from the Soviet plan. Khrushchev's position at the summit will probably be a continuation of this effort, with the objective of gaining a joint statement instructing representatives in the ten-power committee to take into account Soviet and other plans in working out the framework of a treaty.

The Soviet leaders would probably seek to represent such a statement as being tantamount to acceptance of the main features of the Soviet plan and press the West to agree to proceed with a discussion of the first stage, which calls for reduction of conventional forces. Such tactics would also allow Moscow to place the onus for rejecting general disarmament on the West, before permitting the talks to shift to specific first measures or partial plans. As a secondary position, Khrushchev may follow the lines of his communiqués with Presidents Eisenhower and De Gaulle and agree on a statement reaffirming general disarmament as the most important international problem.

Nuclear Test Ban

In contrast to its approach to disarmament, Moscow has moved to narrow the differences on the main issues of a nuclear test

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ban treaty in preparation for submitting these problems to the summit for decision. Since Khrushchev's visit to the United States, the USSR has proposed compromise solutions on a number of key points, while maintaining its long-standing position that all tests must be banned at the outset of an agreement. After resisting the American position on the difficulty of detecting small underground tests, Moscow in effect acknowledged this position by countering a Western proposal for a limited treaty with a proposal for a moratorium on small underground explosions.

Following the Eisenhower-Macmillan communiqué on 29 March proposing that a moratorium be achieved through unilateral and voluntary declarations, Soviet officials served notice that the main issues still outstanding, including the nature and duration of the moratorium, were beyond the competence of the Geneva conference and could be resolved only at the summit. They listed as possible summit topics, besides the moratorium itself, a quota for on-site inspections, the composition and voting procedures of the control council, and the staffing of control organs.

Khrushchev has indicated that the paramount issue is the duration of the moratorium. He implied in a speech at Baku on 25 April that the Soviet suggestion for one of four to five years could be adjusted downward. The Soviet premier has dropped his insistence for formal incorporation of the moratorium into the treaty, either as an annex or protocol, and accepted a voluntary declaration providing agreement is reached on the duration.

Since advancing the proposal, based on Prime Minister Macmillan's suggestion in early 1959 for an annual quota of on-site inspections of suspected

nuclear explosions, Moscow has made this a major element of its position on controls but has carefully avoided committing itself to a precise figure. The USSR has made it clear that such a determination should be based on a high-level political decision, rather than a scientific estimate of the annual number of probably natural disturbances which could be mistaken for nuclear explosions.

Recently a Soviet official at the conference privately expressed doubt that Moscow could agree to as many as 20 such inspections in the USSR. Khrushchev is likely to take a similar stand, while pressing for American acceptance "in principle" of the concept of a quota based on an arbitrary political determination.

Other Issues

Under the general category of East-West relations, Khrushchev may attempt to secure an agreed definition of principles on which these relations should be based and set forth his concept of "peaceful coexistence." He may also be prepared to conclude a more generalized agreement along the lines of the Camp David communiqué, reaffirming the four governments' intention to settle disputes by negotiation rather than by force.

Khrushchev also plans to raise the question of outer space, probably in connection with UN plans to convene an international scientific conference to exchange information on peaceful uses. Soviet representatives in the UN have privately urged that the United Nation's Outer Space Committee meet before the summit and begin working out plans for the conference. The USSR, however, is insisting on a preponderance in the key conference posts. Khrushchev will probably make some gesture to demonstrate that the summit has yielded

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results and to create the impression that the USSR is taking the lead in the field of peaceful uses of outer space.

Conclusions

Although Khrushchev has deeply engaged his prestige in the campaign for a summit conference and has frequently represented such a meeting as the most "effective manner" of resolving international problems, he has been extremely cautious in setting forth any specific objective for the initial meeting. In his recent remarks in France, he limited his expectations to a hope to find a "common language," and more recently in Baku he resorted to the standard expression that the meeting should produce a further relaxation of tensions and "advance the settlement of the urgent questions."

Khrushchev has been equally vague in defining the spe-

cific goals to be achieved on the main issues under discussion and has taken an equivocal position in acknowledging publicly in France that a solution of the Berlin problem "evidently demands some time."

Khrushchev's deliberate restraint in spelling out his objectives for the Paris meeting probably reflects his expectation that a series of meetings will be held. At Paris he may attempt to gain a specific commitment on the next meeting. Such an approach is suggested by his speech in January to the Supreme Soviet when he asserted that "this conference will be followed by a number of summit meetings" and added that it would be "improvident to try to guess beforehand the possible results of the forthcoming conference."

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WEST GERMANY'S PRE-SUMMIT MOOD

West Germany, frequently the subject of East-West meetings, is more apprehensive than usual regarding the summit conference on 16 May. Although expansive economic conditions keep the mass of the population contented, the politically minded minority seems suspicious, uncertain, and generally pessimistic about the outlook.

Few Germans seriously believe their country will be reunified in the foreseeable future; during the past few months they have felt more and more isolated from the West and

have been increasingly fearful that even the status quo may be sacrificed for the sake of an East-West detente. Many Germans accordingly see the summit conference as a major test of their allies; should the West fail to measure up to German expectations, particularly with respect to Berlin, Bonn might become a more nationalistic and less reliable ally than heretofore.

Basic Frustrations

Chancellor Adenauer remarked to a group of fellow Christian Democrats last

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October that the Germans must yet pay a heavy price for the "liquidation" of World War II; more recently he has given his confidants the impression that he is fully reconciled to the indefinite division of Germany. Such views are in keeping with a growing recognition in Germany that certain fundamental goals of the Adenauer era are becoming increasingly impossible to achieve with the passage of time.

Public enthusiasm behind the European integration movement was particularly strong in West Germany during the early postwar years, when it provided an outlet for national frustrations and bad conscience. This now has been weakened by a growing confusion over objectives and a genuine concern in many industrial, commercial, and political circles over the possibility of a permanent split of Western Europe into two antagonistic economic groupings.

The Soviet "ultimatum" on West Berlin of November 1958 struck politically conscious Germans with unusual impact, since it posed the danger that even the present situation in Germany could not be maintained. Despite numerous reassurances of American determination to stand by Berlin, many government officials and leaders of public opinion remain fearful that the Allies are basically unwilling to take any real risks to defend Berlin, that they will gradually accommodate themselves to the USSR's position on Allied occupation rights, and that the city's ties with the Federal Republic will, sooner or later, be weakened.

Adenauer has been especially troubled by such a prospect, because he fears this would also pose a serious threat to his Bonn regime--which must be assured of Western support and

which must maintain the illusion that reunification is at least an ultimate goal. Adenauer indicated pessimism about summit prospects when he privately expressed doubt that he could fully rely on the Western powers to avoid a dangerous compromise on Berlin and observed that not all the participants will have the same firmness as Khrushchev.

Recent Resentments

Several developments of the past few months have caused Germans to question whether in fact they are assured of Western support. Many accepted as justified much of the international criticism that followed the anti-Semitic incidents in West Germany last winter, but others were unable to understand why there was concern in Allied countries over newspaper stories about German military bases in Franco Spain.

Germans saw the effort to obtain supply bases in Spain as simply a military move essential to the fulfillment of Bonn's NATO obligations. They were quick to recall that there had been no similar controversy over military cooperation by other NATO countries with the Franco regime and frequently interpreted the criticism as indicating a fundamental lack of trust on the part of Bonn's allies. There were bitter remarks about the Federal Republic having only a second-class status in NATO.

Many Germans also feel that their NATO partners have not supported them strongly enough in the face of the constant Communist propaganda barrage picturing the Federal Republic as "militarist," "neo-Nazi," "revenge-hungry," and a threat to world peace. Bonn fears that such propaganda has created an unfavorable public impression of Germany in free-world countries, and this fear

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contributed to a feeling that the Federal Republic--hated in the East--may have no real friends in the West.

Policy Alternatives

For years past there have been calls for a new orientation of West German foreign policy, geared primarily to the hope of finding a solution to the unification issue. The opposition parties have proposed such schemes as arms limitation, troop withdrawal in Central Europe, and the military and political neutralization of Germany. More recently, Defense Minister Strauss has suggested in two or three little-noticed press interviews the withdrawal of Allied troops from Germany, Bonn's withdrawal from NATO, and international control of German armed forces --all in return for free elections to determine the future of East Germany, including its social structure.

There are also voices on the right, including some within the Christian Democratic Union (CDU) itself, calling for Germany to be more assertive in Western councils and to stand up for its own rights and interests. Many, especially within the CDU, are inclined to seek greater military strength for the Federal Republic.

Adenauer welcomed development of France's nuclear capability, feeling that it was of

the greatest importance that European Continental powers have an independent retaliatory capability at their disposal.

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German Outlook

The American Embassy in Bonn believes that despite the mistrust and resentments, Adenauer and most of Bonn's military and governmental leaders are still convinced that the Federal Republic's security can be assured only by retaining its close ties with the West. This conviction springs both from a positive desire to be part of the free Western community and from a belief that Bonn has no tolerable alternative. Any rapprochement with the Soviet Union on the model of the 1922 Rapallo treaty--in which the USSR renounced reparations from the Weimar Republic--is seen as at best extremely dangerous and at worst utterly disastrous.

Nevertheless, an Allied compromise on Berlin which the Germans would interpret as a threat to the city's status, coupled with a continuing feeling that Germany is isolated and relegated to an inferior status, could sooner or later discredit the solidly pro-Western elements of the CDU and encourage West Germany to explore new means of pursuing its own particular national interests. Even though unchanged in basic orientation, a Federal Republic of this increasingly nationalistic character would be a more difficult and less dependable ally.

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JAPAN'S INTERNATIONAL ECONOMIC ACTIVITIES

Since 1953, by which time the Japanese economy had reached prewar levels, Japan has had the greatest foreign trade growth of any major nation, and its standard of living now is 25 percent above the prewar period.

Gross national product, in real terms, is double the 1934-36 level--a representative period preceding the war build-up.

Since 1953, exports have increased 171 percent by value, despite declining export prices; this rate is considerably greater than West Germany's and four times that of the United States and United Kingdom.

Japan's exports in 1953 paid for only 61 percent of its imports; by 1959 a record export total of \$3.46 billion paid for 96 percent of the country's imports. A markedly increased competitiveness has given Japan strongly advantageous terms of trade.

PATTERNS OF JAPANESE TRADE BY MAJOR CATEGORIES
(EXPRESSED AS PERCENT OF TOTAL VALUE)

	1936	1959
EXPORTS	\$0.9 BILLION	\$3.46 BILLION
Machinery	6.7 %	13.8 %
(vessels)	--	(10.3)
Cotton textiles	19.0	9.9
Metals & metal products (primarily iron & steel)	6.5	7.6
Clothing	5.5	6.0
Foodstuffs (primarily fish products)	2.9	5.5
Synthetic textiles (primarily rayon)	6.6	5.5
Radio receivers (transistors)	insig.	3.0
Chemical fertilizers	3.2	2.3
Plywood	insig.	2.2
IMPORTS	\$1.0 BILLION	\$3.60 BILLION
Petroleum	6.6 %	12.5 %
Raw cotton	30.8	9.5
Grains (primarily wheat)	1.5*	7.8
Raw wool	7.3	5.7
Iron & steel scrap	--	5.4
Oilseeds (primarily soybeans)	2.5	4.6
Iron ore	1.5	4.1
Timber	2.0	3.7
Sugar	0.8	2.9
Coal	1.8	2.5

* Large quantities of rice from Taiwan & Korea not included

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Postwar Japanese trade patterns reveal a trend away from traditional exports of light manufactured goods toward metals, machinery, and other heavy industrial products. Since 1953, Japan has increased its relative share of total world exports in several important categories, but especially in transport equipment, electrical machinery, textiles, and certain light manufactures.

The Japanese have increased their share of the western hemisphere market--particularly in the United States--but suffered a relative decline in Europe, the world's fastest growing market, and in China. Japan was the world's largest shipbuilder and ship exporter from 1956 through

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1959, although construction now has declined sharply in view of the drop in world demand.

the US is a high-cost supplier-- but would also affect adversely other Japanese international interests. There is strong opposition to this and fear that

Trade Problems

Japan faces problems in trying to resolve conflicting aims in its trade program--to develop and expand foreign markets, assure foreign sources of supply, protect domestic industries, and accommodate international pressures for a liberalized trade policy.

JAPAN'S MAJOR TRADE PARTNERS 1959
MILLIONS OF DOLLARS

EXPORTS		IMPORTS	
1. United States	1,043.7	1. United States	1,112.5
2. Liberia	208.9	2. Australia	291.2
3. Hong Kong	127.7	3. Malaya	165.8
4. Canada	114.0	4. Canada	153.2
5. Philippines	109.6 ^a	5. Philippines	134.0
6. Thailand	103.1	6. Kuwait	130.3
7. United Kingdom	103.1	7. Saudi Arabia	127.0
		8. Mexico	122.7
		9. West Germany	103.3
		10. United Kingdom	103.2
	(TOTAL 3,456)		(TOTAL 3,599)

a - Reparations deliveries constitute about \$25,000,000 of this figure.

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Tokyo is responding to international pressures for liberalized import controls and foreign exchange regulations on many commodities. It has a three-year plan which would abolish controls on 90 percent of imports and call for maximum purchases from cheapest suppliers. At present, only about 40 percent of imports are free from controls.

it would endanger domestic industries, cause a large payments deficit, and drain foreign exchange. To reduce the impact of liberalization, the Japanese Government is considering broadening tariff schedules and raising its low tariff rates.

Japan's sugar purchases illustrate its problem. Japan imports annually some 1,200,000 metric tons of sugar. Of this amount, Cuba in 1959 supplied 42 percent; Taiwan, 26 percent; Brazil, the Dominican Republic, Peru, and Ecuador together, 17 percent; and Australia, 12 percent. A smaller amount is produced domestically by a growing but high-cost industry which hopes in ten years to reduce present import needs by half. In Brazil and Taiwan, Japan pays more than the market price for sugar in order to protect export markets or other interests in those countries. Cuba has pressed Japan to increase purchases.

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JAPANESE TRADE BY GEOGRAPHIC AREAS-1959
EXPRESSED AS PERCENT OF TOTAL VALUE

	EXPORTS	IMPORTS
Free Asia ¹	28.7	21.0
Middle East ²	4.7	10.4
US-Canada	33.1	35.3
(U S)	(30.1)	(30.8)
Latin America	7.5	9.1
Africa ³	11.5	3.0
Western Europe	10.5	9.5
Australia & Oceania	3.4	9.8
Communist Bloc	1.1	1.9
(U S S R)	(0.7)	(1.1)
	100	100

TOTAL EXPORTS - \$3.46 billion
TOTAL IMPORTS - \$3.60 billion

1 - South Korea, Taiwan, Ryukyus, Philippines, Hong Kong, Macao, British Borneo, Indonesia, Thailand, Malaya, Laos, Cambodia, South Vietnam, Burma, India, Goa, Pakistan, Afghanistan.

2 - UAR, Saudi Arabia, Kuwait, Bahrain, Aden, Iran, Iraq, Lebanon,

3 - Egypt excluded

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Such a program, however, would not only considerably disrupt Japan's present trading relationships--in many instances

Relations With the US

Japan's alignment with the United States and the free world is strongly rooted in economic factors. Its viability, as a nation with few natural resources other than manpower, depends on

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access to raw materials and foreign markets, considerations which largely preclude ideological alignments. Nevertheless, the Japanese Government is careful, especially in the case of the Communist bloc, not to expose itself to economic vulnerabilities, such as overconcentration on a single market or source of supply, which could be exploited for political purposes.

The most dramatic shift in Japan's postwar trade is the vast expansion of economic ties with the US and the relative contraction of those with Asian countries. The US is by far

**JAPANESE TRADE SHIFT
(IN PERCENT)**

	1936	1959
EXPORTS		
TO US	16	30
TO ASIA	64	34
IMPORTS		
FROM US	25	31
FROM ASIA	53	32

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Japan's largest trading partner, on both the import and export side. Japan is the second largest market, after Canada, for US exports and the principal foreign purchaser of American agricultural products. Between 1957 and 1959, Japanese sales in the US jumped 75 percent and purchases 30 percent. In 1959, for the first time, Tokyo virtually balanced its merchandise trade with the US--at approximately one billion dollars each way. Income for US official and military personnel expenditures in the postwar period usually has given Japan annual surpluses in its over-all foreign exchange account.

The phenomenal growth in sales to the United States has occurred despite rising American

pressures for restrictive measures against imports from Japan. Low prices on many products, including quality items such as electronics equipment and optical goods, have stimulated charges of unfair competition and led to Japanese Government enforcement of a schedule of "check prices" below which items cannot be exported to the United States. Even so, prices remain low. Tokyo has also established export quotas on items against which pressures are strongest, such as stainless steel flatware, cotton and woolen textiles, plywood, sewing machines, umbrellas, and umbrella frames.

The major irritant in US-Japanese trade relations is the prospective imposition by the US of an "equalization fee," or special tariff, against cotton textile imports from Japan, which in 1959 totaled \$110,000,000. Japanese textile interests are threatening to disregard export quotas, which they established with the understanding that the US would not raise tariff rates.

South and Southeast Asia

The relative importance of South and Southeast Asia in Japanese trade has declined appreciably in the postwar period despite Tokyo's reparations program, which it hoped would reduce animosity toward Japan and pave the way for close economic ties.

Japanese trade with the Philippines has doubled since 1955, despite frequently stormy economic relations; trade with Indonesia, the other major reparations recipient, has declined. Japan hopes, however, that the recent agreement to extend a \$53,000,000 credit to Indonesia for development of oil fields in North Sumatra, in return for

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40 percent of the increased oil production in the next ten years, marks a major breakthrough. Japan's failure to purchase nearly as much as it sells to Thailand and Burma, as a result of a sharply reduced need for imported rice, has caused severe strains with those countries.

Japan is participating in the economic development of India in a special manner. Tokyo has extended yen credits to India in the amount of \$70,000,000 for purchases of equipment in Japan; \$21,000,000 to develop iron-ore resources and related rail and port facilities at Bailadila, to be repaid in preferentially priced iron-ore shipments at the rate of 4,000,000 tons annually for 15 years beginning in 1966; and \$8,000,000 earmarked for a cooperative venture with the US in developing iron-ore mining and transport facilities at Orissa.

Latin America

Until recently Japan has regarded Latin America, with its large potential for economic growth and relative absence of antagonism toward the Japanese, as second only to Southeast Asia in market prospects. Moreover, this area's unusual receptivity to investments and participation in management has attracted one third of Japanese overseas equity investment. The principal investments are in a steel mill and shipyard in Brazil and a textile plant in Mexico. Japan is now seeking to make further copper investments in Chile, Peru, and Bolivia.

In 1959, Japan achieved virtual balance in its trade with Latin America, but almost one third of total exports, valued at \$242,000,000, consisted of ships for Panamanian registry. In general, trade

JAPANESE TRADE WITH SOUTH AND SOUTHEAST ASIA

MILLIONS OF DOLLARS

	EXPORTS	IMPORTS
Philippines	109.6	134.0
Hong Kong	128.8	27.0
Indonesia	72.8	56.4
Thailand	103.1	36.7
Malaya	19.3	165.8
Singapore	75.0	9.0
Laos	2.1	0
Cambodia	9.3	3.4
South Vietnam	52.5	2.5
Burma	53.2	9.6
India	75.4	92.0
Pakistan	25.0	32.3
Afghanistan	4.2	0.1
TOTALS	730.3	568.8

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relations with this area have been disappointing to the Japanese.

Japanese officials believe that exports to Latin America will amount to less than \$200,000,000 in 1960, partly because of an expected cutback in ship sales and because some Latin American countries are experiencing foreign exchange shortages and, except for minerals and cotton, lack export commodities needed by Japan.

As a result of a 40-percent drop in Brazilian exports to Japan since 1955, principally because of high pricing and Japanese purchase commitments elsewhere, Rio de Janeiro has incurred a trade debt which Tokyo is seeking to alleviate--if only to protect its investments and the postwar emigration program, which thus far has enabled 25,000 Japanese to resettle in Brazil. On the other hand, Japan suffers annual deficits in trade with Mexico and Cuba--a total of \$132,000,000 in 1959. A severe cutback in exports to Argentina since 1955 has been offset, to a certain extent, by a growing outlet in Venezuela.

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Middle East and Africa

Following the Middle East crisis in 1956, Japan sought closer political and economic relations with UAR President Nasir, whom it viewed as the dominant influence in the rise of Arab nationalism. In 1958, Tokyo established a credit of \$30,000,000 for the UAR to purchase Japanese industrial equipment. Subsequently, however, Nasir's prestige among the Japanese dropped, and Tokyo has shifted to a broader Middle Eastern policy to encourage general trade expansion, assure adequate sources of crude oil, and facilitate participation in economic development of the

JAPANESE TRADE WITH SELECTED MIDDLE EASTERN COUNTRIES 1959

MILLIONS OF DOLLARS

	IMPORTS	EXPORTS
Saudi Arabia	127.0	11.7
United Arab Republic	21.8	17.7
Kuwait	130.3	29.4
Iran	29.8	49.6
Iraq	52.9	21.2
Israel	1.7	1.0

TOTAL IMPORTS - 374.4
TOTAL EXPORTS - 162.6

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area. Tokyo believes that it can compete with other nations of the free world, and it is also anxious to prevent Soviet penetrations in the Middle East.

In 1959, 88 percent of Japanese imports from the Middle East consisted of crude oil; purchases other than oil were valued at \$40,000,000. Iran, the area's largest importer of Japanese products, purchased less than \$50,000,000 worth of commodities during the same year.

Eighty percent of Japan's oil requirements are filled by Middle Eastern producers. Crude oil is Japan's largest single import item and is consumed almost wholly in the domestic market at a heavy dollar cost

to the Japanese Government. In order to reduce foreign exchange expenditures for oil, the Japanese have acted in the past two years to develop nondollar sources through semibarter arrangements with the USSR, an economic assistance agreement to develop oil fields in Indonesia, and the exploitation of an offshore concession in the Persian Gulf granted by Saudi Arabia and Kuwait.

Japan made its first oil strike in its Persian Gulf concession in January 1960, and it is reliably estimated that in five years production will amount to 30 percent of present Japanese crude oil imports. By 1963 the Japanese Government is expected to invest \$180,000,000 in this project, a sum which will limit Tokyo's participation in other international economic ventures.

Africa is an important textile market for Japan, but it thus far offers little attraction to Japanese purchasers. In 1959 the sale of ships to Liberia exceeded \$200,000,000 in value, while the balance of Afro-Japanese trade approximated \$100,000,000 each way. Tokyo is showing some interest in providing technical assistance to Africa and in developing iron-ore resources in Rhodesia and Guinea as new sources of supply.

Europe

European and Japanese economic relations are more competitive than complementary, and are limited almost exclusively to trade. The sole exception is Tokyo's extension of a \$10,000,000 credit to Yugoslavia in 1959 for the purchase of Japanese plants and equipment.

Japan regards as a threat the development of multinational common markets which give preferential trade treatment to member countries. Japan's

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trade with Europe in 1959 was roughly \$350,000,000 each way, with a slight surplus accruing to Japan. Its major trading partners, in order of importance, were the United Kingdom, West Germany, the Netherlands, Switzerland, France, Belgium, and Sweden.

Japan's troublesome trade relations with Britain illustrate its problems with other European countries. Both countries seek to protect domestic industries, and Tokyo claims that British tariffs and quota restrictions apply more severely to Japanese products than to those of any other nation. The Japanese have been especially disturbed by Britain's invocation of Article XXXV of the General Agreement on Trade and Tariffs, which in effect revokes preferential trade treatment for a member country. Japan is most concerned about how to increase exports of cotton textile and optical goods to the UK.

London claims that Japanese quota restrictions and foreign exchange controls discriminate against British goods, notably woolens and automobiles. Despite these differences, however, total trade between the countries in 1959 was valued at slightly more than \$200,000,000, double the 1955 level, and the UK has succeeded in bringing accounts with Japan into balance.

Communist Bloc

Trade with the Sino-Soviet bloc is negligible. It amounted in 1959 to \$106,000,000--approximately one half of the postwar peak, which was attained in 1957--and constituted 1.5 percent of total Japanese trade. Although the bulk of present bloc-Japanese trade is with the USSR, Japan depends on North Vietnam for most of its anthracite coal.

The decline in Japanese trade with the bloc is due prin-

cipally to Communist China's suspension of trade in May 1958 for political reasons. Prior to World War II, mainland China supplied 13 percent of Japanese imports and took 24 percent of its exports. In 1957, Sino-Japanese trade had reached an annual total of \$141,000,000, and in early 1958, just prior to the trade rupture, an agreement had been signed for an exchange over a five-year period of \$280,000,000 worth of Chinese coal and iron ore for Japanese iron and steel products.

Many Japanese hope to regain a substantial portion of prewar trade with China and are anxious for a political settlement between Tokyo and Peiping. Others, who realize that restoration of large-scale trade with mainland China is virtually impossible, are anxious to exploit whatever possibilities exist.

The Japanese have been reluctant to enter into long-term economic arrangements with the USSR or to become dependent on Moscow for items which cannot be quickly procured elsewhere. Recently, however, a new enthusiasm has developed for trade with the USSR. Since its formal resumption in 1956, Soviet-Japanese trade has grown from \$4,000,000 to a projected \$125,000,000 for 1960.

Japan and the USSR recently signed a three-year trade agreement under which Tokyo will supply heavy industrial products, presumably for Siberian economic development, and will purchase increased amounts of timber, coal, and crude oil. Tokyo also has agreed in principle to extend credits to the USSR for some purchases in Japan, while Moscow is expected to supply 1,000,000 tons of crude oil to Japan in 1960. This amount is a tenfold increase over 1959 and about 5 percent of Japan's present crude oil imports.

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Economic Assistance Program

Reparations programs, extensions of credit to various countries, and a proposal for a Southeast Asia Development Fund have created the misleading impression that Japan is initiating a substantial capital-export program to assist underdeveloped countries. Although the Japanese are in an excellent position to provide technological assistance to such countries--and are doing so--they prefer to implement their limited capital-export program either in bilateral projects which assure them large quantities of vital raw materials or in connection with an international consortium, largely financed by other countries, which would utilize Japanese equipment and technical and managerial skills.

The Japanese Government and private industrialists, who depend on the Japanese Government-sponsored Export-Import Bank for most of their financing, have negotiated long-term agreements with foreign countries extending Japanese currency credits totaling about \$450,000,000. The bulk of these credits are intended for Brazil, India, Indonesia, and the Philippines, but less than 10 percent have been used thus far.

Tokyo also is making reparations deliveries to Southeast Asia at the rate of \$73,000,000 annually and is in the process of establishing an Overseas Economic Cooperation Fund with an initial capital of \$14,000,000--appropriated two years ago but still unused.

Meanwhile, Japan has long-term loans from the World Bank and the US Export-Import Bank

totaling \$564,000,000--most of them recently incurred--for purchases of US surplus agricultural products and expansion of domestic electric power, road, rail, and steel industry facilities.

Japan's program in India is relatively adventurous, but elsewhere in Asia the Japanese have exercised extreme caution in pursuing their much-publicized program of economic cooperation. While South and Southeast Asia, with large undeveloped resources, would appear to offer special attractions for Japan, the Japanese

JAPANESE REPARATIONS AND CREDITS

	REPARATIONS GRANTS		CREDITS ^a	
	PROMISED	DELIVERED	PROMISED	DELIVERED
BURMA	200	88		
THAILAND	15	15		
INDONESIA	400	204	81	N. A.
PHILIPPINES	550	85.5	47.6 ^b	N. A.
SOUTH VIETNAM	39	0	24.1	0
LAOS	2.8 ^c	0		
CAMBODIA	4.2 ^c	0		
INDIA			99	14
UAR			30	7
PARAGUAY			3.8	3.8
YUGOSLAVIA			10	0
BRAZIL			104	N. A.
PAKISTAN			36	N. A.

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a-Some Japanese credits are government negotiated, others are negotiated by private interests; in most cases, however, the Japan Export-Import Bank provides the funds, which are used to purchase Japanese products.
 b-The Japanese credit to the Philippines ultimately is expected to be deducted from the reparations program.
 c-Grants to Laos and Cambodia nominally are in lieu of reparations.

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see too many risks involved as a result of political instability, distrust of Japan, frequent inability to gain controlling interest in economic ventures, and long waiting periods before projects begin to produce.

Domestic development and welfare programs, shipbuilding subsidies, modest outlays for defense purposes, and sizable expenditures for developmental iron-ore projects in India and oil projects in the Persian Gulf and Indonesia will consume the major portion of available Japanese capital during the next three to five years.

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1960--BANNER YEAR FOR NORTH VIETNAM

Three milestones are being observed in North Vietnam this year. The first, on 6 January, commemorated the 30th anniversary of the Indochinese Communist party--now called the Lao Dong (Workers) party; the second will be the 70th birthday celebration of President Ho Chi Minh on 19 May; and the third, on 2 September, will mark the 15th year of "national independence."

The regime has expanded party membership and plans to hold the first party congress since 1953 and the first elections to the National Assembly since 1946. A new constitution is to be promulgated and a Three-Year Plan, which began in 1958 and called for the "basic completion of the socialization of agriculture," is to be completed.

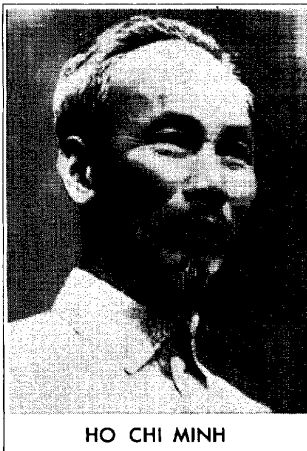
The Party

The Lao Dong party in 1956 claimed a membership of 700,000, a relatively high percentage of the 13,000,000 population. Very few new members have been admitted since the cease-fire in 1954 and party membership was actually declining, both through attrition and as a result of the expulsion of those members--particularly in rural areas--whose loyalty had come under fire. To halt this drift, the

party late last year held its first major recruitment drive, aimed at attracting younger elements, to commemorate the party's 30th anniversary. Some 20,000 new members reportedly were recruited.

Party statutes call for a national party congress every three years, but the regime, ignoring the wartime congress of 1953, states in its official histories that the last congress was held in 1951. The "third party congress" is scheduled for September and will probably coincide with "Independence Day" celebrations on 2 September. Items on the agenda include revision of the party statutes and the election of a new central committee and other organs.

The top party and government leadership has been markedly stable. This year, however, there will probably be some additions to the central committee, most likely specialists and technicians who have made their mark since the French were expelled. It also is quite possible that Ho Chi Minh is planning a partial withdrawal from active politics and will resign as party secretary general but remain as party chairman. At any rate, it will not be long before power devolves on younger men, and it seems



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TRUONG CHINH



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likely that it will ultimately fall into the hands of militant activists such as Truong Chinh and Le Duan, who are normally ranked immediately below Ho in the party hierarchy.

New Constitution and Elections

The liberal 1946 constitution, designed to appeal to all Vietnamese nationalists, was never put into effect, and the regime has been operating without any basic statute. Membership in the National Assembly has dwindled from the original 333 elected in January 1946 to about 220. High offices, such as the vice presidency, have been vacant for years, and the legal and judicial systems are extremely primitive and undermanned.

A committee worked for over two years to write a new constitution. The finished draft, promulgated early this year, closely resembles the Chinese Communist constitution. The regime subsequently announced that elections for the National Assembly will be held on 8 May. This step has been postponed as long as possible, because the original elections had been nationwide in scope, and to hold separate elections in the north would weaken Hanoi's claim to sovereignty over the entire country. To circumvent this, the election law calls for all members of the National Assembly elected from the southern areas in 1946 to retain their seats.

Relations With Its Neighbors

North Vietnam recently scored an important propaganda victory when Guinea became the first free world country to grant it de jure recognition. Negotiations were concluded last summer with Bangkok for the repatriation of the large majority --90,000--of the Vietnamese living in Thailand, who opted

for repatriation. More than 3,500 now have returned from Thailand, with much fanfare.

In its efforts to pose as a peace-loving state abiding by the terms of the cease-fire settlement negotiated in Geneva in 1954, the North Vietnamese regime attempts to dissociate itself from Communist-inspired disturbances in both South Vietnam and Laos. The regime continues to assure its people that the reunification of Vietnam is only a matter of time, and pictures subversive activities against the Saigon authorities as acts of the local population revolting against the "American imperialists and their lackeys."

Although Hanoi supported the Pathet Lao insurrection last summer, it has subsequently allowed the situation to die down, presumably under bloc pressure for "peaceful coexistence." On 4 April, Premier Pham Van Dong sent a mildly worded note to the Laotian premier suggesting that they negotiate their differences. Hanoi's policy regarding Laos, following the recent election there, will be guided by Moscow's and Peiping's other international considerations.

Armed Forces

North Vietnam continues to work toward a modern, efficient armed force along the lines of the Chinese Communist military establishment, assuring it of military predominance on the Indochinese peninsula. The strong, effective 270,000-man army is composed of 13 infantry divisions, an artillery division, 13 separate infantry regiments, and security forces.

Troop disposition has been relatively stable since 1954, although there have been some reports of troop movements along the Laotian border. The general

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pattern of troop deployment is that of a strategic battle corps located in the Red River delta, with additional troops thinly distributed about the periphery of the country to strengthen the frontier guard and perform missions such as road building.

An embryonic air force and marine element have come into being. The air force, although a separate service, is still little more than an administrative organization, inasmuch as North Vietnam has only a few light training aircraft, two helicopters, and several transports. The marine element has recently received several Swatow-class gunboats from Communist China, thereby increasing its coastal-patrol capability. Neither element has an offensive capability.

The formation of the People's Armed Security Forces was reported in September 1959. Its missions were described as "protection of the frontiers, the 17th parallel, and coastline." These missions were previously army responsibilities, and the Frontier Guard and the Coastal Security Regiments probably have been taken into the People's Armed Security Forces. The appointment of Brig. Gen. Phan Trong Tue, vice minister of public security, as commander of this new security force indicates that these forces are

subordinate to the Ministry of Public Security rather than to the Defense Ministry.

The Economy

On the economic front, the regime is also trying to modernize its facilities. Completion of the Three-Year Plan in 1960 and preparation of the first five-year plan are already being heralded in the press as tremendous achievements. North Vietnam has apparently achieved self-sufficiency in food at an austerity level, an important step forward for an area which was long a net importer of rice.

The Three-Year Plan as a whole, however, will almost certainly fall considerably short of its original goals. In industry, which at present is much less important than agriculture, the regime has met with little success, and there seems to be particular difficulty in construction and coal production. The rice goal for this last year of the Three-Year Plan, first set for 7,600,000 tons, has been downgraded to 5,400,000--a target which the regime will probably boast of having attained. It remains to be seen what effect the complete socialization of agriculture, scheduled for the end of 1960, will have on agricultural production.

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