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CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I**OF IMMEDIATE INTEREST****DEVELOPMENTS IN SOVIET FOREIGN RELATIONS**

Khrushchev used his speech to the Rumanian party congress on 21 June for a vigorous re-statement of the USSR's intention to maintain its detente policy despite Peiping's increasingly open criticism and alleged American efforts to "return to the worst times of the cold war." His hard-hitting attack on Peiping's interpretation of Marxism-Leninism indicates no intention to compromise but a determination to defend Moscow's ideological primacy and hegemony in the Communist world against Peiping's challenge.

This is the second time in six months that Khrushchev has chosen a satellite party congress, attended by leaders of all bloc nations and free world Communist parties, as the forum for directing strong criticism against the Chinese regime. At the Hungarian party congress last December, he warned that "if the leadership of this or that country becomes conceited, this can only play into the hands of the enemy." In a preview of the main points in Khrushchev's speech in Bucharest, a Pravda editorial on 20 June recalled this earlier warning and Khrushchev's stress at that time on the need for bloc leaders "to synchronize our watches."

The sharper tone of Khrushchev's latest attack on Chinese views probably reflects his growing irritation with Peiping's increasingly open criticism of his policies in major articles in the leading Chinese theoretical journal,

Red Flag, in April and June, in People's Daily editorials, and in speeches by Chinese leaders at the recent World Federation of Trade Unions (WFTU) meeting in Peiping. Khrushchev dissected the Chinese approach to Marxism-Leninism with heavy sarcasm. However, he stopped short of openly branding the Chinese leaders as heretics.

Emphasizing that "Communists who are realists" know that under present conditions war must be excluded from society, Khrushchev asserted that only "madmen and maniacs can speak of a new world war." Rebutting the Chinese view that local wars are still likely even if there is a possibility of excluding global war, Khrushchev insisted that even local wars must be prevented because they can grow into a general conflict whose consequences would be disastrous. He implicitly condemned the Chinese for not sharing the USSR's confidence that the growing strength of the Communist bloc will turn the world Communist without resort to war.

Khrushchev, in a condescending tone, reproved those Communists who "mechanically" repeat what Lenin said "in quite different historical conditions" regarding the inevitability of imperialist wars until socialism triumphs throughout the world. "One must not only be able to read but also correctly understand what one has read and apply it in specific conditions," he said, adding that "if we act like children who in studying the alphabet compile words from

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letters, we shall not go very far."

Khrushchev has been careful to marshal all the East European satellites in support of his positions. Four satellites have so far reprinted the highly critical Pravda article of 12 June on the front pages of their newspapers. Rumanian party First Secretary Gheorghiu-Dej, in his opening speech to the congress, fully supported Khrushchev's views on the current international situation and the role Communist countries should play. After Khrushchev spoke, the heads of the East German, Czech, Bulgarian, Polish, and Hungarian delegations mounted the podium in rapid fire order to give them full endorsement of his speech.

East German party boss Ulbricht apparently felt it necessary to demonstrate earlier that his regime has no special sympathy for Chinese practices. Neues Deutschland on 17 June courteously but firmly rejected the Chinese contention that the path of development from collectives to communes holds good for other bloc countries. This pronouncement apparently was in response to a remark by the Chinese representative at a recent East German agricultural show that "in Communist China, too, we have taken the road from land reform through collective farms to people's communes."

The major Chinese address at Bucharest was given the day after Khrushchev's speech by politburo member Peng Chen, head of the high-level Peiping delegation. The speech made no concessions on major issues in the current Sino-Soviet dispute, although Peng's words were care-

fully chosen to avoid antagonizing the congress, which was publicly lining up behind Khrushchev. Peng gave credit for China's economic success to the regime's "leap forward" and commune programs--the Chinese domestic developments most disliked by Moscow. He blurred the question of the inevitability of war by quoting contradictory statements from the 1957 Moscow Declaration and failed to mention "peaceful coexistence." His only endorsement was for Khrushchev's attack on the United States at Paris.

While Peng was judiciously attempting to avoid exacerbating the situation in Bucharest, propaganda emanating directly from Peiping continued to voice sharp criticism of Khrushchev's policies. An article in the official party paper, People's Daily, on 21 June made many of Peng's points, but in much stronger language.

Reflecting the Chinese view that the bloc is in a position to deal from strength, the article rejected Khrushchev's policies of "active coexistence" and "friendly cooperation" with the West, calling instead for a "resolute struggle" against imperialism as the only assurance for peace. By implication, the article names Khrushchev a "renegade" for branding the Chinese interpretation of Leninism as "stiff dogmatism" and takes the Soviet leader to task for lauding "shameful actions of betrayal" as creative Marxism-Leninism.

The Chinese refusal to retreat from their position, which amounts to a rejection of the ideological basis of Khrushchev's foreign policy, tends to widen

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the rift between the two powers and makes prospects for a compromise more remote.

Anti-US Campaign

Khrushchev used his Bucharest speech to carry forward his post-summit effort to destroy the favorable image in the bloc of President Eisenhower and American policy which he had done so much to create in the months following his visit to the United States. He repeated his charge that the US had torpedoed the summit meeting "by its insolent, provocative actions," stated that American leaders are "incapable of understanding the conditions which have been created in the world," and asserted that they are "not in a condition to build correct relations among states with different social structures." He said the Soviet people hope to see a president elected who will "understand and correct the mistakes committed by the present US Government."

This harsh indictment of American leaders, which generally repeated the line he had taken in his 28 May speech in Moscow, apparently was intended as a further indication that Khrushchev has, in effect, severed relations with the present administration in Washington.

Khrushchev, however, again made it clear that he has no intention of abandoning his detente line under pressures from Peiping and Washington. He announced that the USSR will not "give in to provocation and deviate from the general line of our foreign policy" as defined by the Soviet 20th party congress and "confirmed" by the Moscow conference of bloc leaders in November 1957.

The Soviet premier's speech also revealed Moscow's continued sensitivity to the effects of the U-2 flights in exposing weaknesses in Soviet air defenses. He took considerable pains to assure his audience that the flights had in no way compromised the USSR's military posture. He asserted sarcastically that the "data obtained by the spy flights are of no importance to the defense of the US" and claimed that the flights "two or three years ago" had photographed only "experimental rocket launching grounds" but not rocket bases "of military and strategic importance."

Khrushchev also felt compelled to repeat the explanation he had previously given to justify his performance in Paris. In response to questions he said he had received as to why he did not consent to begin the summit talks after President Eisenhower had announced cancellation of the U-2 flights, Khrushchev contended that the President's statement was a "subterfuge, a half-measure" and insisted that the President could still "cancel the cancellation of the flights."

Geneva Negotiations

In both the disarmament and nuclear test ban talks, the Communist delegations have stepped up their efforts to establish a record of Western obstructionism. Following the lead given in Khrushchev's letter to the chairman of the British "Campaign for Nuclear Disarmament," the five bloc delegations at the disarmament talks issued a statement on 22 June asserting that "one gets the impression" that the US and its allies have no interest in achieving progress.

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The statement echoed Khrushchev's claim that the US is attempting to scuttle the negotiations or have them mark time interminably. Although a Soviet spokesman hinted to the press that the bloc delegations were considering breaking off the talks, an Izvestia correspondent's report on the status of the conference included a statement that the USSR was prepared to wait until the return of the American and French delegates.

The Communist delegations also increased their efforts to demonstrate an open split between France and the US prior to the French delegate's return to Paris for consultations. In the 20 June session, Soviet delegate Zorin attempted to maneuver French delegate Moch into either admitting that France had reversed its position or that it differed with the other Western delegations. Zorin compared Moch's earlier statements with his remarks on 15 June and implied that France had abandoned its position on the priority of eliminating delivery systems rather than merely controlling them.

Zorin also implied that the French delegation was inhibited from carrying out De Gaulle's alleged position linking elimination of delivery systems to liquidation of bases for these systems. Zorin claimed that De Gaulle took this position in his 11 June letter to Khrushchev.

The nuclear test ban negotiations last week did not reduce the differences over the seismic research program, and the Soviet delegation, in response to Western prodding, furnished revisions of its pro-

posals on other treaty issues. Khrushchev's Bucharest speech and recent soundings by Soviet officials concerning a long recess suggest that Moscow does not expect serious negotiations to be conducted until after the US elections, but wishes to avoid any implication that the talks will be broken off.

Predicting that the conference would "obviously" extend into 1961, a Soviet official privately suggested to the US delegation a substantial recess because of the "US inability to reach policy decisions during an election period." The Western press had previously quoted a Soviet spokesman to the same effect.

France, Britain, Canada, and Italy have pressed strongly for a new Western approach in the light of the 2 June Soviet proposal. French chief delegate Moch has been in the forefront of this drive, and on 20 June his deputy submitted a paper at a Western five-power meeting proposing new Western tactics. The French paper ruled out standing pat on the present Western plan or simple rejection of the Soviet plan, and proposed four alternatives--each of which would bring the Western disarmament position closer to that set forth by the USSR on 2 June.

Despite Moch's emphasis on Western solidarity in his 13 June speech at Geneva, he carefully noted that the new Soviet plan had adopted the French proposal for the elimination of the means of delivery of nuclear weapons, a move he considered an important change. He rejected the Soviet demand that the West commit itself in advance to a program of total

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disarmament, but he also made clear that France's position was not so flatly in opposition to the new Soviet proposal as that of some of its allies.

This attitude had been established more explicitly in his 31 May address to the Assembly of the Western European Union, where he presented the French position as midway between two extremes. He said his American allies preferred to discuss immediate measures rather than distant principles, whereas France insisted on both.

Moch also feels that if the West offers no positive response at Geneva, its position would be extremely weak should the USSR return the matter to the UN. Moch's thinking on disarmament probably is close to De Gaulle's. The French Presi-

dent has reiterated publicly his view that a real detente can have a beginning only in disarmament, and that control and elimination of delivery systems is a practical approach.

The British also seek some movement in the Western position, in keeping with the Macmillan government's concern with public opinion considerations both in Britain and abroad. British chief delegate Ormsby-Gore has suggested the possibility of adding to the Western plan in an early stage some kind of joint study of control over means of delivery of nuclear weapons. This seems designed more to conciliate the French and consolidate the Western position than to compromise differences with the USSR.

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JAPAN

The formal exchange of instruments ratifying the US-Japanese security treaty on 23 June marks a new stage in Tokyo's political crisis. Prime Minister Kishi, whose methods in obtaining ratification of the treaty have made him the scapegoat for recent disorders, announced after the ratification ceremony that he will resign soon but has set no date.

Leftist opponents of Kishi's government and ratification, expecting an early general election, are broadening their attacks by calling for repeal of

the treaty and opposition to US military installations. Some observers feel that the usefulness of the treaty as a basis for future US operations has already been seriously impaired.

Kishi's expected resignation as prime minister and party president has intensified negotiations among Liberal-Democratic party (LDP) faction leaders to agree on a successor. A struggle over the succession, or even an interim compromise, might temporarily weaken the government at a time when resolute leadership is needed to restore public order.

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The LDP appears to have two courses of action. It could call a convention to elect a new party president, presumably for a two-year term, whom the Diet would then install as prime minister. Under these conditions, observers feel that the most likely candidate would be Hayato Ikeda, minister of international trade and industry.

On the other hand, a party caucus could agree on a compromise interim party president and prime minister in order to put off a major intraparty struggle for the posts, in which case Bamboku Ono and Mitsujiro Ishii appear to be more likely possibilities. Former Prime Minister Yoshida, who has supported Kishi but now recognizes the need for new leadership, is pressing leaders of the pro-Kishi factions to unite the party in the face of continued leftist opposition and an almost certain general election.

The Japan Socialist party (JSP) considers the security pact "legally invalid" and has vowed continued opposition demonstrations like those of 22 June, which were markedly less violent and smaller than disturbances before upper-house ratification of the treaty. The JSP is reportedly planning to keep its "Council Against Ratification of the Security Treaty," responsible for organizing demonstrations, in operation as an instrument for marshaling support in the election campaign.

The Communists, backed by propaganda and presumably financial support from the Sino-Soviet bloc, have penetrated the organizations opposing the treaty sufficiently to exercise virtual control of the demon-

strations. They hailed postponement of the President's visit as a "great victory for the Japanese people" and have called for redoubled efforts against Japan's alliance with the United States. They have succeeded in blurring in the Japanese public's mind the distinctions between a wide number of issues ranging from personal dislike of Kishi and government methods in ratifying the treaty to neutralist antipathy toward a military arrangement which might involve Japan in a future war.

The Communist efforts have been aided by the willingness of a large part of the Japanese public to accept the disturbances by opponents of the treaty as justifiable responses to Kishi's "highhanded" methods in ratifying the treaty. Japanese university authorities have contributed to this apathy toward maintenance of public order by refusing to discipline students participating in violence and by joining the press in blaming the government for the disorders.

Japanese police have been unwilling to use harsh measures in quelling disturbances because of fear of a reaction similar to that in South Korea.

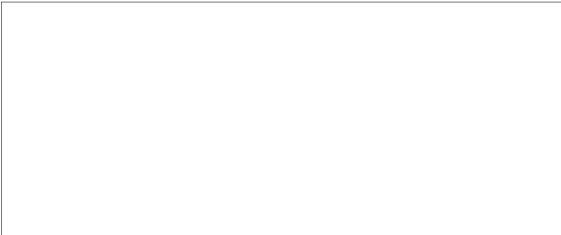
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ganizations issued a joint statement on 17 June regretting postponement of the President's visit and promising that violence will be eliminated and normal parliamentary governmental processes restored.

The widespread demonstrations and occasional violence have, however, generated some concern over the threat to law and order. The business community, fearing that the recent turmoil will hurt the vital export trade, has moved to restore foreign confidence. Japan's four major business or-

Continued government ineffectiveness in controlling the leftist extremists is almost certain to encourage ultrarightist elements to attack the leftist groups.

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ALGERIAN CEASE-FIRE PROSPECTS

The decision of the rebel Algerian Provisional Government to send a delegation to Paris for cease-fire negotiations has revived hopes for a settlement of the rebellion--now in its sixth year--even though prospects for an early settlement are slight. The statement by rebel Premier Ferhat Abbas on 20 June characterized De Gaulle's invitation as representing "some progress" but still "far removed" from meeting rebel demands. Abbas is expected to go to Paris during the week of 27 June. Ahmed Boumendjel is reported en route to Paris to make preparations for Abbas.

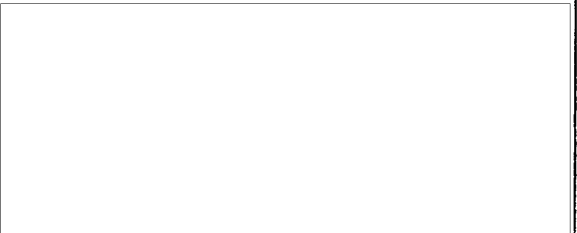


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ABBAS

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The rebels continue to assert that a free referendum would

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result in an overwhelming vote for independence, and only with difficulty could they accept a status short of independence. Some rebel officials might be willing, however, to accept some form of "association" with France, provided it includes a high degree of local autonomy. Advocates of such an expedient include persons skeptical of De Gaulle's ability to guarantee a free referendum as well as moderates willing to discuss a status for Algeria short of full independence in return for an end to the fighting.

In any negotiations, the rebels will be handicapped by the need to placate their more intransigent military commanders, while De Gaulle's freedom of maneuver will continue to be limited by the far right and the army. In Algeria, news of the rebels' acceptance of De Gaulle's invitation was received with dismay by rightist groups. There have been no major disorders, however, and extremist leaders are said to be reluctant to in-

itiate disorders unless there should be a concerted effort by the French rightists to overthrow the De Gaulle government. The "French Algeria" faction in France, headed by former Deputy Premier Soustelle, issued a protest manifesto at an orderly rally on 20 June.

In view of the wide gulf which separates the two sides, any negotiations are likely to be difficult and protracted. French officials have reiterated that any discussion would "concern only a cease-fire, the disposition of weapons, and the fate of the fighters." Moreover, De Gaulle is unlikely to recognize the rebels as the sole political spokesmen for Algeria's Moslems. The rebels, on their part, will insist that the conduct of a referendum be discussed and satisfactory assurances provided. Both sides, however, view the negotiations as a first step toward a possible settlement, and each will probably strive to avoid any early breakdown in the talks.

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BELGIAN CONGO

The inability of Abako leader Joseph Kasavubu to form a broadly based coalition in the Congo forced the Belgians on 21 June to call once again on the radical leader of the National Congo Movement, Patrice Lumumba, to form a government. In contrast to his first effort --when Brussels insisted that he secure the concurrence of all major groups--Lumumba now

appears to have a mandate to attempt to form a government on his own terms.

In their anxiety to develop a degree of stability in the Congo prior to its independence on 30 June, the Belgians may urge Lumumba's rivals not to oppose his efforts to form a government. Spokesmen for the Abako and other groups had

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indicated previously that they would tolerate Lumumba as premier only under Brussels' original condition that he form a national coalition. Lumumba's prestige increased following a test vote in the newly constituted Chamber of Deputies on 21 June in which his candidate for presiding officer defeated Kasavubu's choice by a vote of

appears resigned to Lumumba as premier, he probably aspires to the post of chief of state, a position which the Belgians envisage as largely ceremonial but which in a new nation might be developed into a position of power. Lumumba has said he wants to occupy both posts, but he may be reluctant at this time to hand Kasavubu

ammunition for charges of a Lumumba "dictatorship."



LUMUMBA



KASAVUBU

On the provincial level, the threat of political fragmentation continues. In at least three of the Congo's six provinces, rival provincial governments are in being or imminent. Lumumba's investiture as premier could trigger further secessionist moves. The status of Leopoldville Province will remain in doubt

74 to 58. The near-stalemate continued the following day, however, when Kasavubu's followers proved able to organize the Senate.

The power struggle between Lumumba and Kasavubu centers on the posts of premier and chief of state. Although Kasavubu

until Kasavubu's status is determined and the Abako assured a prominent role in provincial affairs. In Katanga Province, which is controlled by the anti-Lumumba Conakat party, separatist tendencies are likely to remain strong in the absence of strong assurances from Lumumba of provincial autonomy in local affairs.

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PART II**NOTES AND COMMENTS****CUBA**

The resignation of two under secretaries in the Cuban Foreign Ministry, announced on 17 June, appears to be the precursor of a general shakeup that is likely to end in increased Communist influence over Cuba's foreign policy. Foreign Minister Raul Roa apparently has been held responsible for various recent foreign policy failures, including the collapse of Cuba's effort to sponsor a conference of underdeveloped nations; he will probably be removed shortly.

One of the newly appointed under secretaries--Hector Rodriguez Llompart--is believed to be a Communist; the other recently voiced strong anti-US sentiments during a tour of Latin America. Both may have been selected by Raul Castro, who has played a key role in Communist inroads in the military, organized labor, and other areas.

The Castro regime, with the support of the Soviet bloc, is making evident progress in implementing its long-standing goal of reducing Cuba's traditional economic dependence on the United States. Cuba, which used to conduct as much as 70 percent of its foreign trade with the United States, now is turning to the Soviet bloc for many of the products formerly bought elsewhere. Data for the first three months of this year indicate that 1960 imports from the United States will probably be half what they were in 1958, the last full year before Castro came to power. The decline results only partly from an over-all reduction in imports to conserve foreign exchange.

Agreements for trade, technical assistance, and credits totaling \$120,000,000 have been signed with the USSR, Czechoslovakia, Poland, and East Germany since last February. The effects of these agreements will be increasingly felt in the latter half of the year, but the credits will not contribute substantially until 1961. Realization that Soviet oil shipments to Cuba will significantly reduce Venezuela's share of the Cuban market has already led to a sharp reaction from the Venezuelan minister of mines. He said Cuba could not count on access to Venezuelan crude oil in the future if it reduced imports now.

A Cuban economic mission headed by agrarian reform director Nunez Jimenez has reached a series of agreements in Moscow giving substance to the Soviet-Cuban trade and aid agreements concluded last February. It also concluded a cultural exchange accord, the details of which are to be worked out later, and reached agreement on a Khrushchev-Castro exchange of visits.

No formal announcement of dates has yet been made, but Soviet Ambassador Bazykin in Mexico is quoted by a progovernment radio in Cuba as saying that the Soviet Union will open its embassy in Havana before Khrushchev visits Cuba "in August." The mission arrived in Warsaw on 19 June, and is also scheduled to visit Czechoslovakia and East Germany to negotiate for the implementation of the agreements signed with those countries.

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The Communists will dominate the Castro-sponsored Latin American Youth Conference, scheduled to open in Havana on 26 July.

Invitations were also sent to some non-Communist organizations, probably to camouflage Communist control of the conference. The Communists of Latin America will thus be given another opportunity to coordinate their efforts to win sympathizers among students of the hemisphere with the guidance and assistance of international Communist agencies.

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THE MALAGASY REPUBLIC

Madagascar, under French rule since the late 19th century conquest of a native kingdom run by relatively advanced Merina tribesmen, gains its sovereignty on 25 June as the Malagasy Republic. Independence celebrations will not be held until late July, however.

Community. The government leaders, who for the most part represent more backward, non-Merina coastal tribes, are anxious to prevent the hinterland Merinas--the largest and most vigorous ethnic group in Madagascar--from regaining their former dominance.



TSIRANANA

At present the Malagasy Government is firmly in the hands of President Philibert Tsiranana, a shrewd politician who has headed the administration since May 1957. His directives have been obediently rubber-stamped by the provisional legislature--a body hand-picked from the conservative provincial assemblies by Tsiranana and his allies after their successful campaign in behalf of the De Gaulle constitution in 1958. By a unanimous vote the legislature last January conferred virtually dictatorial powers on the executive until next October.

The new state, with a population of about 5,100,000, now is controlled by strongly pro-French leaders and will for the time being retain close ties with France and membership in De Gaulle's recently "renovated"

Outside the legislature, however, Tsiranana's moderate coalition has been faced with vocal and active opposition, the most important element of which is the Congress party for

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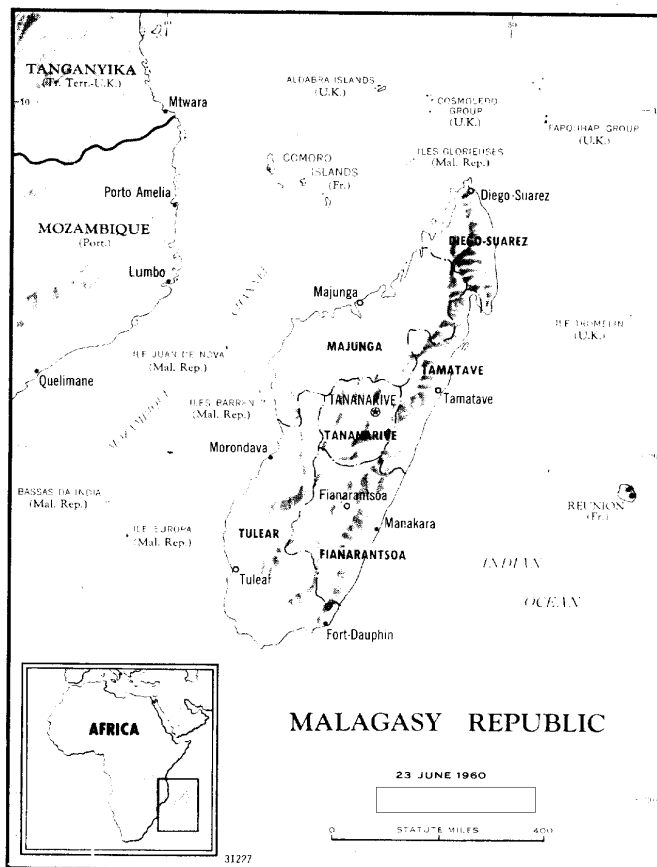
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the Independence of Madagascar (AKFM). This party, launched in 1958 by anti-Tsirananan nationalists, is dominated by hard-core Communists and reportedly receives important financial and organizational support from the French Communist party. The AKFM's rank and file is composed of extreme anti-French nationalists--especially Merinas with vivid memories of their 1947-48 rebellion, which the French suppressed at the cost of some 80,000 Malagasy lives.

In municipal elections held last fall, the AKFM made a strong showing in most important urban centers; it captured control of the city governments in Tananarive, the capital and a Merina stronghold, and in Diego-Suarez, where a major French naval base is located. The party is expected to win a substantial number of seats in the National Assembly when general elections are held to replace the present interim body. There are indications that Tsiranana will schedule a vote soon in the hope of capitalizing on the role he and his followers have played in achieving independence.

present regime is in power. Close Malagasy-French cooperation, provided for by the bilateral accords negotiated last winter, depends on continued French willingness to provide heavy subsidies--about \$22,000,000 in 1960.

Nevertheless, any success Tsiranana may have achieved in his effort to undercut nationalist pressures by opting for



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Both the traditional tribal rivalry and underdeveloped Madagascar's need for external financial assistance and trained personnel contribute to Tsiranana's apparent disinclination to pursue an independent foreign policy and seem likely to keep the island firmly in the French fold as long as the

formal independence will probably be short-lived. Opposition elements, spearheaded by the AKFM, now can be expected to focus on demands for the rapid replacement by Malagasy of French administrators and technicians who hold the key positions in every government department.

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TURKEY

The military regime in Turkey appears to be still firmly in control, but dissent within the National Unity Committee (NUC) has led to the dropping of approximately 25 percent of its reported membership. The regime's failure to win overwhelming popular support is increasing the committee's determination, in the interest of self-preservation, to destroy the Democratic party as a political force.

Personality conflicts, as well as differing political orientation, have apparently emerged



within the NUC. The ultimate effect of the removal of Col. Ertugrul Alatli, the committee's original spokesman, and 11 other officers is not yet discernible. Alatli may soon be assigned abroad as a military attaché, ostensibly to explain the views of the NUC but more probably to remove a potential source of trouble.

Despite public expressions of support for the revolutionary

regime, many people in Turkey view the army's intervention in political life with considerable apprehension. American observers in Ankara believe that the reaction of the peasants and lower classes has not yet made itself felt. In fact, this segment of the population is still regarded as somewhat in a state of shock as a result of the rapid political change.

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there is still widespread popular sympathy for former Premier Menderes.

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Municipal and provincial governments are being hampered by the army's inexperience with civil government and by the reluctance of civilian administrators to expose themselves and their past activities to prosecution.

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Col. Alparslan Turkes, assistant to interim President-Premier General Cemal Gursel, may ultimately emerge as the real power on the NUC. He has proved to be an influential member and is directly supervising the group of professors drafting the new constitution.

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Right-wing nationalists in Istanbul reportedly hope Turkes will play a Nasir-type role in Turkish politics. Some RPP members, aware of Turkes' opposition to RPP leader Ismet Inonu's return to power, believe the colonel may try to push Gursel into the political arena to oppose Inonu in the next elections. Turkes probably favors a more nationalistic and independent policy for the new Turkish government.

The fate of the leaders of the former regime is becoming more uncertain; all of them apparently have been transferred to the island of Yassiada in the Sea of Marmara. One government spokesman has stated that they will be tried under "streamlined" criminal laws before a high court chosen by the NUC from a list prepared by the government of professors, judges, and public prosecutors. Orders of the court are to be carried out immediately. According to a recent remark attributed to a cabinet minister, there is enough evidence of "horrible crimes" to convict many members of the former regime.

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MIDDLE EAST DEVELOPMENTSLebanon

The second round of the four-phase Lebanese parliamentary elections took place on 19 June in a calm atmosphere and with a low voter turnout. Nearly two thirds of parliament now has been chosen; the rest will be elected on 26 June and 3 July.

The new parliament will include three pro-UAR extremists elected last Sunday. Moslem ranks are already split by a feud between two former leaders of the 1958 rebellion: Saib Salam, who won election in Beirut, and former Premier Abdullah al-Yafi, who lost in the same district. The two were allied against anti-UAR elements, but now Yafi charges Salam with "treason." Salam, an unsavory character, apparently now expects to be named prime minister; President Shihab may, however,

be able to settle on someone with a more moderate record.

Pierre Jumayyil, with Shihab's assistance, appears to have wrested leadership of the Christians away from former President Chamoun.

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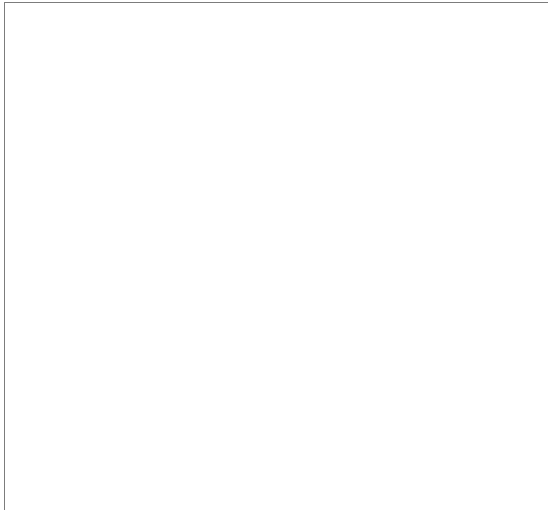
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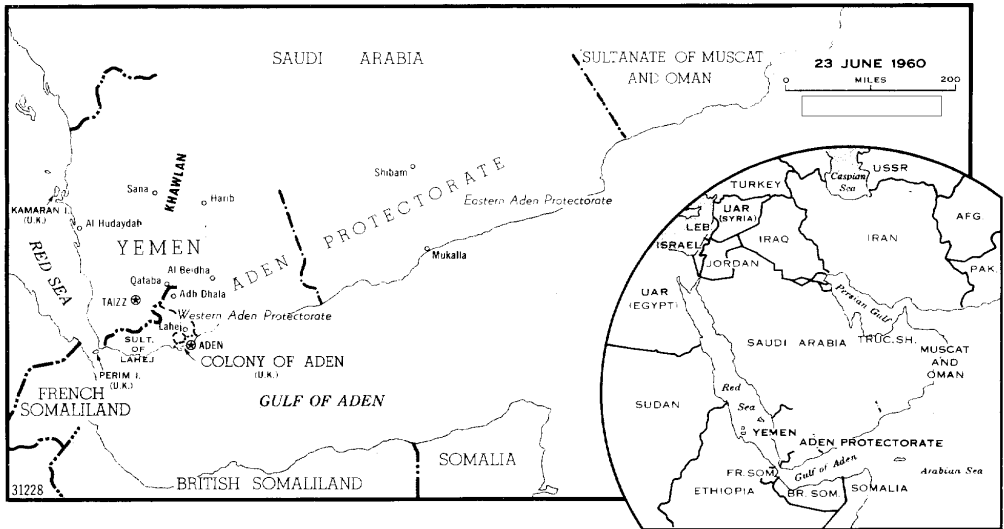


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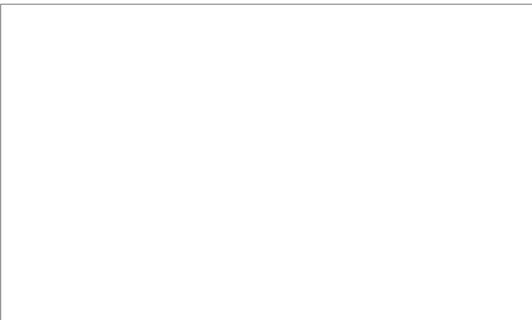
Yemen's relations with the West have become markedly worse during the past week as the result of endeavors by anti-Western elements to discredit the United States and Britain.

Relations between Yemen and Aden have suddenly deteriorated, largely because of increased subversive activities by antiregime Yemenis whose lead-

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ers allegedly have been given refuge in the British-controlled Aden Protectorates. On 12 June in Taizz the homes of three government officials--including one of the Imam's fathers-in-law who is head of internal security--were bombed. These bombings followed others in several parts of Yemen during the past two weeks. Leaders of the Free Yemeni Movement, which aims

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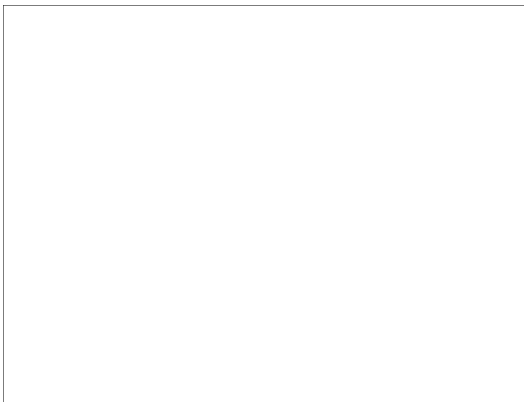
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at abolishing the Imam's rule and which has headquarters in Cairo and Aden, are claiming credit for these incidents.

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groups which have the Imam's ear. Pro-Western Yemeni officials are alarmed at the Imam's sudden vehement anti-American attitude.

The increased Free Yemeni activities appear to be related to the general malaise in the country and to the recently crushed but long-drawn-out rebellion by the Khawlan tribe east of Sana. The Imam's despotic methods and the state's precarious financial situation are promoting an increased determination among the populace to seek almost any alternative to the Imam's rule.

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Friendly US-Yemeni relations suffered when anti-Western elements informed the Imam of the existence of a radio transmitter belonging to the American Legation in Taiz. The Imam has ordered that the embassy's deputy political officer--in whose home the transmitter was "discovered"--be "thrown out of the country immediately by the police," and that the American chargé not be received at the Foreign Ministry. The legation states that Soviet bloc elements are conducting a vigorous campaign to organize and strengthen anti-Western

Pro-Western Yemeni officials fear that the Free Yemeni activities, combined with the efforts of Yemeni anti-Western elements, will jeopardize the US aid program in Yemen unless American assistance is stepped up to combat the increased opposition to the West.

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MOROCCO

The new Moroccan Government, over which King Mohamed V presides as premier, is moving to resolve a number of problems with which its predecessor was

too powerless to cope. The crown prince, as deputy premier, has assumed direction of routine government activities efficiently and with more tact than has been

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his custom. Underlying antipathy toward the prince and frictions between the diverse personalities within the government seem certain, however, to create early difficulties.

The government immediately undertook an apparently sweeping reorganization of the Ministry of the Interior, reportedly providing for police subordination to this ministry. It was an attempt by the leftist Ibrahim government to shift control of the police from the palace to this ministry that was an immediate cause for the King's dismissal of Ibrahim on 20 May. The King also has released leftist leaders who allegedly had plotted to assassinate the crown prince.

The Ministry of Foreign Affairs has opened discussions regarding evacuation of troops with France and Spain. France, long anticipating the fall of the Ibrahim government and more amicable arrangements by a conservative successor, had been marking time and urging Spain not to accede to Moroccan demands for a commitment of eventual total evacuation such as the United States made last December.

In a press interview directed more at metropolitan France than at Morocco, the crown prince for the first time took a firm stand toward the French but also made statements intended to reassure and mollify them. He announced that his attitude toward problems with France is no longer "flexible," implying that he will press for the early total evacuation of French forces in Morocco and a favorable settlement of the question of French properties. He departed significantly, however, from Morocco's stipulated policy toward Mauritania, which both the King and the political parties claim as part of Morocco,

by declaring that Morocco admits the right of self-determination for Mauritania and has no interest in administering this self-governing French Community state.

The prince now seems to realize that the fate of the monarchy is directly involved with the success of the King's assumption of direct responsibility.

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He lays considerable stress on the military aspects of his government; the appointment of an army captain to administer the remote province of Tarfaya lends credibility to rumors that military officers will replace many civilian governors.

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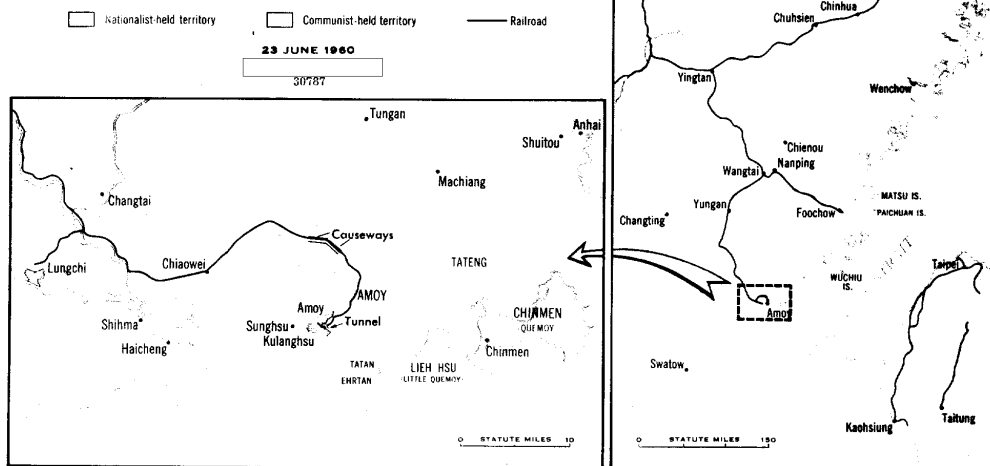
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TAIWAN STRAIT

The Chinese Communists fired approximately 175,000 rounds of high-explosive shells onto the Nationalist-held Chinmen Islands on 17 and 19 June during President Eisenhower's visit to Taiwan. The shelling

and undertake a military display in order to underscore their complaints against US "provocations."

In widely broadcast propaganda, Peiping implied that

AMOY - CHINMEN AREA

--85,000 rounds in 85 minutes on 17 June and 88,000 rounds on 19 June--was considerably more intense than any during the 1958 crisis. Actual damage to defensive positions on Chinmen and adjacent islands was light.

Peiping announced the firing beforehand, carefully characterized it as an anti-US "demonstration," and adhered to its alternate-day firing schedule, probably to avoid a direct challenge to American military units in the area.

By this heavy firing, Peiping risked some damage to its carefully cultivated pose of reasonableness in dealing with neighboring Asian countries. The Chinese leaders apparently decided, however, to take advantage of world attention focused on the President's visit

the bombardment was defensive in nature, sparked by the increased number of US "provocations" and attempts to promote the status quo or a "two Chinas" solution. Since the U-2 incident, Peiping has intensified charges of US "provocations" in the strait and has coupled this with a stepped-up series of "serious warnings" over alleged "intrusions" by US naval and air units into Chinese-claimed coastal waters. There have been 17 warnings in the last 30 days.

The Communists avoided asserting that the artillery fire was intended as punishment for hostile Nationalist actions, and they promoted their long-used line that the US is likely to desert the people of Taiwan. In a broadcast on 18 June, Ho Hsiangning, vice chairman of the Communist-led Kuomintang Revolutionary

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Committee, warned that "lackeys" who placed themselves at the disposal of the United States would eventually become either sacrifices or scapegoats when Peiping "liberates" Taiwan.

Despite professed concern for "compatriots" on the Chinmens, the Chinese Communists probably intended the bombardment as a demonstration to Nationalist officers and men that the Communists retain the initiative in the Taiwan Strait area. Chiang Ching-kuo, Nationalist China's security chief and son of President Chiang, told American officials that the retaliatory firing from Chinmen of

about 5,000 rounds on 19 June was designed to sustain the morale of the troops.

Having served notice with the shelling that it will not compromise in its long-range determination to take Taiwan, Peiping announced plans for a week of films and meetings from 21 to 27 June devoted in large part to the theme "the resolute liberation of Taiwan"; however, there is thus far no suggestion of urgency or immediacy, and there is no indication that the Communists are preparing the populace for a new Taiwan Strait crisis.

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CAMBODIAN POLITICAL DEVELOPMENTS

With the assumption by Prince Sihanouk of the position of chief of state on 20 June, at least a temporary easing of the political turbulence that has characterized the Cambodian scene for the past two months seems likely. Sihanouk has side-stepped the thorny succession issue posed by the death in April of his father, King Suramarit, and now is expected to leave shortly for a holiday of several weeks in France.

Sihanouk and the rest of the royal family disagreed on a successor to the late King, and a hasty amendment of the constitution permitting the creation of a three-man regency did not resolve the issue. Sihanouk did not want to resume the throne, which he had abdicated in 1955 in favor of his father in order to play a more active political role, nor, apparently, could he accept the elevation of anyone else to this paramount though largely symbolic role. He spoke out against the suc-

cession of his mother, Queen Kossamak, who reportedly was angling for the throne with the support of her brother, Prince Monireth, head of the re-



gency council and a potential rival of Sihanouk.

Sihanouk's testiness over this issue was aggravated by tension with South Vietnam

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resulting from Saigon's insistent claims to several offshore islands. His umbrage at what he regarded as a tightening encirclement of Cambodia by "imperialist" South Vietnam, Thailand, and Laos spilled over to severe criticism of the United States for its "lack of understanding." Chou En-lai's visit in early May gave Sihanouk the occasion to threaten to accept Chinese Communist military aid for Cambodia's defense.

To dramatize his solid public support, Sihanouk arranged a referendum on 5 June in which he received 99.98 percent of the nearly two million votes cast. The referendum was followed by "spontaneous" demonstrations calling for his elevation to chief of state. Sihanouk withdrew his protégé from the three-man regency council, thus undermining Monireth's position and leading to the regency's resignation on 12 June. The Cambodian parliament thereafter amended the constitution to provide for entrustment of the powers and prerogatives of

chief of state to an "uncontested personality expressly designated by national suffrage" when the normal process for designating a royal successor fails.

As chief of state, Sihanouk will function as king in all but name. Despite rumors that he intends to abolish the monarchy in favor of a republic, it is unlikely at this time that Sihanouk will remove this pillar of national unity. He may remain chief of state indefinitely, or he may turn the throne over to one of his sons. Caretaker Premier Pho Proeung will probably continue to run the government while Sihanouk is abroad.

Cambodia's future orientation between East and West will continue to depend largely on Sihanouk's estimate of the threat from South Vietnam and Thailand. Although Sihanouk is assured of strong public support, he may eventually encounter opposition in high circles as a result of his present maneuvers.

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CROP PROSPECTS IN THE SINO-SOVIET BLOC

Expanded spring planting and ample late rainfall in most of the important grain-producing areas of the Sino-Soviet bloc have altered earlier prospects of a poor crop. Prolonged bad weather could still change the situation again, but prospects as of mid-June are that the USSR and Communist China may reap a grain crop larger than last year's. Most of the European satellites can still expect grain crops somewhat smaller than last year's, and at least Poland, East Germany, and Czechoslovakia will have to step up imports if they are to avoid shortages and attendant worker dissatisfaction.

Despite a late spring which delayed sowing in the USSR, the area planted to spring crops by collective and state farms increased from 310,000,000 acres last year to 343,000,000 acres this year. Almost two thirds of this increase, however, was in reseeded areas in which winter crops had been damaged by winter kill and dust storms. Winter-crop losses could be offset by the increased area sown to spring crops.

Late planting over much of the New Lands area, where most of the USSR's spring grains are grown, increases the hazard of crop losses if there is early snow in the fall. With normal

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weather for the rest of the growing season, total grain output in the USSR will probably exceed last year's estimated 100,000,000 tons. The cotton crop is likely to be smaller than in 1959, however.

In Poland and East Germany, a below-average grain harvest is indicated. Official Polish sources are estimating a drop of 1,500,000 to 2,000,000 tons in total grain output compared with 1959 as a result of adverse weather and a decline in winter-crop acreage. Production of spring-planted crops in Poland is expected to be above average as a result of expanded acreage and increased use of fertilizer. The winter-grain crop in East Germany may reach the 1954-58 production average, but the recent collectivization drive has sapped peasant incentives and led to a drop in acreage sown to spring crops.

A dry fall and winter in Czechoslovakia and Hungary will probably cause winter-grain production to dip below last year's high level. Rain and cool weather during May have retarded the development of spring crops, but if normal weather prevails from now on, above-average yields may be expected. Reports from Bulgaria speak of a "rich" winter-grain harvest; Rumania also expects an above-average output of winter grain. Prospects for spring-planted crops in both countries are good. Peasant apathy and a late planting season are expected to reduce Albanian production below the 1954-58 average.

In Communist China, strong emphasis has been laid on expanding grain acreage after last year's reduction in sown area. Although spring planting has not yet been completed, the total area sown to grains this

year will probably be some 10 to 15 percent over last year, thus equaling or exceeding the more normal acreage level of 1958. Major winter-wheat areas generally had below-normal precipitation during the past winter and spring, but, because of the expanded acreage, the winter-wheat crop may exceed that of last year. The Chinese Communists, usually quick to publicize any successes, have not yet made a claim to this effect.

The dry weather apparently continues on the important North China plain. In mid-June the Chinese Communists stated that the flow of the Yellow and other rivers in the area had been reduced by two thirds compared with previous years at this season, and that "in many areas half the medium and small reservoirs have dried up." A typhoon in Kwangtung and Fukien damaged the rice crop there, but this will have little effect on national totals.

No estimate can be made as yet for spring-planted crops in China, but expanded acreage may raise total grain production this year above the 190,000,000 tons estimated by observers to have been produced last year. Nevertheless, there is no indication that the regime intends to ease the present severe controls on grain consumption.

The early rice crop in North Vietnam, described by Hanoi as a "failure," was certainly well below last year's early crop. The authorities are making every effort to expand the acreage of the late rice crop and to raise yields in the hope of overcoming early-crop deficiencies. In North Korea there is some prospect that the crop this year will be better than last year's disappointing harvests. (Prepared by ORR)

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ECONOMIC COUNCIL ESTABLISHED IN RUSSIAN REPUBLIC

An All-Russian Economic Council has been set up under the Council of Ministers of the Russian Republic (RSFSR) to oversee the work of the republic's 70 councils of national economy (sovnarkhozy). According to a decree of 18 June, the new council will monitor the fulfillment of economic plans and enforce measures to counteract any tendency for the various sovnarkhozy to place local interests above USSR-wide priorities. Vasily Ryabikov, an RSFSR deputy premier, has been appointed chairman of the new council.

The council fills a need long recognized in the Soviet press. Earlier suggestions included a proposal to establish on a regional basis within the RSFSR as many as eight similar councils with supervisory power over groups of sovnarkhozy. The new council is empowered to issue orders in its own right. The new council thus constitutes a delegation of authority in

order to overcome some of the operational problems of coordination and control coincident with having 70 disparate and semiautonomous economic authorities answerable separately to the RSFSR Council of Ministers.

The Russian Republic's action could foreshadow similar moves in other republics or at the USSR level. Coordination problems are far less complex in the other republics and at the national level than in the RSFSR, however.

The new council, which bears some resemblance to the Supreme Council of National Economy originally established in 1917, will probably assume some of the coordination functions now falling to the RSFSR State Planning Committee (RSFSR Gosplan), particularly the duties of those subdivisions overseeing the work of blocs of sovnarkhozy such as the Department of Far Eastern Sovnarkhozy. (Prepared by ORR)

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KHRUSHCHEV VISIT TO AUSTRIA

Khrushchev's visit to Austria from 30 June to 8 July will be purely ceremonial, and he will engage in no substantive negotiations, according to Soviet officials in Vienna. The Soviet premier will certainly attempt to use the trip to stress such themes as the benefits of Austrian neutrality and the further potentialities of Austrian-Soviet cooperation.

Khrushchev can also be expected to reiterate his intention

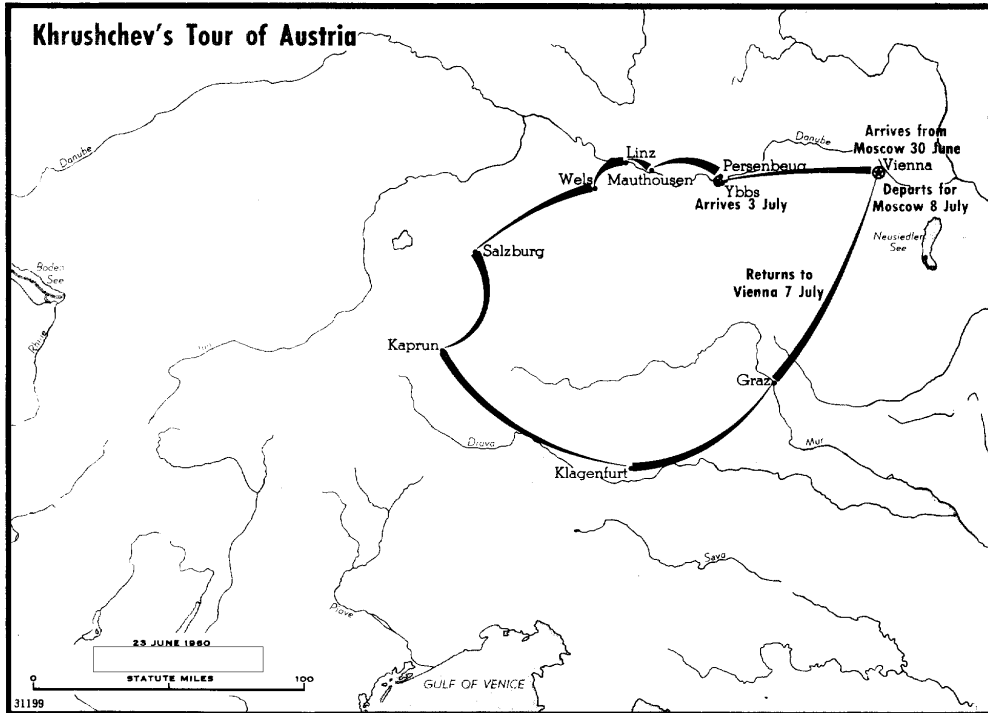
to continue a policy of peaceful coexistence, and point to Austrian-Soviet relations as an outstanding example. He is likely to seek Austrian support for Soviet foreign policy positions, particularly on disarmament and nuclear testing, and stress the alleged threat to Austria posed by NATO bases in West Germany and Italy.

Soviet officials in Vienna have shown anxiety that recent international events will mean

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a cool reception for Khrushchev. Although embarrassed by the timing of the visit, Austrian authorities plan a cordial reception, but will keep him in the provinces for more than half his visit in order to minimize his opportunities to make propaganda.

With the support of Chancellor Raab, the Austro-Soviet Society--which prominent Austrians had to join during the occupation--has obtained Vienna's huge civic auditorium for a speech by Khrushchev.

The Ministry of Interior has evinced some concern for Khrushchev's safety because of the large Eastern European population in Austria. No incidents occurred during Mikoyan's 1957 visit, however, and, according to press reports, especially

dangerous refugees have been temporarily "isolated."

Despite the strongly anti-Communist outlook of nearly all Austrians, Soviet leaders in previous meetings have had some success in eliciting from officials statements which have proved useful to Moscow's propaganda. Chancellor Raab, who has long prided himself on his alleged ability to "get along with the Russians," is an especially easy target in this respect. Foreign Minister Kreisky is reportedly worried about the chancellor's insistence on accompanying Khrushchev on his tour.

Austrian leaders hope that any substantive discussions will concentrate on economic issues; they seek, for example, a further reduction of oil reparations

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deliveries. Should Khrushchev continue the USSR's pressure on Austria to grant the USSR, in accordance with the 1955 Austro-Soviet trade agreement, the same trade benefits Vienna will grant its free trade area

partners, Austrian officials have indicated they will re-assert the position that the free trade area is excluded from the 1955 agreement.

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BRITISH POLICY IN WESTERN EUROPE

Britain is renewing its attempts to improve relations with Western Europe, especially France, on a bilateral basis. At the same time, the Macmillan government is holding to the long-term goal of reducing trade barriers between the six-nation European Economic Community and the British-instigated, seven-nation European Free Trade Association.

The summit breakdown and the failure in early June of Britain's campaign to ease the differences between the two trading groups influenced London to revert to its traditional bilateral approach. The visits this month of Prime Minister Macmillan to Oslo and of Foreign Secretary Lloyd to Vienna are part of this pattern.

The Conservative government has chosen a moment of unusual domestic political strength to invite Spanish Foreign Minister Castiella for an official visit to Britain from 11 to 16 July. This--the first such visit since Franco came to power in Spain--follows a gradual improvement in Anglo-Spanish relations in the past year or two and the recent removal by Madrid of most restrictions on Gibraltar. Although the British chargé in Madrid has stated that Britain would no longer oppose Spanish membership in NATO, the Macmil-

lan government does not appear ready to go so far as to advocate it, partly in deference to the Labor party's hostility to the Franco regime.

Macmillan is making no moves at this time to improve Anglo-German relations, but is continuing his cultivation of French President de Gaulle as the key to Britain's broad European economic objectives and to any further high-level East-West negotiations. On disarmament, British officials have repeatedly urged adjustment in the Western position as a gesture to De Gaulle's insistence on control of nuclear weapons delivery systems--even while London sees curtailment of French nuclear weapons development as one of the major advantages of any East-West agreement. In mid-June, British officials held bilateral working-level consultations with France on Africa, a subject on which there have been substantial differences in the past.

Meanwhile, London continues to probe the European integrationists' attitudes with "pro-European" statements such as one recently indicating willingness to consider any proposal from the Coal-Steel Community and Euratom for British membership. 25X1

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WEST INDIES FEDERATION DEVELOPMENTS

British Colonial Secretary Macleod appears to have made substantial progress in resolving political deadlocks in the West Indies Federation during his 3-18 June visit. He obtained Trinidad Premier Eric Williams' acceptance of the British formula for Trinidad's participation in the US-UK-Federation conference to be held later this year regarding the

revision of the 1941 American-British bases agreement.

London's formula, which the Federation Government apparently has also accepted, provides that at the second--and most substantive--of three sessions, the United States and the unit territories would hold bilateral talks attended by observers from both the UK and the Federation

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Government. By not granting Williams' demand for separate participation for Trinidad, London has maintained the primacy of the Federation in external affairs.

On the other hand, London has in effect acknowledged that Williams' support is necessary, inasmuch as the conference will concern primarily the US naval base and missile-tracking station at Chaguaramas on Trinidad. To help obtain this support, the British agreed to establish a bicameral legislature for Trinidad and increase the number of seats in the elective lower house. This will strengthen Williams' position and further weaken the ineffectual opposition Democratic Labor party (DLP).

London's formula on conference participation is only procedural, however. According to the American consul general at Port-of-Spain, Macleod did not discuss the terms of a revised bases agreement with Williams and there is no indi-

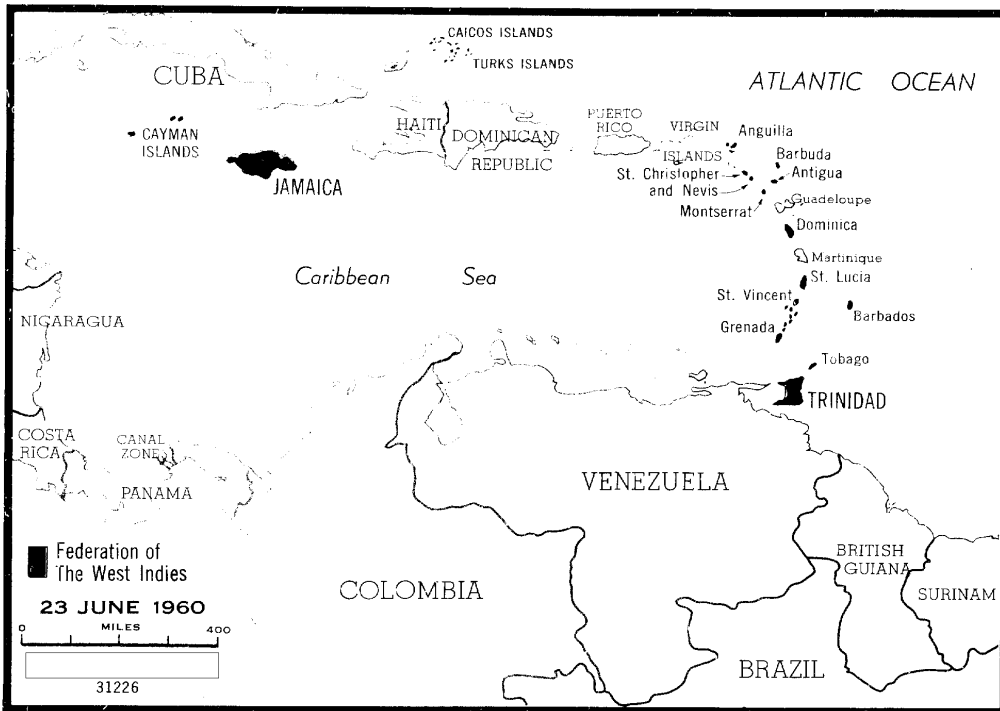
cation that the Trinidad premier is prepared to temper his vitriolic campaign for the curtailment of US privileges at Chaguaramas.

Recent events appear to have strengthened the Federation



MACLEOD

against Jamaican secessionist threats. Sir Alexander Bustamante's resignation as leader of the federal DLP to dramatize his own anti-Federation stand led Jamaican Premier Norman



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Manley to promise a referendum in Jamaica on the revised federal constitution that emerges from extended negotiations still going on. By thus pointing up Jamaican objections to increased federal taxing and financial powers, these develop-

ments may persuade Trinidad and other Federation members to offer inducements to keep Jamaica, the strongest single component, in the grouping. The West Indians hope to resolve their constitutional difficulties before entering the base negotiations. [REDACTED]

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BRAZIL'S INTEREST IN AFRICA

Brazil plans to launch a diplomatic offensive in Africa within the next few months to further its campaign for greater international influence. The government will publicize its effort as a movement independent of the colonial powers, but it plans to seek advice in European capitals and in Washington.

Brazil's already considerable interest in Africa was heightened in May by hints that Washington would welcome a counterweight to Cuba's influence in leftist Guinea. Subsequently, a high Brazilian official who had visited Africa in May told American officials he believes Brazil can be particularly effective in offsetting the influence of Communist China. He said he found African leaders impressed with China's "miraculous" economic achievement but also susceptible to the idea that Brazil is a better model because it has made great strides economically without the "political and human sacrifices" exacted by the Chinese.

The Foreign Ministry believes Brazil's tradition of racial equality and democracy will enhance its influence among the new nations. The government probably also counts on gaining good will in Africa from its sponsorship of motions in the United Nations and the

Organization of American States condemning racial discrimination, and, by inference, the Union of South Africa. Brazil's only diplomatic relations with the newly independent nations are with Ghana.

In describing the African project, Brazilian officials indicated they believe Washington had accepted their thesis, put forth during President Eisenhower's visit in February, that Latin America can and should be the West's "bridge to Africa." In this connection, the government will almost certainly continue to press Washington for greatly expanded economic aid under President Kubitschek's "Operation Pan America," arguing that Latin America should be a showcase for the capitalist system in its dealings with Africa.

The International Bank's recent loan to Kenya for expanded coffee production--which caused an outburst of anti-American headlines in Brazil in early June--will probably intensify the government's drive for a greater voice in the economic and political decisions of the West and will reinforce Brazil's interest in winning a position of influence in Africa. An exploratory good-will mission is to begin a tour of Africa within the next few weeks. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVES

EUROPEAN SATELLITES SINCE THE SUMMIT

Initial reaction in the European satellites to the collapse of the summit included considerable popular apprehension and uncertainty in party ranks. While this has lessened somewhat, Khrushchev, faced with continued controversy with Peiping, apparently has felt it necessary to clarify his policies not only in Pravda but also at a bloc-wide meeting in Bucharest. The satellite regimes can be expected to give their full support to Khrushchev's foreign policies.

Regime Reactions

Some European Communist regimes appear to have demonstrated more initial enthusiasm for Khrushchev's summit and post-summit behavior than they did for his emphasis on detente last fall. Almost all satellite regimes were to some extent apprehensive about summitry and an East-West rapprochement and viewed with some relief the collapse at Paris as a return to traditional forms of the Communist-capitalist struggle. Although satellite commentary in the immediate post-summit days was cautious, reflecting a lack of Soviet guidance, satellite propaganda drums beat a loud tattoo in support of Khrushchev and his personal policies as soon as the accepted line became clearer through speeches by Soviet leaders.

Official statements have followed the Soviet lead, seeking to emphasize the continuity of the bloc policy of detente and coexistence while castigating the United States for the summit collapse. Several satellites quickly picked up the Pravda articles of 12 June, which supported the principles of "negotiation" and implicitly

criticized the Chinese Communists for "left-wing sectarianism." No satellite has repeated any of the persistent Chinese dissents to Khrushchev's foreign policies.

The U-2 incident, treated as the greatest threat to the bloc since the Hungarian uprising, served to unite European Communist leaders--both Stalinist and centrist--behind Khrushchev's actions. Nevertheless, the precipitous manner in which the talks collapsed and the apparent change in policy caused confusion and some consternation in party ranks. In East Germany this sentiment was compounded by Khrushchev's speech on 20 May in Berlin which again postponed the signing of a separate peace treaty. East German officials were openly disappointed--some party members accused Khrushchev of "selling out"--and many functionaries have been hard put to explain Khrushchev's position to party members. This confusion in the ranks has increased disciplinary and control problems in the East German party apparatus.

Party functionaries in other satellites were similarly hard pressed to explain recent developments. The Czech party appears delighted, however, with the increased emphasis on vigilance. It has had less difficulty in explaining changes, because it had never fully accepted the virtues of detente and, until Novotny's trip to Moscow in early May, had hinted at some reluctance and concern over Khrushchev's policy.

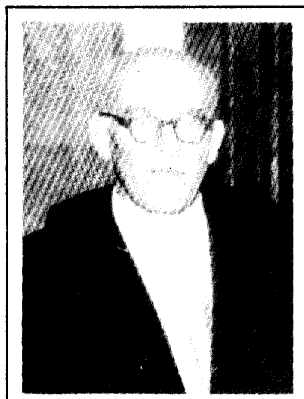
In terms of internal satellite politics, the increased emphasis on vigilance and security has presumably met with the particular approval of hard-line

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GOMULKA
POLANDULBRICHT
EAST GERMANYNOVOTNY
CZECHOSLOVAKIA

elements and should tend to inhibit liberalizing forces. The "vindication" of their pre-summit policies afforded by the events in Paris, however, is unlikely to give them real political advantages, unless Khrushchev's policies are reversed or his leadership seriously threatened.

In the main, however, no change in domestic policies is likely because of the summit breakup. The over-all drive to "achieve socialism," under way since the Soviet 21st party congress, has had the practical effect of generally tightening internal controls and discipline, speeding industrial development, and encouraging greater efforts at economic integration of the Soviet bloc.

Popular Reactions

The suddenness of the summit collapse and the saber-rattling manner in which the USSR condemned the West generated a wave of surprise, disappointment, and concern--in some cases bordering on fear--throughout Eastern Europe. While few of the general public had believed that the Paris talks would lead to tangible improvements in their personal situation, many had harbored a hope that something might happen to ease the tension and relieve the tedium of their everyday

lives. The fear that there would be an immediate return to a modified form of Stalinist terror has not been substantiated, but on the whole people look to the future with greater apprehension than before the summit.

In East Germany, where the people fear bloc actions to limit their access to West Germany and West Berlin, the immediate reaction was one of shock, fright, and criticism of Khrushchev for wrecking the meeting, although his 20 May speech ameliorated some of the East German people's apprehension.

In Poland, considerable popular uneasiness remains over the possibility that a stiffening of Soviet policy will be reflected locally in a tightening of the Gomulka regime's policies. In the days immediately after the summit, some panic buying occurred in Warsaw and Budapest, and the American Embassy in Warsaw reported that there were bank withdrawals of gold and dollar currency. Reports from several satellites indicated that the people were afraid that contacts with the West would be sharply curtailed.

In an effort to garner popular support and underline the strong backing for Khrushchev and his policies, "mass demonstrations" were staged in most

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satellite capitals. The regimes sought to allay popular fears by reiterating that the summit collapse does not mean a return to the cold war, and that negotiations will continue.

Soviet-Satellite Relations

Since the summit, the satellite leaders have been judicious in their overt treatment of foreign policy issues and have carefully ascertained Moscow's position and supported this line. Nevertheless, lack of firm guidance could serve to stimulate factional activity by those elements in Eastern Europe which had registered pre-summit opposition to Khrushchev's policies. In an effort to prevent this, Khrushchev has sought to clarify his policies in his post-summit speeches and, most recently and unambiguously, in articles published in Pravda on 12 and 13 June.

These articles have, in turn, formed the background for Khrushchev's Bucharest meeting with European satellite party leaders and Asian Communist party representatives during the Rumanian party congress. These bloc discussions will give Khrushchev a chance to lay down general guidelines for future developments, to establish propaganda positions to be adopted

by the satellites, and to issue a strong call for full bloc support for an agreed position. A clear-cut "directive" from Khrushchev would tend to erase satellite reservations and, while differences over policy and approach will continue, divergent views would perforce be submerged.

The European satellites now have clearly identified themselves with Soviet rather than with Chinese policy. Eastern European statements echoing the Chinese Communist line have virtually ceased. In East Germany, the leading party daily, Neues Deutschland, on 17 June published the regime's official rejection of the Chinese commune experiment as an example for other countries--a notable departure from the lavish praise which characterized East German commentary on this subject in 1959. The East German, Polish, Bulgarian, and Hungarian regimes have reprinted Pravda's implicit attacks on Chinese "leftist sectarianism."

Relations With US

While satellite propaganda has been increasingly anti-Western and militant, all satellites have continued to make friendly and courteous contacts with American diplomats. The

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cordial Czech behavior at a diplomatic reception on 4 June-- a vivid contrast to the traditionally cold attitude of Czech officialdom toward Americans--presumably demonstrated Soviet interest in avoiding an increase in international tension.

Rumanian officials told American representatives on 5 June that there was no change in their official attitude toward slightly expanded cultural relations with the United States, adding that steps would be taken

in the near future to ensure that at least part of the exchange program--under negotiation before the summit--could get under way "immediately." Similar pledges of continued or increased cultural contacts have been made by other Eastern European governments. At least three of them--Bulgaria, Poland, and Rumania--have sought to ensure that present plans for completing much-needed foreign trade arrangements with the West would not be upset by recent international developments.

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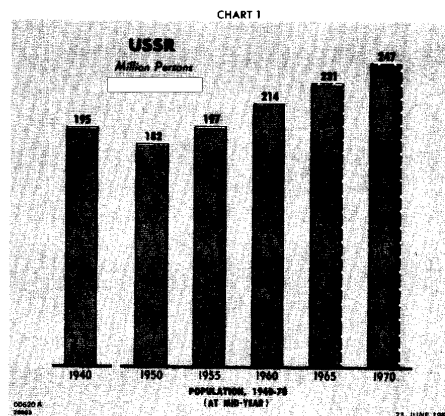
SOVIET MANPOWER 1960-1970

The Soviet Union's two principal manpower problems over the next decade concern the continuing burden of a farm labor force of more than 50,000,000 people, and the small number of persons reaching working age annually in the next few years as a consequence of the low birth rate in the years during and immediately after World War II. Moscow has already taken steps to cope with these problems, however, and should be able to fulfill manpower goals of the Seven-Year Plan (1959-65.)

The reduced birth rates are being offset by cutbacks in the armed forces and by controlling school enrollments, and the regime also expects to exploit more intensively the labor potential of women. In rural areas, industrial and construction programs have been initiated to tap the reservoir of agricultural underemployment.

Population Trends

World War II had a catastrophic effect on population trends of the USSR. (Chart I.) In addition to the enormous military and civilian losses, birth rates fell to less than



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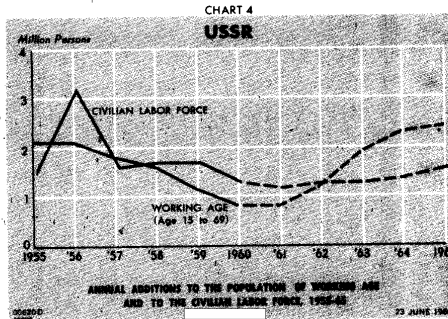
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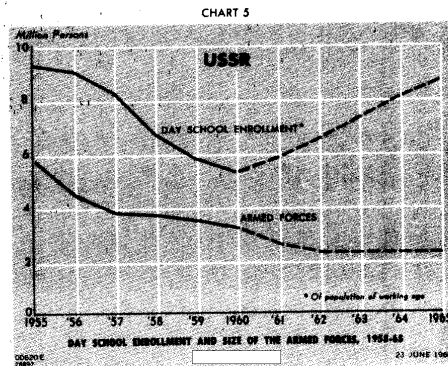
half their prewar level. The 1940 population level was not regained until 1954. With the low wartime birth rate reflected in fewer young families in the 1960s, the current rate of growth of the population will temporarily decline. For the decade as a whole, the population will increase at an average annual rate of 1.5 percent-- a little more slowly than during the 1950s.

Labor Supply

The civilian labor force will increase by about 17,000,000 during the decade; only 1,000,000 more than the increase during the 1950s. (Chart II.) Growth will be slower in the first half of the decade than in the second because of the low birth rates during the war and the early postwar period. The total number of persons reaching the normal working age of 15 in 1970, however, will be more than double that in 1960.

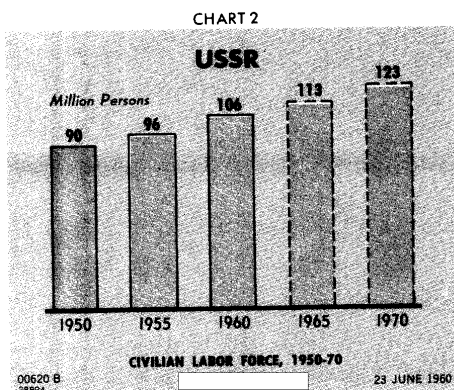


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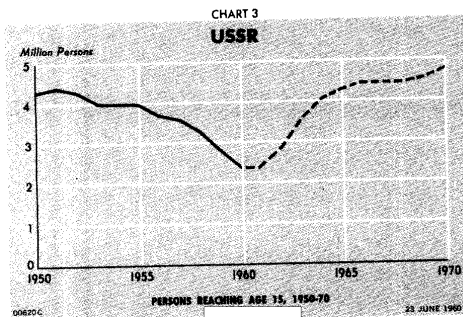


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The rapid decline in the number of 15-year-olds during the 1950s, particularly in the latter half of the decade (Chart III), would have resulted in an even slower growth in the labor force than actually occurred if the regime had not taken steps to increase the labor supply. (Chart IV.) Between 1955 and 1960 the armed forces decreased by about 2,000,000, and Moscow has announced plans to cut an additional 1,200,000 during 1960-61--years when the additions to the population of working age will be the lowest. (Chart V.)



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In addition, the USSR is tightening the controls over school enrollment to provide a more effective means of manipulating it in accordance with the need for labor. State authorities will decide whether graduates from the eighth grade are to go to work, to high school, or to a trade school. Those who go directly to work will be encouraged to attend evening classes.

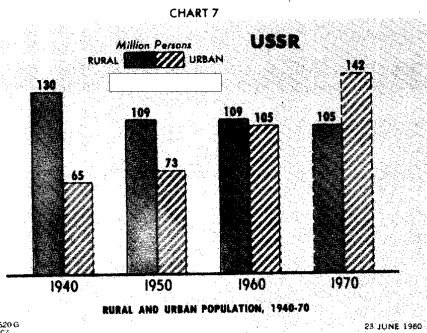
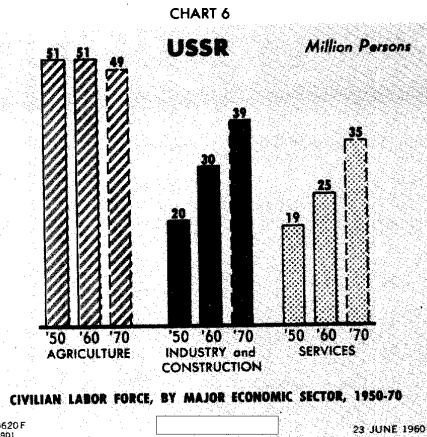
In recent years there has been a decrease in day school

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after a temporary interruption during the mid-1950s, when Khrushchev's agricultural program added several million people to the farms--farmers will still make up 40 percent of the civilian labor force in 1970. At the same time, rural population will still constitute 43 percent of the total. (Chart VII.)

Soviet agriculture probably will achieve sizable gains in productivity during the 1960s, thus releasing labor for other purposes, but the integration of surplus unskilled farm labor into the urban labor force will present difficult problems. By promoting industrial and construction activities in rural areas, the regime is attempting to employ surplus agricultural workers near the farms, thus keeping rural-to-urban migration to a minimum and avoiding the necessity for providing more housing and public utilities in the overcrowded cities.

Women in Labor Force

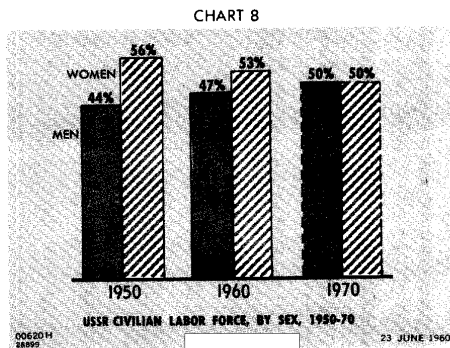
Women constitute an important source of labor both for present and future requirements. Women far outnumber men in the population and in the key working areas as a consequence of the disproportionate losses of men during World War II and the collectivization drive of the 1930s. Nearly two thirds of the women 14 years of age and over work, constituting more than half of the civilian labor force. (Chart VIII.) Women probably will continue to participate at

enrollment resulting both from a decline in the number of persons of high school age and from a reduction in the proportion enrolled. By such steps the regime has been able to keep its civilian labor force growing at a fairly even pace.

Agricultural Labor

More than 50,000,000 people in the USSR--nearly half of the total labor force--are engaged in agriculture. (Chart VI.) This compares with only a little more than one fourth of the labor force employed in industry and construction, and somewhat less than one fourth employed in services such as trade, education, transportation, health, and public administration.

While agricultural employment is expected to resume its downward trend during the 1960s--

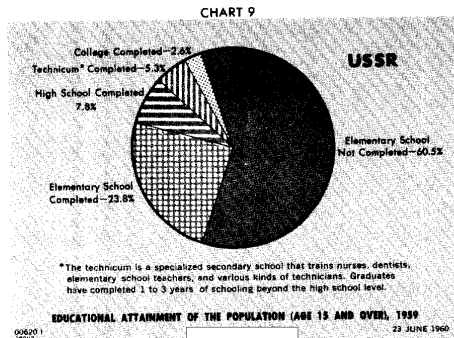


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this high rate during the 1960s. Soviet leaders hope that eventually nearly all women will be employed outside the home. Plans call for more kindergartens, nurseries, boarding schools, and public dining facilities to make this possible.

Educational Level

A fundamental difficulty in effectively utilizing labor resources--both urban and rural--is the low level of education in the USSR. In 1959, only 2.6 percent of the population 15 years old and over had graduated from college; 60.5 percent had not completed the seven-year elementary school. (Chart IX.) Nevertheless, considerable educational progress was achieved during the past decade, and even greater progress probably will be made during the 1960s.

The school system is being reorganized to place more emphasis on vocational education

in high schools and on evening enrollment in both high schools and colleges. The seven-year elementary schools are to become eight-year schools, and attendance will be compulsory. During the 1960s, 3,500,000 to 4,000,000 people will graduate from college.

Prospects

The continued rise in the level of education and skill of the Soviet labor force, along with progress in technology, should permit productivity to continue its rapid increase. Labor will be in somewhat shorter supply until 1963 or 1964, but the steps already taken by the regime should assure sufficient labor to meet plans for the state labor force.

Likewise, the regime would probably not hesitate to cut back on educational goals temporarily, or to postpone the current reduction in the work-week, should these be deemed necessary. Women will be encouraged to join the work force, and the regime will continue to encourage schemes to raise agricultural productivity in order to release a part of the large amount of manpower now tied up on the farms. After 1965 the labor problems created by World War II will be considerably eased. (Prepared by ORR)

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EROSION OF ITALIAN DEMOCRACY

The recent cabinet crisis in Italy, the most severe in the republic's history, has revived memories of the near-anarchy which preceded the abandonment of parliamentary democracy in the 1920s. The decreasing viability of a center coalition has intensified pressure on the ruling Christian Democrats

to make a clear-cut choice of allies from the right or left, and there has been talk of rightist efforts to seize power by force. Ambitious Premier Tambroni, whose caretaker mandate runs out on 31 October, might be tempted to take extralegal measures to block replacement of his government by one relying

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on the Nenni Socialists' parliamentary support.

Shaky Democratic Base

A century of national unity has not sufficed to implant the democratic process in Italy, and the 14-year-old Italian Republic has never had the choice of another democratic alternative to the party in power. In the years when they were nationally allied, the Communists and the Nenni Socialists in effect reduced the size of the Chamber of Deputies as a democratic body by over a third, without counting the further reduction effected by the parties of the far right, the neo-Fascists and the Monarchists. Even today, when the Nenni Socialists and Monarchists have acquired at least quasi-respectability, the Communists and the neo-Fascists hold over a quarter of the parliamentary seats.

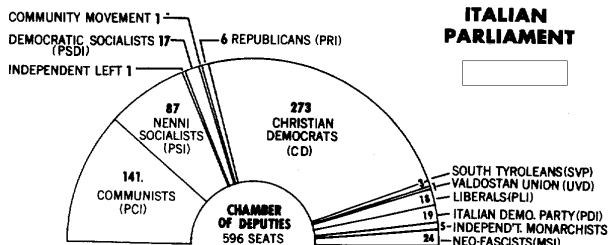
The Christian Democrats had a parliamentary majority from 1948 to 1953, but have since been dependent on the small center parties for support in governing. A center coalition has become progressively more difficult to maintain because of growing ideological dissension among the various center groups, and Italy's gov-

ent government's initial promise to confine itself to caretaker functions and resign after six months.

In the search for a broader parliamentary base, the faction-



ridden Christian Democratic party has been unable to decide between left and right. Tambroni's reliance on neo-Fascist parliamentary support for a slim working majority is opposed by left-wing Christian Democrats, who accepted it only as a summer solution. Similarly, the party's powerful rightist minority has been able to block formation of a government dependent on Nenni Socialist abstentions.



In the Italy of recent months, therefore, anarchy and authoritarianism have again become serious threats, and the editor of a pro - Christian Democratic daily in Naples warned on 10 April that unless the Italian people rouse themselves from their contempt for representative institutions, there is danger that

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ernments have become increasingly vulnerable to the accusation of "immobilismo." The political stalemate is appropriately symbolized by the pres-

the country may "in the not-too-distant future" find itself in the grasp of another totalitarian regime.

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Nonconstitutional Practices

One specific danger to Italian democracy in this situation is that, as the cohesion and parliamentary strength of the amorphous center has declined, party leaders have tended to seek solutions outside parliament. This problem was stressed by Senate President Cesare Merzagora in February, when Premier Segni resigned rather than rely solely on Monarchist and neo-Fascist votes. Merzagora argued that it was improper for the government to quit while it had a parliamentary majority.

other felt it had "pinpointed the malaise afflicting Italian life." The neo-Fascist press seized on it as indicating the crisis within the regime, and to push for an authoritarian system. One center-left paper saw Merzagora as the spokesman for "conservative and economic" interests wishing to exploit the situation to establish a regime like that in Portugal.

Despite Merzagora's impassioned indictment, the Christian Democratic party has continued to ignore the spirit of the constitution in carrying out its decisions.

Premier Tambroni won a vote of confidence in the lower house on 8 April, but his party disregarded the chamber's approval and prevailed on a reluctant Tambroni to withdraw rather than depend on the neo-Fascists. The Christian Democratic directorate then called on Amintore Fanfani to form a center-left government, but the party's parliamentary group defied this order and forced Fanfani to retire.



GRONCHI



MERZAGORA

Merzagora stressed that only two postwar cabinets had been brought down by nonconfidence votes in parliament, and he denounced the "persistent and unhealthy" practice of indulging in extraparliamentary crises in which cabinets were brought down as the result of pressures within the Christian Democratic party. Merzagora included in his attack on Italy's multiparty system the charge that the Constitutional Court and President Gronchi, as chief of state, were encroaching on the legislative branch.

Merzagora's speech was widely commented on in the Italian press. Of the two major independent papers, one considered it ill-advised, the

Tambroni was restored to office by the Senate's vote of confidence on 29 April, but no effort was made to comply with the constitutional provision that a premier must be confirmed within ten days of investiture.

Coup Atmosphere

Tambroni's has been called a "paratroop government," perhaps in part because the current situation presents several elements propitious for a quick and violent seizure of power. The ruling party cannot decide on its own orientation; although the electorate has been moving to the left, the government has accepted neo-Fascist support,

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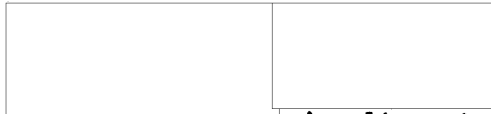
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and concern among political and economic right-wingers and some members of the clergy over the possibility of an "opening" to the Nenni Socialists might be sufficient to encourage a military move to prevent it.



PACCIARDI

Former Defense Minister Pacciardi has stated that "a government opening to the left will never be created in Italy."

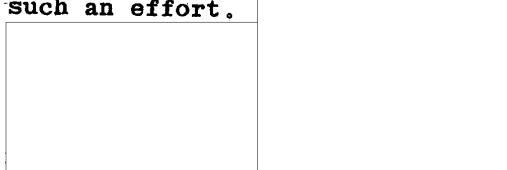


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A police official has called the present climate the worst he has seen since 1948 when an attempted assassination of Communist leader Togliatti led to nationwide Communist disturbances.

For want of a strong leader, the most likely development if the Christian Democrats fail to work out a viable democratic government would seem to be some form of extralegal political adventure by Tambroni when his mandate expires. Tambroni's personality would lend itself to such an effort.

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In early April, before Tambroni complied with his party's order to resign, rumors were rife that he had met with police leaders and his defense minister--right-wing Christian Democrat Andreotti--to make plans to ensure his continuation in office. There was talk of a neo-Fascist show of strength in his support, and the Communist-dominated General Labor Confederation was rumored alerted for a protest strike.

"Little men, who could not see any further than their noses, blocked a center-left government; and this is just the way to bring on a Spanish civil war."

Democratic Socialist leader Giuseppe Saragat, 30 March 1960.

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Riots with anti-democratic overtones occurred at Pisa and Leghorn during March; these involved civilians--some Communists--and officer-led paratroops singing fascist songs. Disturbances were fomented by neo-Fascists and Monarchists in Rome during the 2 June celebration of the republic's 14th anniversary.

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Prospects

Some of this concern seems to be shared by President Gronchi, whose attitude toward Tambroni has been ambivalent.

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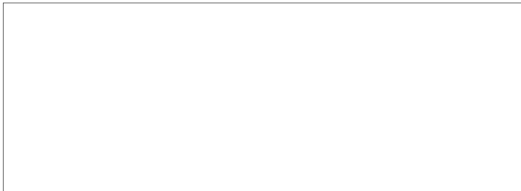


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Although local elections have been called for this fall, he is probably capable of interpreting the results to suit his own plans at that time. He might seek to postpone national elections indefinitely--a prospect with some appeal to the Christian Democrats, who expect losses for themselves and gains for the leftist parties in national voting. Strikes or uprisings against such an assumption of power would give Tambroni an excuse to enlist the aid of the military.

If left-wing Christian Democrats make another attempt this fall to form a center-left government based on Socialist

abstentions, Tambroni will be tempted to accept the support of the Group for Defense of the Republic, which was recently formed to prevent such an "opening." This group, organized on 26 May, includes former fascist activist Pino Romualdi, right-wing Christian Democrat and former Premier Giuseppe Pella, Civic Committees chief Luigi Gedda, Catholic Action president Agostino Maltarella, Pacciardi, and Guglielmo Gianini, former leader of the now defunct Common Man party, post-war haven for ex-Fascists.

Gedda, who seems to be the leader, has announced: "Today we are united in thought, tomorrow in action." Tambroni's espousal of such an extreme rightist national front could drive Socialists, Social Democrats, Republicans, and left-wing Christian Democrats into a popular front with the Communists.



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