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1 September 1960

# CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**1 September 1960**

**T H E   W E E K   I N   B R I E F**

**PART I**

**OF IMMEDIATE INTEREST**

**BERLIN SITUATION . . . . . Page 1**

The East German Government's declaration of 30 August and the Interior Ministry's decree limiting travel by West Germans to East Berlin apparently were designed to emphasize the sovereignty of the Ulbricht regime and its right to impose sudden and arbitrary controls over civilian travel to and within the city. The East Germans seized on the planned meetings of two West German expellee groups in West Berlin as a pretext to assert their authority in an area where the Western position on Berlin is weakest--access to the city by West Germans. West Berliners still move freely into all parts of the city, but controls have been tightened on travel by West Germans to West Berlin. East German police, in addition have prevented West Germans from going into East Berlin. Soviet propaganda has stressed the increasing use of Berlin by the West for provocative activities and welcomed the timeliness of the East German warnings. Moscow has also emphasized that West Berlin is a "permanent source of tension" and that Bonn has no rights in the city. [redacted]

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**SINO-SOVIET RELATIONS. . . . . Page 4**

There is increasing evidence of strong Soviet pressure on the Chinese party in recent months. In a long letter to the other participants on the eve of the Bucharest meeting of Communist parties last June, the Soviet party sharply criticized Chinese Communist positions on world Communist strategy and tactics, as well as Chinese actions in seeking the support of other parties. Khrushchev may have threatened to reduce or withdraw Soviet aid to China. There have been several authoritative Soviet attacks on Chinese policies in July and August, concurrently with the departure from China of a substantial number of Soviet technicians, and the bloc press for the first time has warned that China would be ruined by separation from the bloc. Khrushchev presumably wishes to avoid a complete break with Peiping, but his actions seem designed to convince the Chinese that he is willing to risk a break if the Chinese do not back down. Peiping is continuing, however, to defend positions offensive to the Russians. [redacted]

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### PART I (continued)

CUBAN DEVELOPMENTS . . . . . Page 8

Cuba's walkout from the OAS foreign ministers' meeting on 28 August further isolates the Castro regime from other hemisphere nations and emphasizes Cuba's rejection of the inter-American system in favor of greater dependence on the Sino-Soviet bloc. Havana spokesmen reiterate their concept of Cuba as the vanguard of the "anti-imperialist" revolution that will eventually sweep throughout Latin America. Cuban ties with the Sino-Soviet bloc continue to be strengthened, as evidenced by the announcement that diplomatic relations will be established with North Korea--possibly foreshadowing early recognition of Communist China--and by expanded contacts by the press and organized labor with the bloc.

[Redacted]

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DOMINICAN REPUBLIC . . . . . Page 10

Trujillo apparently is preparing to take over the presidency of the Dominican Republic, having ruled through puppets since 1952.

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He now is expected to try to liquidate the leaders of the moderate opposition, a move which would open the way to eventual control by anti-US elements already favored by recent pro-Communist policies his government has adopted.

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SITUATION IN THE CONGO . . . . . Page 11

The threat of civil war is mounting following Premier Lumumba's military action against the secessionist Mining State of Kasai Province, his preparations against Katanga, and Katanga's strengthening of the its defenses. In Leopoldville, Lumumba's friction with the UN forces has lost him considerable support among African countries; this was reflected in the final resolution of the African States Conference which called for loyal cooperation with the UN. The influence of the Soviet bloc, however, continues to grow in Congolese Government circles and may be further increased by the arrival of 10 IL-14 aircraft engaged in a foodlift from the USSR.

[Redacted]

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SITUATION IN LAOS . . . . . Page 14

Souvanna Phouma and General Phoumi have put together a compromise government which appears to have the acceptance of all the major figures in the conflict generated by Captain Kong Le's takeover of Vientiane on 9 August. Kong Le raised last-minute objections to the inclusion

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PART I (continued)

of Phoumi and one of Phoumi's close associates in the cabinet, but was apparently induced by Souvanna to drop his opposition to the government. Souvanna can be expected to attempt to carry out his pledges of strict neutrality and an accommodation with the Pathet Lao.

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[Redacted]

PART II

NOTES AND COMMENTS

CHINA'S ECONOMIC DEPENDENCE ON THE USSR . . . . . Page 1

The departure of substantial numbers of Soviet technicians from China this summer raises the question of a possible corollary reduction in trade and Soviet material and technical assistance to China's industrialization effort. Approximately half of the 291 Soviet aid projects in China, which constitute the core of Peiping's industrialization program, are not yet in operation, and termination of Soviet aid would seriously disrupt Peiping's program.

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[Redacted]

AGRICULTURAL SITUATION IN CHINA. . . . . Page 4

The food situation in Communist China continues to be tight, with little prospect for improvement in the near future. The tone and emphasis of recent press articles appear to confirm signs that Peiping has decided to give agriculture first consideration in the allocation of manpower, materials, and money, but there is no indication of what specific measures may be undertaken to supplement existing agricultural programs.

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[Redacted]

KHRUSHCHEV'S VISIT TO FINLAND . . . . . Page 5

Khrushchev is expected to use his visit to Helsinki from 2 to 4 September to exploit Soviet claims of Scandinavian involvement in the U-2 incident, and press his campaign against US overseas bases. Soviet initiative in arranging the visit and the absence of any pressing bilateral problems suggest Khrushchev is seeking a propaganda forum outside the bloc to announce his intention of attending the UN General Assembly meeting and urging world leaders to follow suit. Soviet commentary on the visit also suggests that Khrushchev may set the stage for a UN appearance by reaffirming his peaceful coexistence policy and his continuing interest in high-level exchanges, citing Soviet-Finnish relations as an example of the successful application of these policies.

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### PART II (continued)

#### SOVIET LEADERSHIP SITUATION . . . . . Page 6

Several important internal political questions have remained unanswered throughout the protracted Moscow vacation season. These questions include the personal status of Khrushchev since the May party plenum, the relative ranking of his immediate subordinates, and the possibility that new divisions of responsibilities have been created in the top echelons of both party and government. Khrushchev returned to Moscow on 28 August after a month's leave, his fourth vacation this year. Some clarification of these problems is likely after all the leaders resume their regular activities.

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#### MOSCOW'S BOUNDARIES EXPANDED . . . . . Page 8

Moscow's boundaries were officially extended on 18 August, with the result that the city's area has more than doubled. The expansion, which incorporates five smaller cities and several settlements, raises Moscow's population by about 500,000 to a new total of 5,600,000. The boundaries, encompassing the belt highway being built around Moscow, are the outgrowth of a study now being made on the long-term development of the city. When complete, the study will replace a plan adopted in 1935 which provided for an ultimate population of 5,000,000 to be distributed over a city area of 154,000 acres.

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#### MIDDLE EAST HIGHLIGHTS . . . . . Page 10

The assassination of Jordanian Prime Minister Majalli on 29 August has caused a new crisis in Jordanian-UAR relations. King Husayn has charged the UAR with "direct complicity" in the crime. The meeting of Arab League foreign ministers in Lebanon ended the day before the assassination with agreement on very little except policies which the individual member states had already been pursuing. The USSR has concluded agreements for additional economic aid to both the UAR and Iraq. UAR propaganda is continuing its friendly treatment of the USSR and its harsh criticism of the United States.

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**PART II (continued)**

**SHAH OF IRAN SEEKS TO AVOID BLAME FOR RIGGED ELECTIONS . . . Page 13**

The Shah, in an attempt to appease the public and shift the blame from himself for the openly rigged parliamentary elections in progress since early August, has forced the resignation of Premier Eqbal and called on the newly elected Majlis representatives to resign. The maneuver may appear to the public as forced on the Shah by the protests of his many domestic enemies, and probably will not significantly strengthen his regime.

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[Redacted]

**GREEK COMMUNISTS SEEK COMMON FRONT WITH OTHER OPPOSITION PARTIES . . . . . Page 14**

Repeated efforts have been made without success during the past few weeks to unify the Greek non-Communist opposition parties. The Communist-front United Democratic Left (EDA), the major opposition party in parliament, hopes to profit from the feeling that some form of opposition unity is needed, and has proposed that the nationalist opposition parties join with it in coordinating their activities on certain basic issues. Although EDA's initial overtures have been rejected, some non-Communist opposition leaders may consent to common action with the Communists.

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[Redacted]

**ALGERIA . . . . . Page 15**

The Algerian rebels, anticipating discussion of the Algerian issue in the forthcoming UN General Assembly, are seeking to line up support for their 22 August proposals for a UN-controlled referendum in Algeria. While hopeful of further overtures from De Gaulle, they are seeking help from the Arab states to maintain their guerrilla operations inside Algeria.

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[Redacted]

**ELECTIONS IN THE MALAGASY REPUBLIC . . . . . Page 16**

Parliamentary elections to be held in the Malagasy Republic (Madagascar) on 4 September will provide an important test of strength between President Tsiranana's pro-Western coalition and the Congress party for the Independence of Madagascar (AKFM), an extremist opposition party dominated by hard-core Communists. Tribal rivalry, the coalition's continued appeal in rural areas, and the euphoria created by the republic's attainment last June of independence within the French community are factors favoring Tsiranana's forces. However, the AKFM has attracted growing support since its strong showing in municipal elections last fall.

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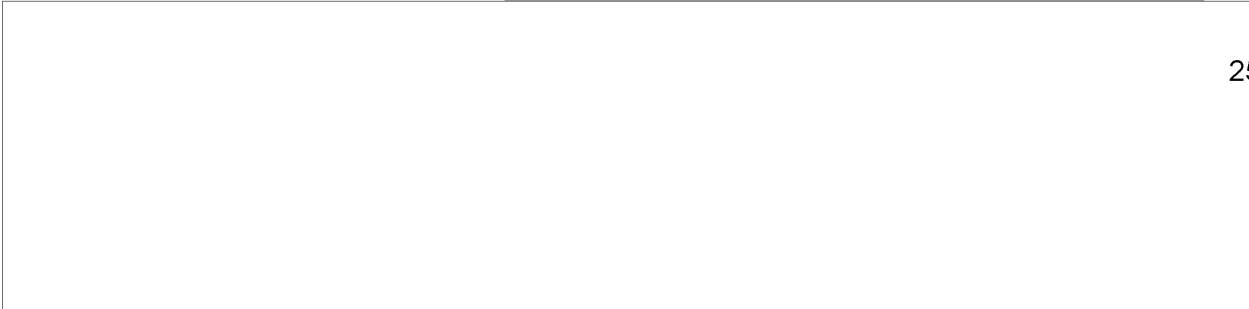
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### PART II (continued)

INDONESIA. . . . . Page 18

President Sukarno, the army, and the Indonesian Communist party have begun a new round of maneuvering precipitated by Sukarno's dissolution of the anti-Communist Masjumi and Socialist parties which was followed by the army's ban on Communist party activities in South Borneo and South Sumatra. The army so far is taking a stronger position against Sukarno than it has heretofore attempted; its moves have heightened tensions and could lead to a definitive change in Indonesia's internal power structure.

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CHINESE COMMUNIST FOREIGN MINISTER VISITS AFGHANISTAN . . Page 19

Peiping appears generally gratified with the results of Foreign Minister Chen Yi's trip to Afghanistan, even though not all the Chinese objectives were accomplished. Chinese propaganda is exploiting the trip and the signing of a nonaggression treaty as a new example of China's "peaceful coexistence" in Asia. Chen proposed to the Turkish and Iranian ambassadors in Kabul that visits by private individuals be encouraged as a steppingstone toward official exchanges between their countries and China.

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### PART III

#### PATTERNS AND PERSPECTIVES

SOVIET UNEASINESS ABOUT CHINESE POPULATION PRESSURE . . . Page 1

Soviet leaders publicly dismiss as provocative any suggestion that Chinese population pressures pose a long-range threat to the USSR. There is, nevertheless, anxiety in certain official quarters over the population disparity between China and the Siberian "vacant lot." In addition, there is some concern that the increasing ratio of Chinese to Russians--already more than 3 to 1--may eventually affect the balance of forces as the Chinese improve

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THE WEEK IN BRIEF



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PART III (continued)

in modern technology. Moscow's uneasiness has not been allayed by Mao's statements implying that China's large population would be of decisive importance in a nuclear war, assuring enough survivors to make Peiping the dominant power after other combatants were left prostrate.

USSR TO EMPHASIZE AIR OPERATIONS IN SIXTH ANTARCTIC SEASON . . . . .

Page 5

The USSR's plans for its sixth season in the Antarctic (1960-61) include continuation of its ambitious scientific program, with the prospect for a significant increase in coverage with the introduction of a turboprop aircraft. A strip to accommodate heavy aircraft may be built at the Soviet station, Lazaryev, which will probably be moved inland to a more permanent site, and plans for an eventual increase in the station's winter staff suggest an indefinite stay. The research and supply vessel Ob will leave the Soviet Union earlier than usual this year. The Soviet planned activities will increase the concern of Argentina, Chile, and Australia and could hamper ratification of the Antarctic Treaty.

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AFGHAN ECONOMIC DEVELOPMENT . . . . . Page 8

Afghan Prime Minister Daud is relying on rapid economic development to strengthen his regime and reinforce Afghanistan's independence. This policy has been fairly successful; the Afghan economy is making progress, particularly in the transportation field, and Daud is being given the credit. As he approaches the Second Five-Year Plan (1961-66), however, Daud seems ready to accept more than in the past from the USSR in the way of advice and support.

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THE BRAZILIAN PRESIDENTIAL ELECTION . . . . . Page 11

Janio Quadros, the opposition's candidate in Brazil's presidential election on 3 October, has gained strength steadily in the past three months and now is challenging the 15-year dominance of the moderate Social Democratic machine. A number of qualified observers believe his election would lead to political instability and possibly dictatorship. Quadros has stated that if elected, he will renew diplomatic relations with the USSR and recognize Communist China. President Kubitschek, who is ineligible to succeed himself, could probably turn the tide in favor of the Social Democratic candidate, former War Minister Lott. So far, however, the President has not taken an active part in the campaign.

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**PART I****OF IMMEDIATE INTEREST****BERLIN SITUATION**

The threat to Berlin access posed by the East German Government's declaration on 30 August and the Interior Ministry's decree apparently was aimed at emphasizing the ability of the Ulbricht regime to impose sudden and arbitrary controls over travel to and within the city rather than to create a major East-West incident that would entail a serious risk of a military engagement. The East German moves do not appear to bear the earmarks of a sharp change in Khrushchev's public commitment to maintain the status quo in Berlin until an attempt is made at a further round of negotiations.

The Communists probably hope to create a state of anxiety and uncertainty among the Western Allies, as well as in West Berlin, that would undermine their unity in the face of East German or Soviet threats. Moscow probably considers that probing actions and harassments of the type begun by the East Germans are necessary to focus public attention on the Berlin question and maintain pressure on the West to negotiate.

There are no indications thus far that the East German Government intends during the 31 August - 4 September period covered by the announcement to block either West German civil-

ian travel or Allied military traffic between West Germany and West Berlin. Nevertheless, harassment of Allied ground military traffic and commercial air traffic remains a possibility. Tighter controls have been imposed on travel by West Germans to West Berlin, and some travelers have been turned back at the zonal border. East German police have prevented West Germans from going into East Berlin. West Berliners still move freely into East Berlin, although some East Berliners reportedly have not been permitted to go into the Western sectors.

The regime is anxious to curb the rising refugee flow to Berlin and to condition the population to tighter controls on movement to the city. It is the meeting of the influential Federation of Expellees--a union of 31 expellee groups in West Germany--and the smaller Union of Returnees, POWs, and Relatives of Missing Soldiers that served as the pretext for the East German threats and stricter controls. Meetings of this kind have been held previously in West Berlin.

While Communist propaganda regularly denounces these organizations as "revanchist," the major barrage has been concentrated against plans to hold a session of the West German Bundestag in West Berlin this fall, as has been done for the

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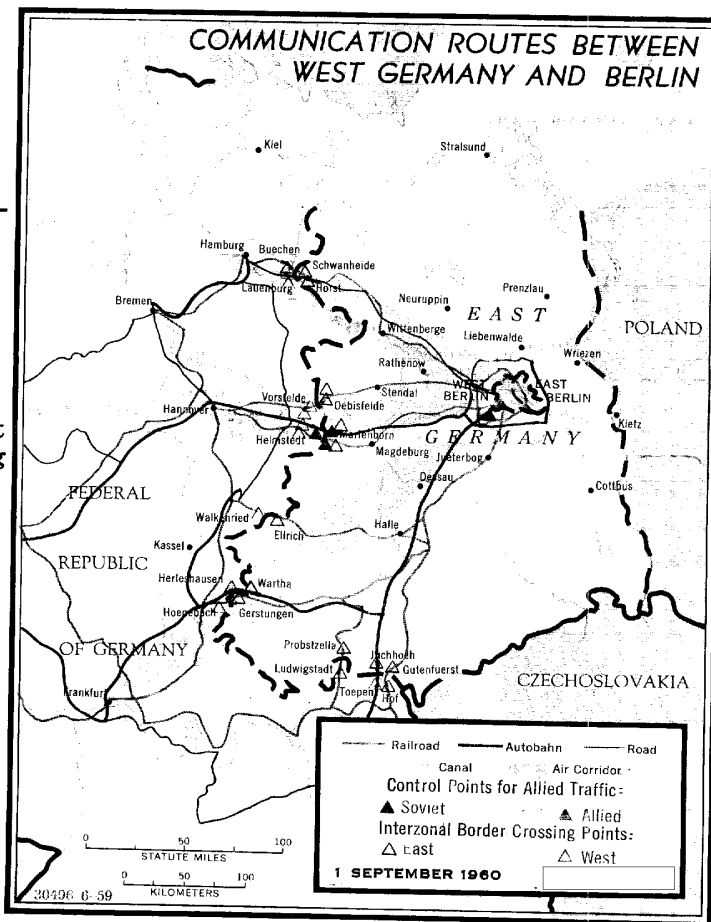
past five years. Since the Bundestag meeting may not be held in West Berlin this year, the East Germans may have seized on the meetings of the private West German expellee groups as a pretext to assert their authority in an area where the Western position on Berlin is weakest--West German access to the city.

East Germany probably will warn the West that even more drastic restrictions will be imposed if the Bundestag should meet in West Berlin. In a statement issued on 31 August, Bonn called East German charges of revanchist motives in permitting the expellees' rallies to be held "absurd" and stressed the right of all Germans to free access to West Berlin. Bonn gave no indication that it would exert pressures on the expellees to cancel the meetings.

West Berlin Mayor Willy Brandt's visit to East Berlin last week and the rousing welcome and applause he received from East Berliners obviously stung the Communists. The Ulbricht propaganda machine immediately characterized the

visit as a "provocation" and implied that any recurrences of the visit would be met with vigorous counteraction.

Ulbricht recently returned from the USSR, where he had talks with Khrushchev. The



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Soviet leader reportedly refused to commit himself to a specific timetable on Berlin or to a definite date for a

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separate peace treaty. The two leaders are said to have agreed that a stepped-up campaign was necessary to document the Communist claim that the Berlin situation could lead to a grave crisis in international affairs. East German propaganda has long played on the theme that West Berlin is a center for provocations and subversion by the "Bonn militarists." Moscow radio's European service on 31 August approved of East Germany's move against the "revanchist meetings in West Berlin."

The East German Government statement contains a vaguely worded warning against "misuse" of the air corridors. While the statement warns the Allies that they must bear the consequences for "misusing" the air corridors, it does not commit the East Germans to any specific type of action--or to any action at all--in implementing the threat to harass civilian air transportation between West Germany and Berlin. Since the East Germans have no physical controls over the airfields or access to passenger lists, harassment of civilian aircraft probably would take the form of buzzing by fighters in the corridors. Thus far, there has been no interference with commercial or military air traffic to Berlin, even though a number of West German expellees have flown to Berlin for the meetings.

The language of the East German threats appears to have

been deliberately ambiguous in order to leave the regime maximum flexibility in choosing measures to implement its warnings. A more intensive period of probing actions and political warfare may be in the offing designed to test the determination of the West to maintain its rights in Berlin.

The East Germans probably also hope to demonstrate anew to the West Berliners that they occupy an exposed position and that the Western powers have a limited capability to assist them in the face of determined Communist action. There is also a possibility that the Ulbricht regime will attempt to interfere with the return to West Germans to West Germany at the close of the meetings of the expellee groups on the grounds that they were involved in "provocative" activities of "revanchist" organizations in West Berlin.

East German Deputy Foreign Minister Otto Winzer stated on 1 September that his government considered the four-power agreements on free access to Berlin to be null and void. East Germany is a sovereign state, he asserted, and is not bound by any legal obligations contracted by the Soviet Union. Winzer's statement suggests the possibility that the regime may attempt to extend its curbs on West German travel to Berlin after 4 September. 25X1

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## SINO-SOVIET RELATIONS

The Sino-Soviet dispute over world Communist strategy and tactics, developing since 1957, has moved into a new and critical phase since June. The relationship is now similar in several respects to the Soviet-Yugoslav relationship in the spring of 1948--the period in which Moscow put pressure on the Yugoslav party to force a change in policy or a change in leadership, the period ending with the public denunciation of Yugoslavia by the Cominform.

It was apparent in June that Peiping was not satisfied simply by the wrecking of the summit talks. The Chinese had long been calling for a fundamental change in Soviet policy and even after the summit they saw no signs of such a change. At the meeting of the World Federation of Trade Unions in Peiping in early June, the Chinese summoned various other Communist members of the WFTU and stated their opposition to Soviet policies throughout the world. In the public sessions, the Chinese delegates spoke strongly against Soviet positions.

This active Chinese lobbying against Soviet policy in one of the important arms of the world Communist movement seems to have broken Khrushchev's patience. Immediately after the WFTU meeting, the Soviet party took pre-emptive action. Some of the WFTU delegates were reportedly told in Moscow on their way home that the Sino-Soviet dispute was very serious, and that their parties should discuss the issues and produce a resolution accusing the Chinese of violating the November 1957 declaration of the Communist parties then meeting in Moscow.

Bucharest Meeting

The Bucharest conference of Communist parties--including the major European parties--was used by the Russians to launch their offensive against the Chinese party within the ranks of the world Communist movement. 25X1

[redacted] on the eve of the Bucharest meeting, the Soviet party disseminated an 80-page letter strongly criticizing Chinese Communist positions and Chinese actions in support of those positions. 25X1

[redacted] several of the reported Soviet charges are credible. For example, the Soviet letter is said to have charged the Chinese with failure to adhere to the November 1957 declaration, of failing to understand that "peaceful coexistence" was necessary, of opposing the Soviet gradualist policy toward nationalist movements and government in the colonial areas, and of refusing to recognize that disarmament was a feasible goal. Khrushchev is also said to have criticized the Chinese--whether in the letter or in the Bucharest meetings is not clear--of lobbying against Soviet positions in communications to other Communist parties and of attempting to form pro-Chinese "factions" in them.

Khrushchev is said also, at the Bucharest meeting, to have cited a Chinese refusal to permit the Russians to construct certain installations in China for Soviet military purposes, and to have made derisive remarks about the Chinese "leap forward" and commune programs. Judging from subsequent

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developments--the departure of unusually large numbers of Soviet technicians in China, some strong assertions of Chinese economic independence in the Chinese party press--and unprecedented warnings in the bloc press--Khrushchev may also have threatened to reduce or withdraw Soviet material aid to China if the Chinese did not back down.

As the Soviet paper Soviet Latvia recently put it, naming Communist China for the first time in the dispute: "Could one imagine the successful development of socialism...in such a big country as, let us say, China, if this country were to be isolated...? Such a country would be subjected to an economic blockade by the capitalist countries and exposed to military blows...."

July Plenum

At the mid-July plenum of the Soviet central committee following the Bucharest conference, there was evidently a lengthy discussion of the Sino-Soviet relationship. The plenum resolution contained the most serious--if still implicit--formal charges against the Chinese that have yet been made by the Russians, charges of "left-wing deviation" and "narrow nationalism." These charges were similar to--although not as strong as--the Cominform resolution of June 1948 which expelled the Yugoslav party.

Shortly after the plenum, withdrawals of some Soviet advisers evidently began. Also in early or mid-July, Moscow radio began to boycott China in commentary to the Russian audience--a boycott that has now lasted for the unprecedentedly long period of almost two months. This boycott, perhaps

indicative of an effort to prepare the Russian people psychologically for the possibility of a break, is similar to the boycott placed on commentary about Yugoslavia in the spring of 1948.

Concurrently with the sudden withdrawal of some part of the Soviet technical force in China, and just after a secret meeting of Chinese party leaders in Shanghai, a Shanghai journal published a bristling article which has since been reprinted in the party's official People's Daily. The article emphasized the advisability of relying on "one's own efforts." It also accused unnamed "reactionaries in various countries" of being "unwilling for us to accelerate socialist construction and rapidly prepare the conditions for advancing to Communism."

There were similar emotional passages in the mid-August article in Red Flag by Li Fuchun, a politburo member responsible for long-range economic planning. Li cited the hatred of China by imperialists, reactionaries, modern revisionists and "those who echo them," and declared that their "anti-Chinese activity" simply proved that "we are real Marxist-Leninists and...are not doing badly." Li's article discussed Peiping's new policy of greater attention to developing agriculture--a policy which, while presumably reflecting official concern over food shortages in China, may also indicate an expectation of reduced Soviet aid to industry.

Soviet Attacks

At the same time, more than a dozen increasingly severe, thinly veiled, authoritative attacks on Chinese Communist policies and actions have appeared

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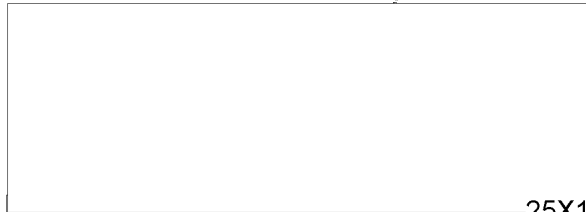
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in Soviet media since the Bucharest conference and the July plenum. These articles charge the Chinese with "blasphemy," with drawing "absurd" conclusions from the current international situation, and with departing from or not properly understanding Marxism.

More important, as an indication of future Soviet tactics, these articles implicitly accuse the Chinese of "disorganizing" and "disorienting" other Communist parties, thereby endangering the unity of the international Communist movement; and they implicitly stress the primacy of the Soviet Communist party in the interpretation of Marxist-Leninist dogma. This may reflect a Soviet intention to accuse the Chinese at some future bloc conclave of "splitting" the international movement.

One of the most significant recent Soviet counterattacks against Peiping was that by the Soviet expert on Eastern questions, Y. Zhukov, writing in Pravda on 26 August. In response to Peiping's criticism of the gradualist Soviet strategy toward nationalist movements and governments in the uncommitted countries, Zhukov stresses that "the task of socialist transformation (i.e., Communist take-over) cannot be mechanically placed as the order of the day in all countries," denies that peaceful coexistence retards the national liberation movement, and claims that many of the new states in Asia and Africa are making satisfactory progress away from "imperialism"--despite the views of "hopeless dogmatists" (the Chinese). Peiping wants a purer and faster revolutionary program in these countries.

November Meeting

the Soviet party plans another confrontation with the Chinese in November, at a Moscow meeting in which a commission of Communist parties is to "judge" the dispute. The commission is reportedly to include, at Chinese insistence, some nonbloc Communist parties. As of June, Peiping evidently believed that it would have some support from that quarter.

The issues between Moscow and Peiping which may be debated at the Moscow conference include:

- 1) whether the Soviet policy of low risks, coexistence, and detente should be replaced by a more militant revolutionary policy throughout the globe, particularly in underdeveloped and former colonial areas;
- 2) whether the bloc should seek to avoid local as well as general wars on the grounds that local wars could easily expand (the Soviet view), or whether it should support and even incite wars of liberation and other "just" wars;
- 3) whether disarmament is to be seriously negotiated with the West;
- 4) whether the Communists can take power in a large number of non-Communist countries peacefully without resort to armed uprisings and civil war; and

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5) whether the Communists in nonbloc countries should seek to press the "minimum" of "maximum" program and to what degree they should ally themselves with such non-Communists as socialists and trade unionists.

Khrushchev's Strong Stand

Khrushchev presumably wishes to avoid a complete break with the Chinese. His tactics seem designed to isolate and squeeze the Chinese party and thus to induce it to retreat. His actions seem also, however, to have made it pretty clear to Peiping that he is willing to accept a break.

Judging from their recent comment, the Chinese have not decided to retreat, but have continued to defend positions offensive to the Russians. In addition to Li Fu-chun's article, a People's Daily editorial of 13 August rejected the "blasphemous talk" of "apologists for imperialism" who criticized the Chinese position on war. In the latest comment, People's Daily on 30 August--apparently in response to the 26 August Pravda article on strategy for the uncommitted countries--described Soviet policy as a "violation" of Lenin's views and asserted that Mao's more aggressive line was "entirely" consonant with Lenin's views and with the views of other Communists "faithful" to Marxism-Leninism.

Satellites' Stands

East European Communist leaders have continued to echo Moscow on key foreign policy and ideological issues. In addition, in keeping with the pattern set by Moscow, the

satellite home services have given little or no commentary on Chinese internal developments since the first week in July.

In Sofia, the Bulgarian Communist party daily Rabotnichesko Delo printed an article on 26 August supporting the Soviet position, and on 25 August a Bulgarian agricultural paper warned that any bloc party which left the bloc would be "destroyed by imperialism." The publication of the article coincided with the arrival of Soviet party secretary Kozlov and Deputy Premier Ignatov in Sofia. The Soviet leaders, in talks with top-ranking Bulgarian party members at the national and local level, presumably used the occasion to explain the Soviet side of the controversy with China and to ensure unity of action within the Bulgarian party.

All three Asian satellites--North Korean, North Vietnam, and Mongolia--have shown reluctance to choose sides in the dispute. After some initial efforts at holding on neutral ground, however, Mongolia provided Moscow with its strongest endorsement by an Asian Communist regime in a 14 August editorial supporting Soviet views on peaceful coexistence.

Pyongyang, although it has not gone as far as the Mongolians--or the Russians--in implicit criticism of the Chinese, has accepted the basic tenets of Khrushchev's policies in a recent party resolution. In a mid-August statement on the Bucharest meeting, Hanoi simply avoided all ideological pronouncements which could be construed as support for either side and confined itself to platitudes about the need for bloc unity.

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## CUBAN DEVELOPMENTS

Cuba's walkout from the OAS foreign ministers' meeting on 28 August further isolates the Castro regime from other hemisphere nations and emphasizes to them that the Cuban Government has rejected the inter-American system in favor of greater dependence on support from the Sino-Soviet bloc. Cuba notified the foreign ministers that it will again charge the US with economic aggression before the UN Security Council. Foreign Minister Roa's speeches at the OAS meeting and subsequent comment by Fidel Castro and Roa and the official Cuban press clearly state that the Castro regime regards itself as the vanguard of the "anti-imperialist" revolution that will eventually sweep Latin America.

The Cuban press and radio have unleashed a torrent of abuse against the OAS, which Radio Mambi, the most virulent, called "a gang of churls, a conclave of lackeys under the orders of the powerful and bestial imperialism." On 30 August, Fidel Castro condemned the foreign ministers as "docile servants of imperialism" who "betrayed" the people of Latin America by siding at the OAS meeting with the "aggressor nation" rather than with the "heroic Cuban people." All the other Latin American governments, he said, are controlled by military and economic oligarchies linked to "imperialism." "Our country," he added, "has had the honor of initiating the American rebellion against the Yankee empire."

The OAS meetings have had serious repercussions on the domestic political scenes in two South American countries. The Presidents of Venezuela and Peru may have a showdown with their foreign ministers for not

following instructions to support a firm resolution against Soviet bloc intervention in the hemisphere.

The resignation of these officials, whose actions and statements at San Jose were unfavorable to the US and largely sympathetic to the Castro regime, could stir serious political reactions in their countries, where pro-Castro groups are promoting unrest. The resignation of Venezuelan Foreign Minister Arcaya, whose party has allied itself with other leftists and Communists, in support of Castro, would be a potential threat to President Betancourt's coalition and a pretext for further protest demonstrations.

Moscow signified its intention of continuing strong support for Castro by issuing a statement by Foreign Minister Gromyko strongly denouncing the US for its activities at the OAS meeting. Criticizing Secretary Herter's speech of 25 August, Gromyko claimed that the US objective at the meeting was to gain support for "aggressive policies" toward Cuba by "concocting charges against the USSR." He challenged the "right" of the US to regard Latin American affairs as its exclusive concern and defended the right of the USSR to take an interest in situations which emerge in other areas of the world.

Bloc commentators have generally assessed the OAS meeting as a defeat for US diplomacy. A widely broadcast Soviet commentary picks up the main point of Gromyko's statement and concludes that the San Jose resolution is "not worth the paper it is written on."

The Castro regime continues to strengthen its contact with

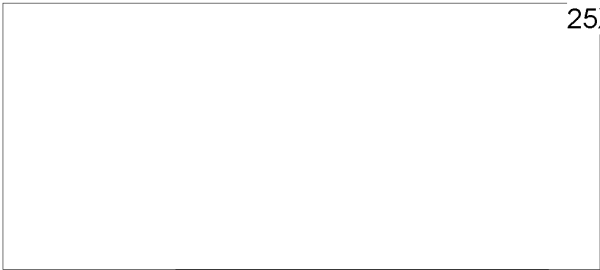
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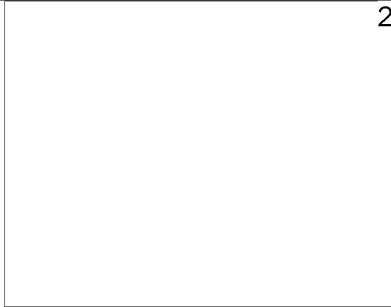
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the Sino-Soviet bloc. The government announced on 29 August that Cuba and North Korea had concluded a cultural exchange agreement, that the two countries had agreed to establish diplomatic relations on the ambassadorial level "as soon as possible," and that a Cuban delegation will leave shortly for

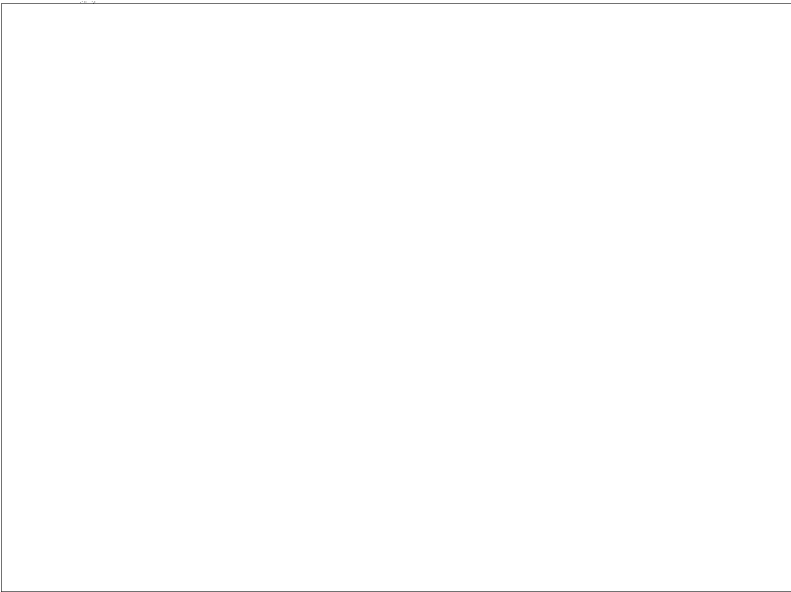


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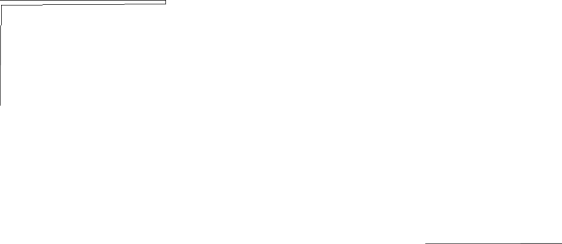
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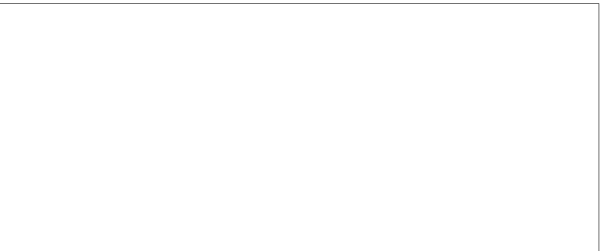
Shipments of major military items, such as jet aircraft, have not yet begun. The delivery of such military equipment probably will be preceded by training of Cuban military personnel in the bloc.

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Pyongyang to negotiate a trade treaty. If Cuba grants diplomatic recognition to the North Korean regime, it will be the first nonbloc country to do so.



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While the bloc may eventually render large-scale military assistance to Cuba, Moscow at the moment is moving cautiously in supplying the assistance, probably in order to minimize the

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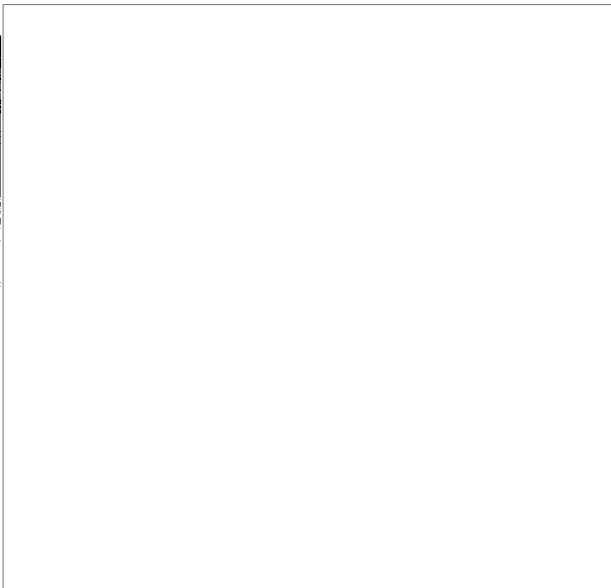
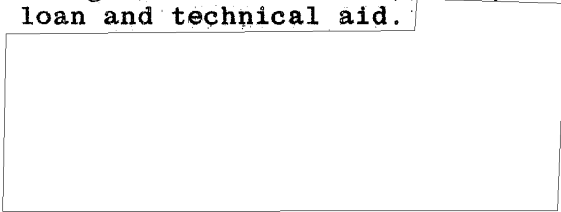
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expected reaction in much of Latin America.

Relations between Cuba and Dr. Cheddi Jagan, leader of British Guiana's Communist-dominated majority party, have been developing rapidly, and Jagan announced in a press conference in Havana on 25 August that Cuba had agreed to furnish his government with a \$5,000,000 loan and technical aid.

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On the domestic front, the drastic purge of naval personnel after the alleged discovery of an antigovernment plot in the navy has apparently been largely concluded. The army and militia units are exercising complete control of naval facilities until leftist Lieutenant Commander Cainas can reorganize the navy to the satisfaction of Armed Forces Minister Raul Castro.

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The government has renewed its charges that "pirate" aircraft are making hostile incursions over Cuban territory. It is possible, however, that the flights were engineered by the Cuban Government itself in an effort to arouse Cubans further against the United States. Fidel Castro on 30 August accused "agents of Yankee imperialism" of planning to shoot down Foreign Minister Roa's plane on his return flight from San Jose.

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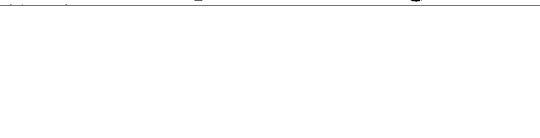
**DOMINICAN REPUBLIC**

Generalissimo Trujillo apparently is preparing to take over the presidency of the Dominican Republic, having ruled through puppets since 1952. The regime-controlled Radio Caribe began to criticize President Balaguer on 27 August and to urge that Trujillo be appointed secretary of state for the armed forces. If Balaguer resigns, the secretary of state for armed forces is constitu-

tionally next in line to become president.

Trujillo continues to be vindictive over the OAS foreign ministers' vote on 20 August to apply diplomatic and economic sanctions against his regime.

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The estimated value of private US investment in the Dominican Republic is \$200,000,000.

The American Embassy, reduced to a consulate after relations were broken on 26 August, stated that it feared Trujillo would liquidate the leaders of the moderate and democratically inclined opposition. Control might then pass by default to leftist groups unless the military is able to dominate a new regime. The small pro-Castro and probably Communist-led opposition party that Trujillo has tolerated since June would be considerably strengthened by several thousand politically articulate exiles--many of them extreme leftists--who are expected to return as soon as the regime falls.

The consulate also stated that "Trujillo's anti-Communism has always been a political

device to safeguard his power" and that he will "play footsie with the Communists if he can make momentary gains." Trujillo's official press announced on 25 August that negotiations were under way with the New China News Agency so that "the impartial information supplied by the Chinese press organization" could keep readers "better informed." Since 25 August, Radio Caribe has been using items attributed to TASS.

Any successor government may immediately face severe economic problems, since Trujillo is expected to convert the large available stocks of the country's main exports--sugar, coffee, cocoa, and beef--into cash as soon as possible for his own use.

The former US air attaché began receiving reports on 26 August that government troops supported by tanks are concentrating at San Jose de Ocoa--an interior town where anti-Trujillo dissidence has been strong--to destroy an insurgent force forming in nearby hills.

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## SITUATION IN THE CONGO

Premier Lumumba's success in rebuilding some of the units of the former Force Publique into a Congolese national army and his deployment of them against the secessionist "Mining State" in Kasai Province suggest that he may in the near future begin operations against his main adversary, President Tshombé of Katanga Province.

Although Lumumba's forces were initially successful in seizing the "Mining State" capital of Bakwanga, recent reports, which are confused and contradictory, allege that his forces suffered a reversal at the hands of Baluba tribesmen who rallied to the secessionist cause and recaptured Bakwanga, Luputa, and other points. Nevertheless,

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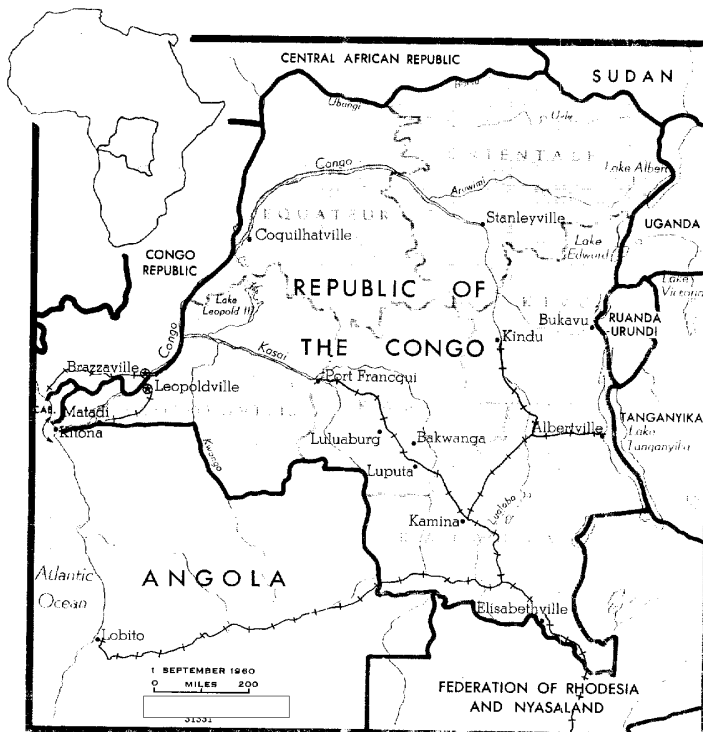
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Lumumba's forces in Kasai appear to be in a position to threaten Katanga. The premier may also receive aid from Tshombé's tribal opponents in northern Katanga.

President Tshombé, who expects an early invasion attempt by Lumumba's forces, is taking defensive measures such as destroying bridges, roads, and rail connections with Kasai to a depth of 12 miles along a 250-mile frontier. He has stepped up recruitment and troop training and plans to increase his 1,100-man gendarmerie to 3,000 men within the next four weeks. In this task he will be aided by about 100 Belgian officers and noncoms serving with the Katanga forces.

He has also pressed the UN for a firm commitment that Lumumba's troops will not be permitted to land at the former Belgian base of Kamina--which has one of the best airfields and supply depots in the Congo and now is under UN control with a small Belgian maintenance staff. Tshombé threatened on 30 August to put the base out of action--presumably by cutting off its 15,000-man labor supply--if the UN did not give him the requested commitment and also "respect" Katanga's "sovereignty." The UN immediately reinforced an Irish unit at the base with a small number of Swedes.

Belgian control of the Kamina and Kitona bases has



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been a deep-seated problem for the UN. While Belgium completed its troop evacuation from the bases on 30 August--except for about 1,000 technicians left to service the bases under agreement with the UN and an additional 600 personnel discovered at Kamina on 31 August who claimed to lack transport for evacuation--neither Lumumba nor the USSR is satisfied with the present arrangement. Soviet UN delegate Kuznetsov has protested to UN Secretary General Hammarskjöld and proposed that specialists from "friendly countries" replace Belgian personnel at the bases.

Lumumba's relations with the UN have continued to deteriorate, and there appears to be a complete lack of confidence in him on the part of senior UN officials.

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If Lumumba renews his request of 26 August for a UN evacuation, Hammarskjold plans to consider it a "formal request," call an emergency session of the Security Council, and denounce the Congolese Army as absolutely unable to maintain peace and order. Hammarskjold would indicate that a UN withdrawal would lead to foreign intervention and therefore to a breach of the peace.

The secretary general expressed concern that the Congo crisis would come to a head following the meeting of independent African states in Leopoldville which concluded on 31 August. At this meeting only Guinea supported Lumumba's bid for military assistance against Katanga. The conferees officially endorsed the UN's actions and called on the Congo Government to cooperate "wholeheartedly" with the world organization.

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The Communist bloc continues to make significant gains in its influence in the Congo. The USSR, maintaining its policy of providing independent material support to the Lumumba government while paying lip service to the UN aid program, recently dispatched ten additional aircraft with food and supplies to the Congo. The IL-14 aircraft flew via Athens, Cairo, and Khartoum. The American ambassador in Leopoldville believes the USSR may have selected foodlifts as an easy way to introduce men and materials with impunity, since

such aircraft are permitted to dispense with normal customs procedures. Greek inspectors at Athens stated that the eight planes they checked contained foodstuffs and repair kits.

The arrival of the IL-14s will raise to 19 the number of Soviet aircraft now operating in the Congo. Six IL-18s--four of which recently were turned over to the Ghanaian Government--continue to be observed in flights in the Congo. In early August, Moscow delivered an IL-14 for Lumumba's personal use. All the Soviet aircraft are manned by Soviet crews and may be used to ferry Lumumba's troops and supplies--avoiding actual fighting zones--in operations against Katanga Province.

Thus far, two Soviet merchant vessels have delivered special cargoes to the Congo. The Leninogorsk arrived on 16 August with 9,000 tons of wheat, 1,000 tons of sugar, and 300,000 cans of milk. Most of the wheat was not unloaded because of the unavailability of local processing facilities. A second ship, the Arkhangelsk, arrived on 23 August with a cargo of 100 trucks, spare parts, a repair shop, and eight technicians who will presumably service the trucks.

In addition, Moscow has provided some medical aid to the Congo; 15 Soviet physicians and five nurses now are practicing there. East Germany and Czechoslovakia also have assigned medical personnel--about 38--to work in the Congo. Poland has offered to provide a 20-man engineering team, and Czechoslovakia reportedly has offered to send schoolteachers.

No Sino-Soviet bloc country is known to have

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delivered arms; small quantities may have been brought in covertly, however.

There are recurrent rumors that the USSR eventually will provide large-scale economic aid to the Congo, exploiting its shortage of technical personnel and development capital. The

USSR has the capability to supply adequate numbers of mining engineers and agronomists to compensate for the loss of Belgian personnel. In addition, development credits could be given to the Congo in return for copper 25X1 --a commodity which the USSR must import--other minerals, and industrial diamonds.

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## SITUATION IN LAOS

Souvanna Phouma and General Phoumi reached agreement in the royal capital of Luang Prabang on 30 August on a compromise government. The National Assembly, which had come to Luang Prabang to participate in the efforts to reach a political settlement, and the King have quickly given their approval to the new government. Captain Kong Le, who had remained in Vientiane while the other major adversaries in the crisis went to Luang Prabang, initially raised strong objections to the inclusion of Phoumi and other rightist elements in the cabinet. Souvanna, faced with the revived threat of civil war, flew to Vientiane on 31 August and induced Kong Le to accept the cabinet. Kong Le's continued support may be open to question, however, particularly if he should feel the new government is not vigorously implementing the coup's program for ending the civil war with the Pathet Lao and adopting strict neutrality.

In an apparent move to reassure Kong Le that the aims of his coup would be incorporated in the government's policies, Souvanna on 31 August issued an invitation to the Pathet Lao to send delegates for immediate peace talks in Vientiane. To

gain Kong Le's acceptance of the cabinet, Souvanna may also have made additional concessions which could embroil him in fresh difficulties with the Phoumi group.

The new government is a fusion between the government Souvanna hastily organized under Kong Le's shadow in Vientiane two weeks ago and five members of Phoumi's countercoup group. Souvanna, in addition to holding the premiership, will also serve as minister of foreign affairs and minister of defense. Direct control of these two key ministries will facilitate implementation of his program. Phoumi, who as defense minister had been the driving force behind the Somsanith government, has been relegated to the position of interior minister in Souvanna's government. With General Ouane, the armed forces commander, serving as Souvanna's deputy in the Defense Ministry, Phoumi seems to have been effectively frozen out in the sphere of military affairs. Ample scope for his energies will be provided in the Interior Ministry, but control of the police will afford him a far less significant power base than his pre-eminence in the army had previously given him.

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Extreme leftist forces in Laos are represented in the cabinet by Information Minister Quinim Pholsena, whose Santiphab party has at times cooperated closely with the Neo Lao Hak Sat, the overt counterpart of the Pathet Lao.

The new government, a coalition of disparate elements whose main motivation in reaching an accommodation was avoidance of civil war, will probably eventually founder over the widely differing approaches to the Communist problem advocated by Souvanna and Phoumi. Souvanna feels that Laos is in no position to adopt an openly anti-Communist stance; he will in all likelihood permit non-Asian Communist powers to establish relations with Laos, although he will probably stop short of giving Communist China and North Vietnam full diplomatic status in the country. With regard to the Pathet Lao, Souvanna professes to believe that he need make no concessions to the insurgents other than to grant them amnesty in return for their laying down their arms. There is a possibility, however, that Souvanna will be so eager to end the conflict with the Pathet Lao that he will make additional concessions.

The Pathet Lao has not commented directly on the new gov-

ernment as yet, but its propaganda over the last few days has consistently opposed inclusion of the Phoumi group in any new government and has strongly supported Kong Le's coup d'etat committee. This line was clearly designed to keep the crisis alive, but now that Kong Le has apparently capitulated, the Communists will presumably moderate their propaganda and prepare for the forthcoming talks with Souvanna. One of the unfortunate side effects of the crisis was Kong Le's action in distributing about 5,000 arms to villagers in Vientiane Province in anticipation of an attack by Phoumi. Many of these arms probably ended up in Pathet Lao hands, which may embolden them to hold out for bolder terms in their negotiations with Souvanna.

Laos' dependence on the United States for its economic life will impose on Souvanna the need for friendly relations; however, he may try to balance American aid with aid from bloc countries. It is probable, moreover, that he will press for the early withdrawal of American military training teams. In the early days of the Kong Le coup, withdrawal of foreign training elements was prominent in the list of avowed aims of the revolution. While this line has since been soft-pedaled, Souvanna may choose to consider this one of the commitments he must carry out.

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**PART II**

NOTES AND COMMENTS

**CHINA'S ECONOMIC DEPENDENCE ON THE USSR**

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There have been reports that unusually large numbers of Soviet technicians have left China.

aid from other bloc countries accounting for another 10 percent.

Agreements signed from February 1950 through April 1956 provided for Soviet assistance in the construction of 166 industrial projects in China. An additional 125 projects were added by agreements signed in August 1958 and February 1959 for a total of 291 projects. Soviet technicians have made geological surveys, helped select construction sites, furnished designs, supervised construction and installation work, and, on completion of construction, aided in establishing the production process of the new plants.

Approximately half of the Soviet projects, which constitute the core of China's industrialization program, are not yet in operation, and more than half of the equipment for them is yet to be delivered.

Termination of the Soviet aid program would seriously disrupt China's industrialization program. In most instances, China would have great difficulty getting incompletd projects into operation without long delays and probably would be unable to complete those projects not yet out of the designing stage. The Chinese began in 1958 to take over most of the surveying and designing for new projects, but they are still far from competent in these techniques. The USSR under current agreements is to continue supplying the principal equipment and providing technical assistance through all phases of construction.

These departures raise the question of a possible corollary reduction in trade and the Soviet material and technical assistance which has been decisive in the Chinese industrialization effort. Of total imports from the USSR in 1959, valued at almost \$1 billion, about 63 percent consisted of machinery and equipment for China's industrialization program. Expenditures on Soviet-aid projects constitute about 30 percent of China's total industrial investment, with

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Because the technological complexity of industries varies widely, and because the Chinese have so far concentrated their efforts in the relatively simple sectors of the economy, a withdrawal of Soviet technical assistance might not cause serious difficulties in the steel and coal industries, for example, but would cripple or preclude further progress in the construction of such complex industries as petroleum refining, machinebuilding, chemicals, aircraft, and shipbuilding. Serious shortages of skilled technicians in all fields and in their capacity for independent designing would also pose a critical problem for China.

China's industrialization program is designed to achieve rapidly a high degree of self-sufficiency in the supply of industrial machinery and equipment, to produce military items which enhance state power, and to raise output and productivity in agriculture through mechanization. Since 1949, China has made considerable progress in the development of an independent integrated industrial system, but it is far from having achieved this goal and remains heavily dependent on imports of industrial machinery and military equipment.

China now produces in significant quantities such major industrial items as machine tools, transportation equipment (especially steam locomotives, general-purpose rolling stock, trucks, and small merchant vessels), electrical equipment, relatively simple electronic

items, and textile and agricultural machinery. It also produces a considerable variety of essential components, such as anti-friction bearings, diesel and gasoline engines, castings, forgings, and steel structures.

Items produced domestically but not in quantities sufficient to meet demand include heavy equipment for the metallurgical, mining and petroleum industries, tractors, and equipment for papermaking and sugar refining. Items for which China is completely or largely dependent on imports include heavy-duty forge-press equipment, synthetic ammonia equipment, cement equipment, diesel and electric locomotives, equipment for making synthetic fibers, precision lathes and instruments, scientific instruments, and instruments for automatic control.

China has made steady progress in easing its dependence on imports for the machinery and equipment needed under its industrialization program. By the end of 1957, domestic industry was able to satisfy 55 percent of national requirements for industrial machinery and equipment, and in 1958 this rose to 78 percent. Almost half of the equipment for the key industrial projects is imported, however--mainly items for such heavy industries as iron and steel, nonferrous metals, coal, petroleum, electric power, chemicals, machinebuilding, aircraft, and shipbuilding. Serious gaps still exist in domestic industrial capabilities.

Although China's progress in technical proficiency and manufacturing capability has

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been impressive, it still remains technologically far behind Japan and the highly industrialized countries of the West and the bloc. Soviet aid has been the sine qua non in those very sectors which are transforming China into a modern industrial state. Without this aid, it will be impossible for China to become a leading industrial power, certainly within the time China has set for itself and possibly within the foreseeable future.

About one half of Communist China's total trade was with the Soviet Union in 1959, 20 percent was with other bloc countries, and 30 percent with the free world. Total Sino-Soviet trade last year rose markedly, to more than \$2 billion--about 35 percent greater than in 1958.

Of the \$995,000,000 in Chinese imports from the USSR in 1959, about 63 percent consisted of machinery and equipment. Other Chinese imports included petroleum and petroleum products--which accounted for roughly half of total consumption--ferrous and nonferrous metals, and miscellaneous industrial goods. Shipments of military goods probably declined, as the Chinese have expanded their productive capacity in the armaments field.

In order to sustain this flow of imports from the USSR and to liquidate its outstanding debts, Peiping continues to maintain an export surplus in trade with the USSR. This amounted to about \$145,000,000 in 1959. While the main items of Chinese exports to the Soviet Union remain agricultural raw materials and foodstuffs, the relative share of these categories probably declined further in 1959,

continuing the trend of the past several years. Other items of Chinese exports are nonferrous metals, minerals, textiles, and semimanufactured goods. Last year's growth in Chinese exports probably was chiefly in textiles and to a lesser extent in other manufactured and semiprocessed goods.

Reports of an imminent foreign exchange crisis are not considered unusual for China, especially at this time of year. Peiping has drawn heavily on its hard currency reserves in the past two years to buy from the industrial West, and China must maintain a high level of exports to avoid a further depletion of its exchange reserves. At this time of year, before the autumn harvest is available, the problem is especially acute. Obviously concerned over prospects for the fall harvest and the tight food situation, the Chinese may anticipate greater problems than usual in meeting export commitments during the next few months--a situation which would aggravate foreign exchange shortages.

Sino-Soviet trade goals for 1960 call for a level slightly below that actually transacted last year but well above the level called for in the 1959 trade agreements. It is possible that these 1960 goals will be exceeded. Although available information is extremely limited, there is no firm evidence that the Chinese are having more than the normal difficulties in meeting export commitments to the Soviet Union or other bloc countries. Such transport tie-ups as have been noted indicate that the Sino-Soviet trade volume continues at a high level.

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**AGRICULTURAL SITUATION IN CHINA**

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the food situation in Communist China continues to be tight, with little prospect of improvement in the near future. Articles continue to appear with unusual frequency in the mainland press affirming the importance of agriculture in the economy, urging careful and intensive field work to bring in a good harvest this fall, and stressing the need for the strictest austerity in food consumption.

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meat and other nonstaple foods completely unavailable in some places. While there is no evidence that shortages have reached critical proportions or that the regime does not have sufficient reserves to avert a crisis, the food situation appears to be causing Peiping real concern.

The weather this year has not been favorable for agriculture. Chinese officials stated recently that 20 percent more crop area had been affected by "calamities" than in 1959--when crops were seriously affected by drought. While a planned increase in planted area may to some extent offset a decline in yields because of drought, there is little prospect that this year's harvest will be significantly better than last year's, which was below normal.

The agricultural situation was probably high on the list of topics for discussion at a series of party meetings believed to have been held in June and July. The first statement from an authoritative source to shed some light on the possible

decisions reached at these meetings was from economic planner Li Fu-chun, who reaffirmed in strong terms in an article for the 16 August issue of Red Flag the "correctness" of the basic policies of the past two years but added that no policy was "perfect" or "without need of further development." Going beyond the formulation of regarding agriculture as the "foundation" of the economy, announced last winter as a new agricultural policy and endorsed at the party congress in April, Li declared that agriculture must henceforth be placed in the "foremost position."

Following the same line, People's Daily said on 25 August that placing agriculture in the "most important position" would be a long-term rather than a temporary policy. The tone and emphasis of these articles appear to confirm signs that Peiping has decided to give agriculture first consideration in the allocation of manpower, materials, and money.

Current programs for increasing agricultural output such as reclamation, irrigation, and soil improvement are basically sound but will not bring significant results immediately. Continuation of these projects would not require a significant slowdown in the growth of industry.

Neither article gave any indication of what specific measures may be undertaken to supplement existing programs, but a recent article by a provincial official, reprinted in the central press, suggests that if necessary the rate of industrial expansion will be slowed to allow more aid for agriculture. 25X1

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**KHRUSHCHEV'S VISIT TO FINLAND**

Khrushchev is expected to use his visit to Helsinki from 2 to 4 September to exploit statements in the Powers trial implicating Finland, Sweden, and Norway in the U-2 incident. Since the USSR has made no formal protest to Finland and Sweden, the Soviet premier may reinforce his warnings of the dangers of American policy for the Scandinavian countries and expand his recent statements in Austria designed to intimidate neutral states into supporting the bloc campaign against US overseas bases.

Khrushchev may hope that a repetition of this line, together with a warning that the USSR would not "remain aloof" in the face of a violation of neutrality, will generate Scandinavian pressure on Norway to adopt a more restrictive policy on US bases. He told the Finns that he assumed the Scandinavian prime ministers would be in Helsinki for Kekkonen's birthday celebrations.

The sudden scheduling of the visit, which was arranged on Soviet initiative on 25 August, suggests that Khrushchev may also be seeking a platform outside the bloc from which he can appeal to world leaders to attend the opening of the UN General Assembly and announce his intention to attend the meeting. He might also hint at some new disarmament initiative to be revealed at the UN. A member of the Soviet Embassy in London said he thought Khrushchev would certainly attend the forthcoming General Assembly and proceed from there to North Korea. The announcement that Rumanian party First Secretary Gheorghiu-Dej will come to the UN strongly suggests other Eastern European leaders will attend.

During his Finnish visit, Khrushchev can also be expected to reaffirm his interest in a policy of peaceful coexistence and continuing high-level exchanges with free-world leaders. A Soviet propaganda broadcast in Finnish hailed Khrushchev's visit as a "summit meeting" and credited both Khrushchev and President Kekkonen with having done much for "the successful application" of the principles of peaceful coexistence.

The Soviet announcement appears to have come as a complete surprise to high Finnish officials. While some of them interpreted the visit as a sign of Soviet good will and as a gesture which would bolster Kekkonen's prestige at home, the fact that its scheduling appears to have been accomplished with little or no coordination with the Finns seems to have caused some uneasiness in Helsinki. Foreign Minister Toerngren has stated that no preparations had been made in Finland for the visit, nor did he know what matters Khrushchev wished to discuss.

One question which might be raised is that of Finland's relations with the European Free Trade Association. Although the matter has been under consideration for several months, the Finnish Government has hesitated to proceed on grounds that there is some uncertainty regarding Moscow's attitude toward Finnish membership in the association.

Khrushchev's visit comes at a time when Kekkonen is reported to be pessimistic about the prospects for the West in the political and economic struggle with the bloc. Fearful that there is a real danger

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of war, particularly over Berlin, he regards it as imperative that Finland conduct a foreign policy having as its basic aim the development of "trustful" relations between the two countries. With this goal in mind, Kekkonen has actively encouraged increased

military, trade, and cultural contacts with the USSR. This has been evident most recently in Finnish moves to purchase increased quantities of Soviet military equipment and in a growing number of exchange visits by military officials of the two countries.

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**SOVIET LEADERSHIP SITUATION**

Khrushchev returned to Moscow from a month-long vacation on 28 August and promptly resumed his usual state activities. Shortly after his return, TASS announced that he would pay a courtesy visit to Finland--now scheduled for 2 to 4 September. On 29 August he received Japanese Socialist leader Suzuki, on the next day visited the Hungarian Industrial Exposition accompanied by Kadar, and on 31 August toured the Japanese Exhibition. Several other top Soviet leaders have also been absent, apparently on vacation during the past month, with only Brezhnev, Mikoyan, and Suslov consistently in Moscow.

With the ending of the summer hiatus, which has occurred also in past years, may come some clarification of the questions raised by the top-level reorganization in May, the summit collapse, and the sharpening of the Sino-Soviet dispute. A resumption of activity by the full Presidium may, for example, shed light on the relative ranking of Presidium members, the present relationship of the Presidium to the secretariat and of the secretariat to the Bureau for the RSFSR, as well as on the division of responsibilities in the now smaller secretariat. There remains, furthermore,

some underlying uncertainty as to the effect of the events of the last four months on Khrushchev's personal power

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All full and candidate members of the Presidium were at the 13-16 July central committee plenum at which party secretary Frol Kozlov, although he did not go to Bucharest, delivered the report on the Bucharest conference of bloc leaders. He may have been chosen for this assignment--rather than Khrushchev, who headed the Soviet delegation to Bucharest--to demonstrate the backing of the leaders "at home" for the stand taken by Khrushchev at the conference and thus to show a solid front against the Chinese. The choice of Kozlov gives support to the hypothesis that he is being groomed eventually to succeed Khrushchev.

Suslov, however, has been the most prominent of Khrushchev's subordinates since the July plenum. On two successive days, press photographs--a fairly reliable symbol of status in the past--showed Khrushchev flanked by Suslov and Kozlov, with Suslov the more prominent of the two. In addition, Suslov delivered five major speeches in less than two weeks in the latter half of July which, taken together,

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covered a wide range of Soviet domestic and foreign policies; in August he received several visiting foreign Communists.

Kozlov apparently left Moscow a few days after the plenum closed, however, and has since appeared "on vacation" with Ignatov in Bulgaria, where he has talked with Bulgarian leaders. Therefore, no definitive comparison of the assignments and relative ranking of Suslov and Kozlov can be made as yet.

Suslov delivered one of his speeches at a reception for representatives of the Soviet intelligentsia at a country place outside Moscow on 17 July. Although several other Presidium members, including Khrushchev, also spoke, Suslov's speech--the keynote address--was the only one published.

Subsequent accounts and "recollections" by Soviet intellectual figures published in the central press gave Khrushchev's unpublished speech at least equal billing. There has been no explanation thus far for not publishing Khrushchev's speech. The speech he gave at a similar meeting with representatives of the intelligentsia in May 1957, however, was not published for three months and then appeared in the party journal Kommunist as part of a major policy statement in the literary field.

At the time of the plenum, the Soviet leaders turned out in force for several "inspection" tours of the Moscow area. While these tours were probably related to the party plenum and were intended to highlight new Soviet industrial achievements, they, together with the meeting with the intelligentsia, consti-

tute an unusual display of "togetherness" among the top leaders in other than the usual protocol situations.

The choice of Kozlov to report on the Bucharest meeting and the increased role of Suslov suggest that Khrushchev may be divesting himself of some administrative responsibilities. This was also suggested by the May personnel shifts which, instead of concentrating Presidium strength in the party secretariat, spread it more evenly among the secretariat, the Council of Ministers, and the party bureau for the RSFSR. Khrushchev is now the only Presidium member to hold posts in more than one of these key ruling bodies, and he heads all three.

The reasons for this dispersal of administrative functions are not entirely clear. The suggestion that Khrushchev is under some pressure from his colleagues cannot be completely discarded; neither can the view that, faced with an unwelcome situation in international relations, a rising challenge from Communist China, and increasing complexities on the domestic front, he has sought to reduce his personal vulnerability to criticism by diffusing responsibility.

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[redacted] If he is forced to slow down, he could become less capable of holding his colleagues in check. So far there is no sign of a diminution in Khrushchev's personal prestige. If anything, the Khrushchev cult has been enhanced since May. In particular, recent speeches of his Presidium colleagues have been unusually adulatory, and a sports stadium

in Kiev was recently named for him, in direct violation of a 1957 law restricting such names to persons no longer living.

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This year's extended vacation period is nearly over. Activities this fall, with all Presidium members present in Moscow--except Ukrainian party boss Podgorny, who is normally in Kiev--should help clarify the Soviet leadership situation.

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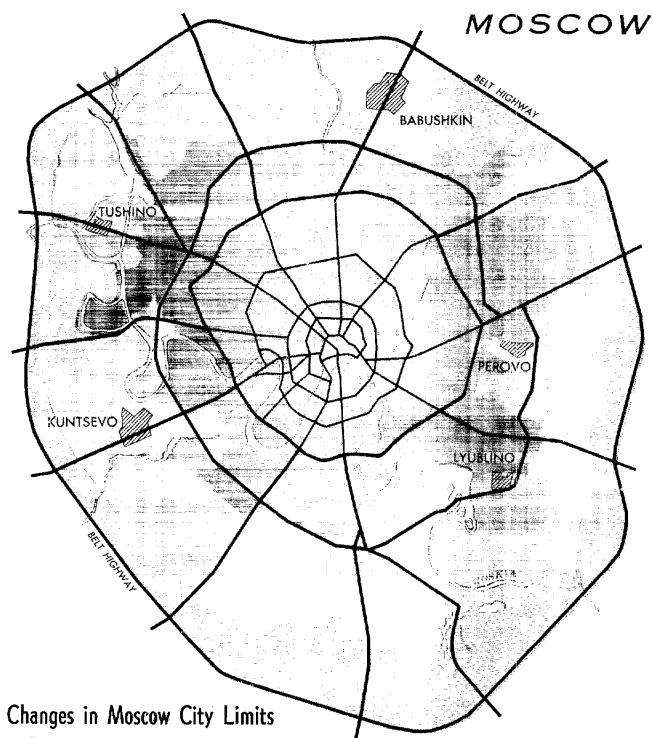
**MOSCOW'S BOUNDARIES EXPANDED**

On 18 August, Moscow's boundaries were extended and the urban area more than doubled, to 216,000 acres, and including all the territory encompassed by the belt highway being built around the city. With the expansion, which incorporates five smaller cities and several settlements, Moscow's population has been raised by about 500,000 to 5,600,000.

The principal aims of the extension are to provide building areas--no longer available within the old city limits--suitable for apartment developments and to increase the land available for recreational facilities sorely depleted by construction of a higher priority within the former city limits. The transfer should facilitate planning, development, and administration of the new areas.

The new boundaries are the outgrowth of a study now being made on the long-term

development of the city, 1960-1980. When complete, the study will replace a plan adopted in 1935 which provided for an ultimate population of 5,000,000 to be distributed over a city area of 154,000 acres.



Changes in Moscow City Limits

- City limits prior to change
- City limits proposed in 1935 urban development plan
- New city limits effective 18 August 1960
- City included within new city limits

Roads

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In 1956 a campaign was started to limit the further growth of the population of Moscow and other major cities in order to ease the tight housing situation and to channel labor eastward to new areas under development. Decrees were issued calling for a stricter enforcement of the passport system to reduce the number of temporary residents and restricting the number of workers enterprises could bring into the large cities. The construction of new factories, scientific institutions, and higher educational institutions in Moscow was prohibited, and some industries were to be transferred to the first new "satellite town" of Kryukovo, now under construction about 22 miles northwest of Moscow.

The campaign has apparently had only limited success. The 1959 census confirmed that Moscow's population had already exceeded the limit set by the 1935 plan and that this total was con-

finied to an area of about 85,000 acres.

The decision to extend Moscow's boundaries is an abandonment of the 1935 population limit and may mean a shift of emphasis from the "satellite city" concept of expansion. It also may be tacit recognition of the regime's inability to restrict the growth of major cities.

Under present construction plans, the per capita living space in Moscow can be improved only if the city's population growth is held within reasonable bounds. In order to raise the average living space to about 75 squarefeet per person--the level likely to be achieved by 1965--the population can increase only about 3 percent per year. The action establishing the new boundaries did not explicitly state that any changes would be made in the building and passport restric-<sup>25X1</sup>tions imposed by the 1956 decree.

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**MIDDLE EAST HIGHLIGHTS**Majalli Assassination

Jordan's capital city of Amman is calm, and the prevalent public reaction reportedly has been one of curiosity or apathy since the death of Prime Minister Hazza Majalli in a bomb explosion on 29 August. No anti-government street incidents have been reported. A curfew imposed after the bombing was lifted quickly, and the city has outwardly returned to normal. The most impressive aspect of the local situation has been the rapidity and effectiveness with which the police and army moved to control the city. In addition to Majalli, ten others were killed and at least 34 were wounded in the two explosions that wrecked the prime minister's office.

King Husayn has charged the UAR with "direct complicity" in the crime. Two messengers in the government's press bureau,

one a former employee of Cairo's Middle East News Agency, are suspected of having set the time bombs before crossing the border into Syria the day before the explosions. Both reportedly came under suspicion as participants in an abortive plot to assassinate Majalli last spring, but they had not been arrested. Amman radio claims that "Damascus now shelters...the murderers."

Cairo's Voice of the Arabs claims the event is "proof" that Jordanian "agents of imperialism" can no longer hold their positions. During recent months, Cairo broadcasts have included thinly veiled incitations to assassinate Jordanian leaders.

A new crisis in UAR-Jordanian relations accordingly seems imminent. The King, however, does not appear about to

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embark on any hasty or ill-considered counteraction. He has said the only direct move Jordan has taken vis-a-vis the UAR is to demand the extradition of the two assassins who are believed to be in Syria.

The King's new 11-man cabinet, which includes seven holdovers from Majalli's government, is led by Prime Minister-designate Bahjat al-Talhuni, formerly chief of the Royal Court and one of the King's closest advisers. The inclusion of Falah Madadhah as minister of interior and Ali al-Jabari as minister of justice, both of whom were tough as well as corrupt



TALHUNI

members of former Prime Minister Rifai's cabinet, suggests that the new government intends to impose strong internal security measures. After the assassination, Husayn signed death sentences for former Jordanian Maj. Gen. Sadiq Shara and Dr. Rifat Abdeh, leaders of a March 1959 conspiracy, in an apparent effort to provide the country with a stern example and perhaps to retaliate against the UAR in the belief that Shara had UAR backing. The King earlier had intended to commute their sentences to imprisonment.

Ironically, Talhuni was a bitter political foe of Majalli. Talhuni and former Prime Minister Samir Rafai vigorously opposed the parliamentary elections proposed by Majalli for this fall on the apparently sound assumption that Rifai's majority of supporters in the House of Representatives would be eliminated. When they failed to forestall the scheduling of elections, they succeeded in having an amendment to the constitution passed granting the King discretionary power to extend the life of the House of Representatives for as long as two years. Talhuni now may be able to persuade Husayn to exercise this power.

Rifai in recent weeks had irritated the King by his criticism of the Majalli government and his expressions of pro-UAR sentiment. Rifai was widely regarded as an "American" prime minister, while Majalli was considered a tool of the British.

Arab League Meeting

On 28 August, the day before the assassination, the prime ministers of Arab League countries concluded their conference in Lebanon with the usual flurry of endorsements of Arab amity and solidarity. One of Majalli's last official acts was to direct Radio Amman to implement an "agreement" reached earlier in the conference for a suspension of propaganda attacks by any other Arab state against another.

Although the Jordanian radio temporarily ceased its attacks on the UAR Government, Radio Cairo moderated only slightly its propaganda against Jordan. The Iraqi and UAR delegations to the conference showed

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a certain measure of accord, but Radio Baghdad, quoting Prime Minister Qasim, took the UAR to task on 28 August for its clandestine radiobroadcasts to Iraq, terming them "lying accusations made by criminal thugs."

The matters on which the Arab League foreign ministers were able to announce agreement are essentially those on which the policies of the individual Arab states have coincided for some time. Anti-Israeli resolutions call for joint policies to prevent Israeli diversion of the Jordan River, opposition to a World Bank loan to Israel for expansion of port facilities, protection for the Arab minority in the Negev, and efforts to "correct" the Iranian attitude toward Israel.

Agreement was announced to continue and expand support to the Algerian nationalists, to support Morocco's demand for the restoration of Mauritania, and to expand relations with the newly independent African states. Little progress was made, however, on the thorny question of the creation of a Palestine state entity and army, and the problem had to be referred to a committee for further study.

UAR-USSR-Iraq

UAR propaganda continues to lash out at the United States and praise Soviet economic aid. On 29 August the semiofficial government newspaper Al-Jumhuriyah, commenting on additional Soviet aid for the Aswan Dam project, said, "Russia has given us a loan of 900,000,000 rubles, while American gave us 900,000

Palestinian refugees.... In all crises and situations, Russia sides with us and America stands against us.... We are no longer standing at the crossroads; the dawn has arrived and we have seen who is a friend and who is an enemy."

The agreement for further Soviet aid for the building of the dam was signed in Moscow on 27 August. Providing for an additional \$225,000,000 in technical and material assistance, it raises to \$325,000,000 the amount of aid promised by the USSR for the complete construction of the project. The credit terms granted under this new agreement are expected to be even more favorable than those of the first.

Discussions now in progress in Moscow concerning the renegotiation of the Soviet Union's \$150,000,000 line of credit to Syria apparently will also be concluded successfully in the near future.

The USSR has extended its economic ties with Iraq as well as with the UAR. Negotiations were concluded on 20 August approving a \$45,000,000 amendment to last year's \$137,500,000 line of credit to Baghdad. The additional Soviet aid will be used to finance construction of the new Baghdad-Basra railroad line, as well as for necessary rolling stock and apparently a locomotive factory.

Qatar

Sheik Khalifa Bin Hamid, young nephew of the ruler of the British-protected Persian Gulf state of Qatar, is reportedly planning to attempt soon

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to oust the ruler and take control of the government. Khalifa

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[Redacted] believes he already has considerable backing among key political figures in Qatar and intends to circulate large quantities of leaflets to rally popular opposition to the ruler. Khalifa hopes to undertake a major government reform and economic development program.

The British might have little objection to such a governmental change in Qatar if they were sure it could be accomplished without violence. The ruler, now in his seventies, no longer takes much interest in the government. Popular resentment has grown over the extent and flamboyance of expenditures by the ruler and the 420 other members of the ruling family.

[Redacted]

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About half the country's population of 40,000 is non-Qatari, and many of these foreign nationals oppose the present autocracy. Most important, in terms of their potential subversive threat, are several thousand embittered, anti-British Palestinians. The police force, numbering some 1,200, is directed by a Britisher. Because it is composed almost entirely of foreign nationals, the force is extremely unpopular among Qataris; its effectiveness in time of emergency might be inhibited by the reluctance of the ruler to order it into action before civil disorders had become widespread.

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SHAH OF IRAN SEEKS TO AVOID BLAME FOR RIGGED ELECTIONS

The Iranian public had been promised free parliamentary elections by the Shah, but its hopes have been disappointed by the open rigging in favor of former Premier Eqbal's party. The elections which began in early August now have been suspended in districts where vote-counting has not been completed.

publicly expressed his dissatisfaction over the conduct of the elections and on 28 August accepted Eqbal's resignation. For several weeks the Shah has been under strong pressure from some of his principal advisers to declare the elections void and dismiss Eqbal as the scapegoat.

In an attempt to appease the public and shift the blame from himself, the Shah recently

The Shah probably has been reluctant to take such steps, however, because his many

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EMANI



SHAH OF IRAN



EQBAL

domestic enemies would be able to claim that their protests had forced his hand. Furthermore, Eshgar, since he became premier in early 1957, has been an unusually faithful executor of the Shah's will. Eshgar, bewildered by the Shah's action, believes he has been the victim of intrigue by Bakhtiar, National Police Chief Alavi-Moghadam, and others.

Sharif Emami, the 51-year-old pro-Western minister of industry and mines, has been appointed acting premier.

According to an Iranian radiobroadcast on 1 September, the Shah has asked the newly elected Majlis members to resign to clear the way for new elections, which he hopes to hold after the election law is revised.

The regime seems to lack the confidence to move against some groups which possibly could develop into serious threats to its stability.

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Another political group is forming with Ali Amini, former ambassador to the United States who was recalled for suspected involvement in a conspiracy against the Shah, as titular head. Allahyar Saleh, a popular former follower of ex-Premier Mossadeq, is to be the actual leader.

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**GREEK COMMUNISTS SEEK COMMON FRONT WITH OTHER OPPOSITION PARTIES**

Repeated but futile efforts have been made during the past few weeks to unify or at least achieve a greater degree of cooperation among the several Greek non-Communist parties opposed to the right-of-center government of Premier Karamanlis.

In early July, Sophocles Venizelos, leader of the largest remaining parliamentary faction

of the once-powerful Liberal party, called for "joint activity" by the nationalist opposition, but there was no significant response. Later in July, spokesmen for the recently organized but generally leaderless New Political Movement proposed a conference of all "national democratic parties" to discuss a program and choose a leader. This proposal, however, was

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rejected by all party spokesman to whom it was addressed.

On 17 August, Agrarian party chieftain Baltadzis suggested a reorganization of the "center" with Liberal-Democrat George Papandreou as leader, assisted by a strong administrative committee. Papandreou was willing, but other party leaders have shown little or no enthusiasm. Meanwhile, two other nationalist opposition politicians, Spyros Markezinis and former EOKA Cypriot leader George Grivas, favor a unified non-Communist opposition, but each insists on being the leader.

The Communists, acting through their front, the United Democratic Left (EDA), apparently have seen in the frustration of these proposals an opportunity to escape from the political isolation which has handicapped them since EDA's founding in 1951. On 21 August, EDA President Passalides sent identical letters to leaders of the "center" parties--except Grivas, whom the Communists regard as a "fascist"--proposing coordinated activity on four issues:

opposition to US bases in Greece, preservation of "democratic institutions," support for the working class, and introduction of a proportional representation system. Several party leaders refused even to discuss the proposal; the others rejected it after conversations with EDA spokesmen.

It is not expected that EDA will be deterred by these rejections from initiating other moves in its continuing drive for respectability through closer association with the non-Communist opposition. General elections must constitutionally be held by May 1962 and are probable in 1961. As the elections approach, EDA's proved vote-getting ability--24.4 percent of the popular vote in 1958--combined with an electoral law expected to favor the present government may entice some nationalists into open or secret collaboration with the Communists. This would increase the tendency toward polarization in Greek politics and the danger that all opposition to the present pro-Western government would coalesce around the Communists.

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**ALGERIA**

The Algerian rebels, anticipating discussion of the Algerian question by the forthcoming UN General Assembly, are seeking to line up support for their 22 August proposal for a UN-organized and -controlled referendum in Algeria. At the same time, while apparently careful not to close the door to any possible further overtures from De Gaulle, they are

seeking to maintain their guerrilla operations inside Algeria.

The rebels' provisional government has been much impressed by the UN intervention in the Congo which it hopes may set a precedent for UN action in Algeria. Its demand for a UN-supervised referendum to determine Algeria's political

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future was designed to counter De Gaulle's establishment of the four Algerian study commissions which are slated to begin deliberations in Paris during September. At the same time a rebel representative is reported to have gone to Switzerland on the off-chance that conversations with De Gaulle's emissaries are still possible.

Rebel Foreign Minister Belkacem Krim was able to secure from the Arab League foreign ministers' conference only a vaguely worded communiqué voicing Arab desires that the United Nations take the Algerian problem in hand.

Krim posed a dilemma for Tunisian President Bourguiba when he openly asked for Arab volunteers to assist rebel operations within Algeria. Bourguiba, who had refused to send a delegate to the league conference and thereby rekindled his quarrel with Nasir, probably would refuse to permit UAR volunteers to cross Tunisia. Such a refusal would invite renewed UAR charges that he is sabotaging Algerian independence efforts.

Algerian rebel leaders also are attempting to maintain guerrilla operations within Algeria, where they are hampered by lack of munitions as well as by intensive French military operations. The rebels have been unable recently to bring appreciable quantities of munitions or reinforcements through the electrified barriers on either the eastern or western frontiers. Current estimates of rebel strength are 15,000 men scattered in small units inside Algeria, with 16,000 in Morocco and Tunisia.

The rebels seem to anticipate that the establishment of the Soviet Embassy in Tunis may lead to greater Soviet support. Algerian liaison with Communist China, however, probably was temporarily disrupted by the loss in a Soviet plane crash of the Algerian representative to Peiping along with his staff.

In France, De Gaulle has scheduled a press conference for 5 September and a tour of Brittany from 7 to 11 September. He is expected to discuss a variety of topics, including Algeria, on these occasions and may make new appeals to the rebels within the framework of his 1959 self-determination program.

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**ELECTIONS IN THE MALAGASY REPUBLIC**

Parliamentary elections to be held in the newly independent Malagasy Republic (Madagascar) on 4 September will provide an important test of strength between President Tsiranana's pro-Western regime and the Congress Party for the Independence of Madagascar (AKFM), an ex-

tremist opposition party made up mainly of ultranationalists but dominated by militant Communists and fellow travelers.

At stake are 107 seats in the new National Assembly--the first central legislative body to be directly elected on the

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basis of universal suffrage. It will replace a 90-member provisional legislature hand-picked from provincial assemblies by Tsiranana and his allies in 1958 following their successful campaign in behalf of the De Gaulle constitution. This provisional body has largely rubber-stamped the proposals of the government, a coalition dominated by Tsiranana's Social Democratic party (PSD) and responsive mainly to coastal tribes anxious to prevent the more vigorous and nationalistic Merina tribesmen of the interior from regaining their former dominance.

Present indications are that this tribal friction, combined with the coalition's apparent continued strength in rural areas and the euphoria created by the republic's attainment last June of independence within the French Community, will enable Tsiranana's forces to retain control. In an attempt to assure this result, the PSD has joined with other moderate parties in presenting "national unity" lists.

In addition, Tsiranana has made a special effort to win the support of three widely popular nationalist leaders who returned to Madagascar in July after years of exile in France for the part they played in the 1947 Malagasy insurrection against French rule. This effort has met with success in at least one case, although another of the former exiles apparently has thrown in his lot with the opposition.

The leftist AKFM and its allies appear certain to win a substantial number of seats--the American Embassy in Tana-

narive estimates 20 to 30--in the new assembly. More dynamic and apparently better organized than the moderate parties, the AKFM reportedly also has more



TSIRANANA

campaign funds, supplied primarily by the French Communist party but also by bloc countries. The AKFM's main strongholds are the Merina-inhabited area around Tananarive and the northern city of Diego-Suarez, where Communist-controlled labor elements are influential. However, the party demonstrated strength in most other important urban areas in municipal elections held last fall, and its popular following appears to have grown appreciably since then.

Any significant AKFM bloc in the new legislature would enable the party's Communist leaders to expand their agitation for a shift away from the West--especially from France, to which Malagasy remains tied by "cooperation accords"--and toward the Sino-Soviet bloc. Such a course was clearly charted in resolutions adopted by the party's second national congress last July.

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**INDONESIA**

President Sukarno, the army, and the Indonesian Communist party have begun a new round of maneuvering which has heightened tensions and could lead to a definitive change in Indonesia's internal power picture. Since none of the three elements is sure of having the strength to dominate the others, however, and since Sukarno wishes to retain a balance between the army and the Communists, no early showdown seems likely.

The latest round of activity was precipitated on 17 August when, against the desires of the army, Sukarno dissolved the anti-Communist Masjumi and Socialist parties. The army reciprocated by banning on 19, 27, and 29 August, respectively, the activities of the Communist party and its front organizations in South Borneo, South Sumatra, and South Celebes.

Apparently in an effort to avert any major anti-Communist moves by the army, Sukarno on 22 August had ordered army chief of staff General Nasution to remove certain high-ranking officers from their present assignments. These included two deputy chiefs of staff who are actively anti-Communist, the regional commanders in South Sumatra and East and West Java, and the regional chief of staff in South Borneo. Nasution had resisted earlier suggestions from Sukarno that some of these changes be made and is reported noncommittal as to whether he will implement his present orders.

Sukarno is said to be "very angry" over the bans and to have told Nasution, after the South Sumatra ban, that prohibition of Communist authority should not spread further. Nasution allegedly replied that he could not guarantee the ban would be halted, since the regional commanders are acting legally and basing their actions on local security situations. At Sukarno's request, however, Nasution agreed to summon regional commanders to Jakarta on 10 September for a conference with the Central War Administration staff, which Sukarno heads.

General Nasution, although consenting to the bans when confronted by strong pressures from isolated regional commanders, had hoped to postpone local moves against the Communist party until he could organize united action from as many as possible of the 16 regional commands. He is concerned that these provincial moves could facilitate local united action against the Communists by army forces and the rebellious Federal Republic of Indonesia, a development which Nasution apparently feels would be detrimental to army as well as national political unity.

The Communist party has protested the army's ban to the attorney general's office and has asked the War Administration Office, which is headed by Sukarno, to review the army's action

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**CHINESE COMMUNIST FOREIGN MINISTER VISITS AFGHANISTAN**

Peiping appears generally gratified with the results of Foreign Minister Chen Yi's trip to Afghanistan from 21 to 27 August. The visit did not re-

ceive wide coverage in the Afghan press, inasmuch as it coincided with the Afghan independence celebrations. However, Chinese propaganda is giving

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the visit and the signing of a treaty of friendship and non-aggression heavy play as a shining new example of Peiping's "peaceful coexistence" policy in Asia.

While in Kabul, Chen Yi laid maximum stress on Peiping's peaceful pose. He alluded to the recent friendship treaty with Nepal, the nonaggression pact with Burma early this year, and Chou En-lai's recently renewed proposal for an atomic-free zone in the Pacific as examples of China's adherence to the Bandung principles.

The peace theme, along with a condemnation of "colonialism," also formed a major part of the joint communiqué issued at the completion of Chen's visit. Peiping appears to feel that joining in such denunciations, especially with free-world states, strengthens its efforts to portray the "struggle" against imperialism as a world-wide movement. During Chou's visit to India, Nepal, and several Southeast Asian countries this year, the Chinese made a special effort to have such a condemnation included in the joint communiqués.

The Chinese took advantage of Chen Yi's presence in Kabul for a show of good will toward neighboring Turkey and Iran. In the first known approach Peiping has made directly to either government, Chen held private conversations with the resident Turkish and Iranian ambassadors. The discussions were largely social in nature, with Chen avoiding reference to substantive issues. However, he did encourage an exchange of visits by private individuals as a steppingstone toward official exchanges. Chinese propaganda has portrayed the recent coup in Turkey as a successful "anti-imperialist struggle," and Peiping probably feels the time opportune for the initiation of closer relations with Middle Eastern countries which have been hostile or lukewarm toward it.

Chen stopped over in Tashkent on the way to Kabul and conferred with representatives of the Soviet Foreign Ministry. The coordination of Chinese and Soviet economic policy toward Afghanistan and other aspects of Sino-Soviet relations were likely topics of discussion.

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## PART III

PATTERNS AND PERSPECTIVES

## SOVIET UNEASINESS ABOUT CHINESE POPULATION PRESSURE

Soviet leaders publicly dismiss as provocative any suggestions that Chinese hordes pose a long-range threat to the USSR. The Russian man in the street has been franker to voice his misgivings, and there is evidence that his expressions of apprehension reflect uneasiness at official levels.

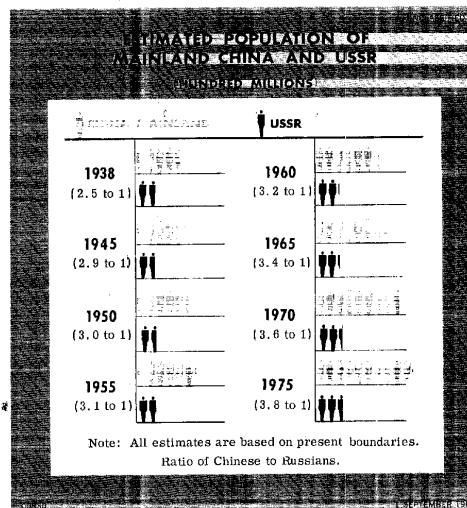
Siberian "Vacant Lot"

The attitudes--popular and official--are conditioned in part by the historical record. The population disparity between the Russian Far East and Manchuria occasioned grave concern in Russian circles both before and after the Bolshevik Revolution. The Chinese who crossed over into Siberia were few but even these were unwelcome. In 1900, the Russian authorities in the Amur-Ussuri region pushed the Chinese back across the frontier; nearly 5,000 lost their lives near Blagoveshchensk when driven into the Amur River.

In the Soviet era, the Russian interest in peopling the Far East continued and was implemented under the five-year plans. After Japan seized Manchuria, the question became all the more urgent; a lightly populated Far East, leaving Soviet armed forces critically dependent on supplies from Europe, would be an obvious handicap in a two-front war. Ten percent of the total budget in the Third Five-Year Plan (1938-42) was allocated to development of the Soviet Far East and East Siberia. The ethnic composition of the peoples of the area was considered to have its bearing on national security; by 1939 the authorities had removed the Koreans and Chinese to central Asia.

The defeat of Japan brought no diminution of the Soviet drive to people the Far East with Europeans. Financial inducements to persuade farmers to colonize Primorsky Krai on the Chinese border in 1957 included free transportation for the family, cash payments based on family size, credits to build homes and to stock farms, and exemption from taxes and state grain procurement for five years.

The skein of considerations that have impelled the Russian



authorities to encourage European migration eastward includes threads of economic interest, as distinct from problems of military security. An overland migration toward the Pacific would probably have occurred even if there were no Japan or China. The record suggests, however, that national security interests have carried considerable weight in the past, and that the size and racial composition of the population in the Soviet Far East remain matters of importance to military as

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well as economic planners in the Kremlin. The Russians presumably still recall the need to relocate suspect populations during World War II, and they are making no move to let down the barriers against a Chinese influx into Siberia.

Balance of Forces

The more sophisticated forebodings of a population expansion in China do not envisage the mere swarming of Chinese masses across frontiers. In the modern world, militant industrial societies can extend their areas of economic and political hegemony without exporting much manpower. The presumed danger to the USSR is not so much from the inflow of hungry Chinese as from Peiping's ever-growing ability to assert its political and economic interests as a world power.

Soviet thoughts probably dwell now and then on this danger, since so many Soviet formulations explicitly relate population size to shifts in the international balance. "The main content of our epoch," declared Radio Moscow on 22 November 1957, "is the transition from capitalism to socialism...." "Today more than a third of the population of the world--over 950,000,000 people--have taken the road of socialism." In addition, "over 700,000,000 people have shaken off the colonial yoke."

Moscow left unstated--but probably not unconsidered--the numerical distribution within the bloc. Some two out of three persons in the bloc were Chinese, and the proportion was getting higher. China would add the equivalent of about three Soviet Unions to its population by 1985. Striking as were the national totals, one had further to consider that the population disparity was particularly great in the Far East--remote from the main centers of Soviet power and on the very doorstep of China.

Considerations such as these, unarticulated but nonetheless sensed, may lie behind

the comments of ordinary Russians who on occasion talk frankly to Americans. Robert C. North, writing in The Reporter on 5 March 1959, recounts the incident of an American in Moscow explaining the attitude of New Yorkers toward the influx of Puerto Ricans: "... Suppose planeload after planeload of Chinese were dumped in Moscow." The American apparently made his point, for the response was said to be, "Yes, yes, now I understand." North quotes an agronomist in Moscow, "... In China we Russians have a tiger by the tail. We've got to hold on. There's no letting go."

Sentiments in this vein were also heard by a US Embassy officer who in December 1957 attended a lecture in Moscow on "The Economy and Culture of the Chinese People's Republic." The lecturer declared that China's population was approaching 800,000,000. At this point, one of the Russians in the audience muttered, "Yes, and soon they'll turn them loose."

Among officials, the talk is more circumspect, but Robert Tucker, who served Adlai Stevenson as aide and interpreter on his trip to the USSR in 1958, gives this impression of attitudes in party and government circles:

And the demeanor of some officials when the subject came up suggested strongly that the China problem is preying on the Soviet official mind. References to estimates of China's future population growth seemed in some cases to have a slightly depressing effect on them.

Pensive ruminations about the Chinese hordes seem to have had just this depressing effect on an official in the Soviet Ministry of Culture. At a reception in December 1959, he approached to a US Embassy officer and enlarged on the necessity of Soviet-American friendship; as far as the friendship with China went, well, the United States had once been a friend of China's too. The American observed that

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Sino-American conflict had been tempered somewhat by the ocean between. "Yes," replied the Russian, "but we do not have this ocean. We have a long land frontier instead."

Population and War

Popular distrust of the Chinese is apparently reinforced by reflections on the problem of survival in a nuclear conflict.

Semijocular statements by many Russians about China's large population were to the effect that China, not the USSR, would survive a nuclear war.

The humor is possibly tailored from cloth supplied by the Chinese themselves, who have often professed to disdain the destructive power of nuclear weapons. "The atom bomb," said Mao, "is a paper tiger.... In the end the bomb will not destroy the people; the people will destroy the bomb."

It was possibly to this position that Tito referred in a public address in 1958:

It is interesting that the Chinese leaders also assail us because of our foreign policy, the policy of coexistence of states and peoples with different social systems.... They are bothered by our peaceful policy, our policy of peace, our policy of coexistence. But difficulties in building

socialism are not solved by war, even if a country has 600,000,000 inhabitants--as some of their people like to point out--in a war still about 300,000,000 Chinese would survive.

Kremlin's Attitude

Tito's indictment and the misgivings voiced or intimated by some Russians may also have run through the private thoughts of the top Soviet leaders; they have not admitted to them publicly. Khrushchev took occasion to scorn the warning of one "bourgeois leader" who compared China's 600,000,000 people to Russia's 200,000,000 and suggested that aid to China would build up an eventual menace to the USSR. Khrushchev disdained the warning as tendentious, "not prompted by good intentions."

When interviewed by prominent Americans a few years later, the Soviet leader was equally vehement in rejecting the idea of a Chinese population threat. To Eric Johnston in 1958, Khrushchev averred, "China is a great country. By the year 2000 it may have a billion people, but Communist states never think of going to war with each other...there is no fear of China."

Walter Lippman in 1958 and Averell Harriman the following year received similar responses. To Harriman, however, the Soviet leader added some comments that may have reflected inner uncertainties. The Chinese people, Khrushchev said, presented a special and delicate situation, since they had their own way of looking at problems, and the Soviet Union did not want to tell them how to run their own country.

Khrushchev and his fellow policymakers, nevertheless, have viewpoints which are at variance with their public professions.

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As some high-level Poles interpret Khrushchev's attitude, the Soviet leader is sensitive to the eventual danger of an overflow of Chinese into the "Siberian vacuum." These Poles believe that apprehension of the "yellow peril" is an underlying factor in the Soviet premier's approaches for a detente with the United States.

Further insight into Communist thinking on the subject is afforded in remarks of Chang Kuo-tao, a former member of the Chinese Communist politburo. Speaking to a visiting American official in Hong Kong, Chang said that population pressure in China could not occasion a Sino-Soviet conflict for "at least scores of years." Chang evidently intended to belittle the issue but could not exclude its ultimate relevance for Sino-Soviet relations.

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The Kremlin's attitude appeared to be that the Chinese are too numerous, the Russians too few; that the Chinese are right to limit births while the Russians need men and more men in Siberia and elsewhere; and that the Chinese, comical yet disquieting, are a strange lot--with their pajamas, chemises, and only handfuls of rice.

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**USSR TO EMPHASIZE AIR OPERATIONS IN SIXTH ANTARCTIC SEASON**

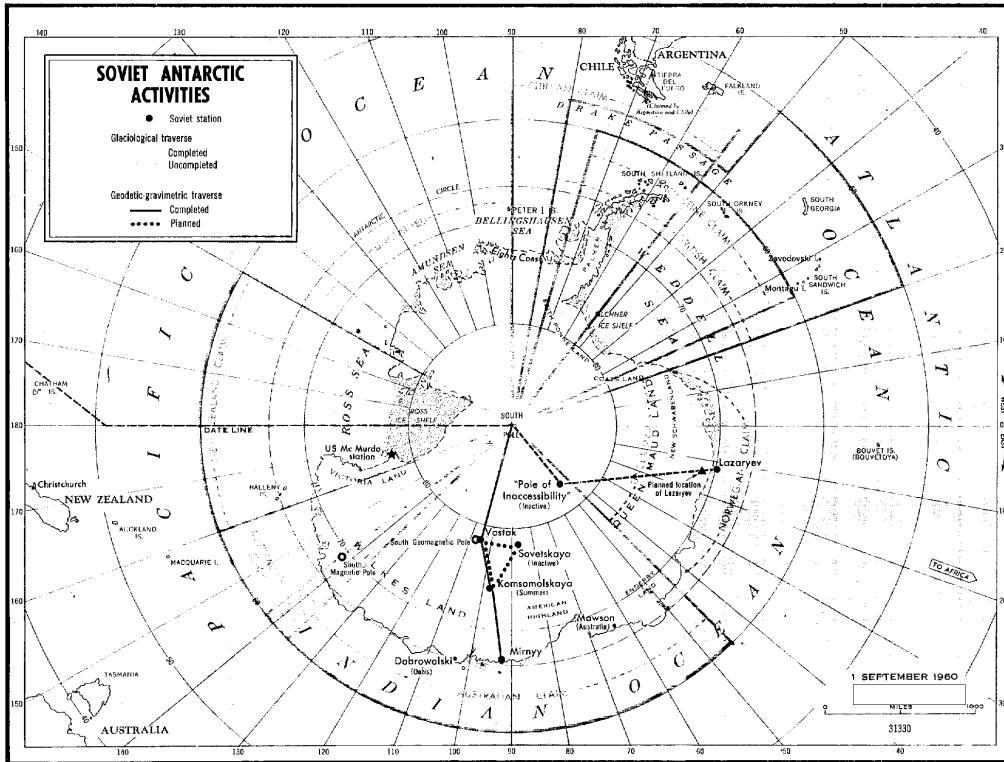
The USSR's plans for its sixth season in the Antarctic (1960-61) include continuation of its ambitious scientific program and the possible construction of an airfield suitable for the introduction of heavy aircraft at Lazaryev station, established early in 1959. Reports that Lazaryev will probably be moved to a more permanent site some 75 miles inland from its present coastal location and previous plans for an eventual increase in its winter staff to 25 suggest that the Soviet Union may be planning an indefinite stay. The research and supply vessel Ob, which took part in last year's expedition, is to begin operations earlier than usual this year, leaving the Soviet Union in October.

aircraft--probably an AN-12--announced by the Soviet Union earlier this year, will permit the expedition to increase its research activities significantly and reduce sea support to one vessel, the Ob. It may also enable the USSR to realize its long-held ambition of setting up an intercontinental link with the Antarctic bases. The US, which will have four ski-equipped C-130s in the Antarctic this coming season, maintains air communications between Christchurch, New Zealand, and McMurdo Naval Air Facility, Antarctica.

A ski-equipped turbo prop, together with the IL-14, LI-2, and AN-2 aircraft already used in Antarctic operations, could greatly increase the USSR's capability to broaden its scientific coverage by permitting numerous temporary observation stations in the interior and

Air Operations

The introduction into Antarctica of a heavy turbo prop



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along the coast. An increased emphasis on such mobile operations would follow a pattern developed in the Soviet Arctic, where hundreds of temporary observation points have been established from the Soviet coast to close to the Canadian Arctic Archipelago. Should the turboprop not be ski equipped, interior scientific activities may be limited to nonstop "flying laboratory" operations.

With the turboprop the USSR would be able to establish regular air operations between a refueling point in the southern hemisphere--possibly Cape Town, the present refueling point--and the Soviet stations in Antarctica. Although the USSR has not indicated this specific intention, it has been generally interested in the possibility of intercontinental communications with Antarctica for some time. In 1955 negotiations with Australia for Soviet transit flights between the USSR and Mirnyy were undertaken but not completed. Such operations would facilitate the transport of top scientists who otherwise could not be committed to a year-long operation or even long sea voyages.

The AN-12 has a sturdy structure and landing gear and is capable of operation from



GENERAL VIEW OF MIRNYY

remote unprepared sites and relatively short strips. Its turboprop engines operate more efficiently at higher elevations and lower temperatures than piston engines. The AN-12 has been used successfully in the Soviet Arctic for such activities as resupplying drift stations. Its major limitations in the Antarctic would be that its load capacity for the required ocean flight from Cape Town to Lazarev, a distance of over 2,000 miles, would be limited to 18,000 pounds, or about 70 percent of its normal operating payload. This would not affect the plane's value in research flights, however.

#### Research Program

Plans for the coming season include aerometerological, geophysical, seismic, and glaciological investigations, as well as studies of the dynamics of Antarctic waters. The completion of the precise geodetic and gravimetric survey from Mirnyy to Vostok--already complete as far as Komsomolskaya--is expected.

It is not known whether the USSR will try to complete a crossing of the Antarctic. Last season a party from Komsomolskaya went to the South Pole, then returned to Vostok instead of continuing to Lazarev. From February to April 1960, fuel, supplies, and equipment were delivered to Komsomolskaya for the expedition to continue on to Lazarev this season. A Soviet broadcast in July,



SOVIET TEMPORARY SCIENTIFIC CAMP

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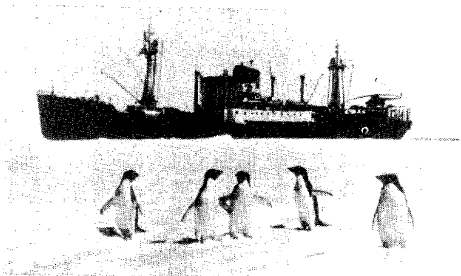
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however, referred to observations along the Komsomolskaya-Vostok-Sovetskaya-Komsomolskaya circuit" only, and emphasized the difficulty of access caused by the crevasses and mountains. This suggests that the planned crossing may be replaced by a series of temporary scientific camps airlifted by the turbo-prop aircraft from Lazaryev southward toward the "Pole of Inaccessibility" or toward Sovetskaya.

It is planned, as it was last year, to assign most of the geological and aerial mapping detachments for work along a 600-mile range in the mountains of Queen Maud Land, thus affording an opportunity for more extensive geological research than was possible in the predominantly ice-covered area of previous similar operations in eastern Antarctica. The USSR intends to propose an international geological mapping program to parallel its topographic mapping effort.



SOVIET RESEARCH AND SUPPLY VESSEL OB IN ANTARCTICA

In addition to conducting observations along the 12,000 miles of its round-trip cruise from Leningrad to Antarctica, the Ob will resume its annual oceanographic surveys, after resupplying Mirnyy and Lazaryev, returning again to the southern Indian Ocean. The program will presumably include gravity surveys, as have been carried out on previous cruises. The shift

of Lazaryev inland and an eventual increase in its winter staff probably will enable Soviet scientists to concentrate on extensive, previously unseen and unclaimed areas south of the Norwegian claim.

Whaling

A new whaling flotilla, consisting of 14 catchers and the new 40,000-ton factory ship, Yuriy Dolgorukiy, will begin operation in October. This will apparently be in addition to the Sovetskaya Ukraina and Slava flotillas used last season. Introduction of a third flotilla would strengthen the USSR's competitive position against the smaller nations, such as Norway and Japan, and may deplete whale stocks in the area.

Future Implications

The dynamic nature of Soviet activities planned this year--especially the addition of turboprop operations--will increase the anxiety of Argentina, Chile, and Australia and could hamper the pending ratification of the Antarctic Treaty. Both Chile and Argentina claim sovereignty over large areas of Antarctica and consider these to be legally an extension of their countries.

The USSR undoubtedly intends to make use of its Antarctic achievements in the creation of an image of superiority over the United States. A broadcast concerning the June all-union conference on research in Antarctica asserted that research by American expeditions cannot be compared with the successful results of Soviet research and cited as evidence the publication of nearly 500 Soviet articles and books on the subject since 1955, as compared with 40 American works during the same period. (Prepared by ORR)

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**AFGHAN ECONOMIC DEVELOPMENT**

Afghan Prime Minister Daud is relying heavily on rapid economic development to strengthen his regime and to reinforce Afghanistan's independence. This policy seems to be working well for the moment, since the economy is making good progress, particularly in the transportation field, and Daud is receiving the credit for the change. Although Daud's increasing reliance on Soviet aid may backfire in the long run by making his country and regime heavily dependent on the USSR, the Afghans seem ready to depend even more heavily than in the past on the USSR for material and advice in the Second Five-Year Plan (1961-66).

When Daud became prime minister in 1953, he apparently decided that the country was too weak and primitive to maintain its independence. In view of a lack of domestic funds and skilled workers and technicians for development projects, Daud felt that little progress would be made without foreign aid and without strong government participation and direction. These shortcomings are being felt even more keenly under this program of forced development, but he has been able to more than compensate for them by attracting ample support from abroad.

Considering the backward economy, the progress of economic development has been rapid. Most of the foreign aid has been concentrated on building up the country's transportation system. At the same time,

hydroelectric power resources are being developed. Progress in these fields will permit the development of commercial and industrial activity under the Second Five-Year Plan (1961-66). The development projects are creating a growing, although still small, reservoir of skilled and semiskilled workers.

Afghan commerce in food and consumer goods has increased during the past year, and the living standard, at least in the urban area, is presumably



KHRUSHCHEV AND DAUD EXCHANGING GIFTS

improving. The powerful Pushtoon tribes may present a problem for the government if they come to resent the concentration of projects in the cities and northern Afghanistan, where the Tadjik and Uzbek minorities live; at the same time, the Pushtoons are hostile toward government activity in their tribal territories.

Extensive government activity in the economy has discouraged private investment in new industrial plants, and foreign investors have made no significant response to Kabul's

invitations to build in Afghanistan. The government, for example, took over control of the Jangalak group of industrial shops in Kabul in order to facilitate acceptance of Soviet assistance in building new shops for the

**FOREIGN ECONOMIC AID TO AFGHANISTAN**

	(MILLION DOLLARS)									
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
UNITED STATES	21.0	0.3	2.0	20.9	2.0	18.1	20.5	33.9	17.2	6.7
WEST GERMANY				3.1*						
UNITED NATIONS	0.2	0.6	0.4	0.4	0.2	1.5	1.1	1.1		1.3
SOVIET UNION				3.7	2.1	100.0	15.0		36.6**	3.0
CZECHOSLOVAKIA					5.0			0.8		
<b>TOTAL</b>	<b>21.2</b>	<b>0.9</b>	<b>2.4</b>	<b>28.1</b>	<b>9.3</b>	<b>119.6</b>	<b>36.6</b>	<b>35.8</b>	<b>53.8</b>	<b>8.0</b>

\* EXACT YEAR UNKNOWN, APPROXIMATELY 1954      \*\* ESTIMATED

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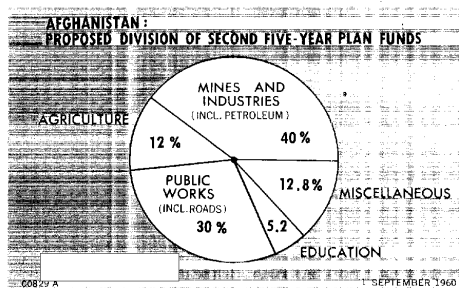
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group. The Gulbahar textile mill--the largest privately owned plant in the country--is rumored to be in danger of a similar take-over.

The Afghan Government has been trying to secure commitments for foreign support of the Second Five-Year Plan, which is to be drafted by this fall. Kabul has stated that it needs \$500,000,000 in foreign aid and is prepared to spend \$250,000,000 on the local costs of the plan. Since the government would have great difficulty in making such a large amount of local currency available for development after its ordinary expenditures, however, it is unlikely to be able to absorb a half-billion dollars in foreign aid during the plan period.

Although there have been rumors in Kabul that the USSR is prepared to extend Afghanistan credits of several hundred million dollars to underwrite the entire foreign exchange cost of the plan, the Afghan Government may hesitate to take on such a large additional debt. Following its decision in December 1957 not to accept further loans and to seek only grants, it has been fairly successful in securing grant aid to supplement the unused portions of earlier loans. The Afghans also apparently hope to balance Soviet assistance to some extent with aid from the free world. The Afghans signed a treaty of friendship and nonaggression during Chinese Communist Foreign Minister Chen Yi's visit to Kabul which ended on 27 August, but no announcement was made of any technical aid.

The size of the plan will probably be limited mainly by the government's ability to secure domestic funds. The deputy minister of planning claims the government intends to impose a variety of new taxes to secure this revenue.



Attempts to raise taxes have met with considerable resistance in the past, however, and even with the backing of the strengthened army, the government will have difficulty containing unrest among the taxpayers. If the government is able to increase its revenues, it will do well to utilize \$350,000,000 in foreign assistance; \$250,000,000 in such funds is being spent under the first plan.

There will be other pressures on Afghanistan's money supply during the second-plan period. By 1964, Kabul's payments on outstanding loans will reach a peak of about \$13,000,000 a year. In addition, the government presumably will have to devote more of its funds to maintaining its growing army, which becomes more expensive as it is modernized.

Increasing developmental activity probably will also generate greater need for Soviet support. Most of the foreign support for the second plan will probably come from the USSR, regardless of the announced size of the plan, although Kabul presumably will accept as much aid as it can get from free-world sources. Afghan willingness to accept a growing Soviet "presence" will probably continue as long as tensions with Pakistan persist, and these show no sign of receding.

As of last May, there were about 800 Soviet technicians--apart from military personnel--in Afghanistan. This number probably has increased to around 1,200 during the summer.

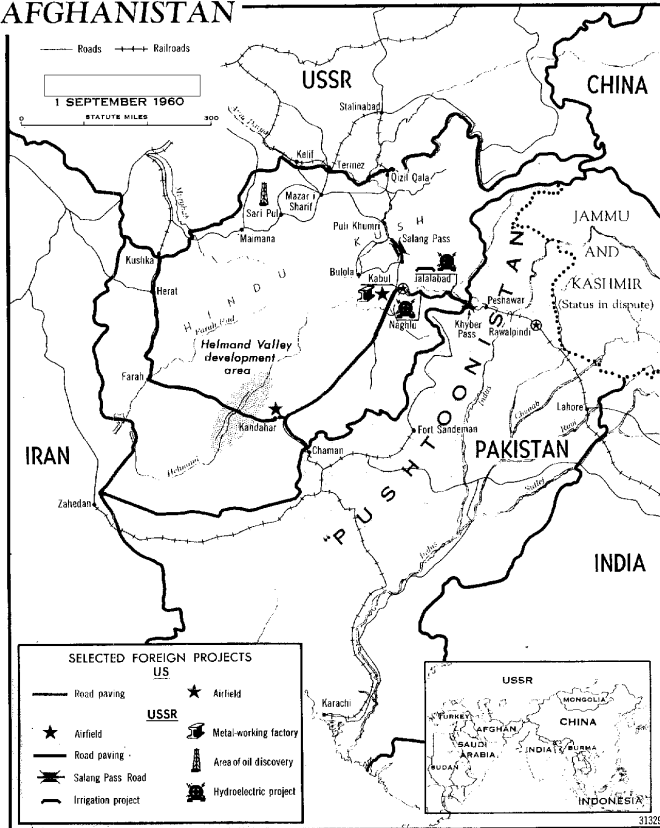
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**AFGHANISTAN**



al technical training facilities elsewhere in Afghanistan. In the past, the educational assistance field has been largely in the hands of Americans.

Soviet technicians have been working around the clock to rebuild Kabul airport into a facility which will rival the American-built Kandahar International Airport.

The Afghans expanded their program for hydroelectric-power development in January, signing agreements with the USSR to build two large dams on the Kabul River.

The discovery of oil by a Soviet exploration team last spring enhances Afghanistan's productive capacity. The discovery, however, is likely to lead Af-

construction season, the largest number in any nonbloc country. The most significant development in transportation during the past year was the beginning of work on the Soviet project to rebuild the Kushka-Kandahar road. The USSR's prompt start, in contrast with the delays in beginning work on the US project to rebuild the road from Kabul to Kandahar and south to the Pakistani border, has made a favorable impression on the Afghan Government.

The USSR is believed to have established a school in Herat, where several hundred Afghan technicians and skilled workers are being trained to work on the new road. Moscow may offer to establish addition-

ghanistan to further economic dependence on the USSR, whether the Afghans export crude oil to the USSR in return for refined products or build a small refinery with Soviet assistance.

With the new emphasis placed by Kabul on the importance of planning, a team of 24 Soviet advisers has been brought into the Ministry of Planning. Although some free-world advisers remain, the Soviet group is apparently being given more authority in the ministry.

The long-term danger in Prime Minister Daud's plans for economic development lies in his government's increasing dependence on Soviet support for the success of its basic domestic program.

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**THE BRAZILIAN PRESIDENTIAL ELECTION**

In the campaign for Brazil's presidential election on 3 October, the opposition's [redacted]

[redacted] Janio Quadros has gained strength steadily for the past three months and now is in a position to challenge the 15-year political dominance of

believe his election would lead to instability and possibly dictatorship.

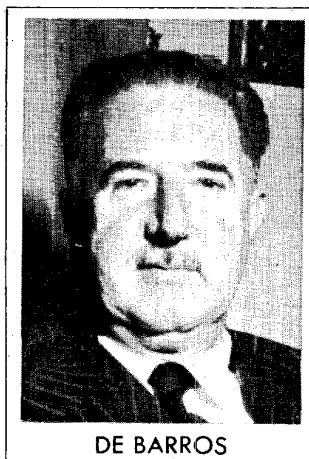
The key figure in the campaign is the PSD's President Kubitschek who, although ineligible to succeed himself, has refused to throw the weight of his great popularity behind his party's candidate, former War Minister Henrique Teixeira Lott. Kubitschek could probably turn the tide for Lott if he decided to campaign actively or ordered the PSD to supply all-out backing. The PSD and its balky coalition partner, the leftist Labor party, accepted Lott only reluctantly for lack of a more suitable candidate.

A third candidate, Sao Paulo's colorful [redacted] 25X6 mayor, Adhemar de Barros, polled nearly 25 percent of the vote in the four-way presidential election in 1955. He is a bitter personal rival of Quadros, and initially was expected to withdraw from the race, at a price, and throw his support to Lott. He has refused to negotiate, however, and declares he will remain a candidate to the finish.

In the vice-presidential race--a separate contest,



the moderate Social Democratic party (PSD). Quadros is backed by a diverse coalition of "out" parties which in the aggregate differ little in outlook from the government coalition. The sponsoring parties have virtually no control over Quadros, however, and a number of observers



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unrelated on the ballot to the presidential competition--the incumbent Joao "Jango" Goulart appears to be in the lead. Nominally linked to Lott as a candidate of the governing coalition, Goulart is also linking his name with Quadros in the Sao Paulo area, hoping to benefit from Quadros' control there. Goulart, an astute [redacted] politician and a wealthy rancher, is chairman of the Labor party.

Ten of the 21 states will hold gubernatorial elections on 3 October but no congressional seats will be at stake. The PSD holds the largest single bloc of seats in each house but does not have a majority.

The Issues

Domestic Policy: At the start of the campaign, in late 1959, the opposition believed it could capitalize easily on discontent over the rising cost of living. Quadros and his supporters also planned to attack "Kubitschek's folly"--the then half-completed capital at Brasilia--and other aspects of the administration's five-year economic development plan.

Quadros' plan of attack was undermined this year, however, by a series of Kubitschek successes, and Kubitschek emerged as a popular hero. Inflation in the first half of 1960 was less than 7 percent compared with 27 percent for the same period last year. The capital was moved to Brasilia on schedule despite the housing shortage there. The development program has met nearly all its goals except in wheat production, and the government has been able to conceal an impending balance-of-payments crisis from the public. All three candidates now endorse Kubitschek's program of rapid economic development, although Quadros claims he can remove certain inequities.

Quadros apparently has decided to exploit Kubitschek's new role as a statesman and, by refraining from direct attack, encourage the President to re-



GOULART

main aloof from the campaign. Thus the local issues have been reduced largely to questions of emphasis, method, and degree. Both Quadros and Lott favor increased emphasis on agriculture, improved health and education facilities, and greater freedom for labor unions, now virtual appendages of the federal government. For the first time in thirty years, the political debate is not centered on issues involving the late Getulio Vargas, self-styled "father of the poor" and creator of the neo-fascist "New State."

Foreign Policy: Kubitschek's "Operation Pan America," a plan for cooperative economic development of the hemisphere, has become accepted doctrine locally. For Brazilians, its validity was underscored in July when Washington announced it would seek funds for a new aid program in Latin America to combat social unrest. All three candidates also appear to accept the popular thesis that Brazil is an emerging world power.

Communism: The greatest divergences in the candidates'

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positions are on the questions of relations with the Sino-Soviet bloc, policy toward Cuba, and attitude toward domestic Communism. Lott is strongly opposed to expanding relations with the bloc. He regards Fidel Castro as a menace to the hemisphere and has spoken out strongly against the illegal but influential Brazilian Communist party. The Communists, operating relatively openly for the first time in more than ten years, are publicly supporting Lott, a fact that has created consternation and rebellion in the party rank and file.



The party committed itself to Lott very early in the campaign, apparently in the mistaken belief that since he held nationalist views, he could be led around to their anti-US position. The leaders also apparently believed Lott was a sure winner and undoubtedly hoped he would carry with him Jango Goulart--whom the party has always found tractable.

Janio Quadros

Janio Quadros at 43 is one of Brazil's most controversial figures. A political lone wolf

was a municipal councilman in 1949 and later as a state deputy and as mayor of Sao Paulo, he supported virtually every Communist and Communist-front activity in the state.

This year, in a bid to win the working-class vote, he visited Fidel Castro despite the protests of his advisers. Shortly before the recent inter-American meeting of foreign ministers, Quadros announced, "I am with those who are courageous enough to say that Fidel Castro deserves our confidence and our friendship."

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As governor of the industrial state of Sao Paulo from 1955 to 1958, he became a symbol of conservative "good government," using a broom as his political emblem. In contrast, when he



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While governor of Sao Paulo, he instituted more than 180 lawsuits against the local press for alleged slander and disrespect, and he deliberately set out to ruin a number of lesser state officials who disagreed with him on minor matters. On

25X6  
25X6  
[redacted] Marshal Lott reflected a considerable body of opinion when he stated in a recent speech that Quadros is capable of such

[redacted] behavior as to threaten the stability of the country. There have been rumors that a number of influential army officers believe Quadros completely unfit for office and may attempt to prevent his inauguration if he is elected. Lott would probably try to prevent such a coup despite his views on Quadros.

Quadros has said that as president he would renew relations with the USSR and recognize Communist China. In 1959 he visited Moscow and interviewed Khrushchev. He has publicly professed admiration for the independence of Tito and Nasir. One of his principal advisers confided to a US official that while Quadros is well disposed toward the US and will align himself with the free world politically, he favors a "third force approach" to economic relations. American observers in Brazil believe he will attempt to drive extremely tough bargains with Washington for economic aid. He favors private enterprise and foreign investment but insists he does not want Brazil to become overly dependent on any one country.

Quadros is a lawyer and schoolteacher by training; he is currently a federal deputy under the labor party label. He was expelled from the Christian Democratic party six years ago and since then has been associ-

ated briefly with two other small parties.

[redacted] 25X6  
[redacted] An oratorical spell-binder, he has never lost an election in his 13-year political career.

Henrique Teixeira Lott

Lott, a 66-year-old career army officer--holding the rank of Marshal of the Army--had never been involved in politics until his appointment as minister of war in 1954. He resigned this post early this year to run for the presidency. Lott is still politically inexperienced

[redacted] 25X6  
[redacted] conscientious and methodical public servant, Lott is conceded an impeccable personal and professional reputation, even by his enemies.

Lott is strongly oriented toward the United States, particularly in defense matters. During World War II, he spent a year at the US Command and General Staff School and from 1946 to 1949 was military attaché in Washington. His only son is presently assigned to the air attaché's office in the Washington embassy, and one of his five daughters is married to an American and living in the Washington area. Denouncing Quadros' neutralism, Lott said in a 25 August television speech that such a policy is inadmissible, since it implies "abandonment of the defense of the moral and cultural values in which the whole democratic world is engaged."

Although innately conservative, Lott is somewhat nationalist and statist in his views,

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as are most Brazilian army officers. He is a staunch defender of the national petroleum monopoly (Petrobras) and shares Quadros' view that foreign investors should be restricted in the amount of profit they can take out of the country annually. At the same time, however, he has sharply attacked the Communist thesis that American mining companies are plundering the nation's resources, asserting that the Communists have no real interest in Brazil's welfare but rather are serving Moscow's interests.

Lott's rise to political prominence began in 1955 when, as war minister, he persuaded the congress to oust acting President Carlos Luz. Luz was believed to be plotting to prevent the inauguration of President-elect Kubitschek and Vice President Goulart, whom many people considered too closely connected with the discredited Vargas regime deposed in 1954. Lott had voted against Kubitschek and Goulart in the October 1955 election, but insisted that since they had been legally elected they must be permitted to take office. During

Kubitschek's first turbulent year in office, Lott was the mainstay of the administration.

Adhemar de Barros

Adhemar, who like most professional politicians in Brazil prefers to be identified by his first name alone, is the colorful and popular mayor of Sao Paulo. He also heads the Popular Socialist party, a mixture of lower middle class and nouveau riche elements.

He is an able administrator, anti-statist in his views, and firmly committed to alignment with the West. He was trained as a medical doctor--serving his internship at Johns Hopkins--but has spent 25 of his 59 years in politics and views complacently the popular phrase "Adhemar dips into the till, but he gets things done."

Of the three presidential candidates, he would probably adjust most easily to the responsibilities of chief executive and would probably cause fewest dislocations, but he is given only an outside chance to win. He placed third in the four-way presidential race in 1955.

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