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CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****WEEKLY REVIEW****CONGO**

The atmosphere of bitterness between the UN Command and Congolese army elements may lead to new shooting incidents, and further setbacks for the UN effort in the Congo. Congolese soldiers, who apparently do not want to fight each other, are nevertheless deeply suspicious of UN intentions to disarm them. They react spontaneously to any imagined threat of UN interference, as in the incidents with UN Sudanese and Canadian troops in Matadi.

Secretary General Hammarskjold, following an emergency meeting of the UN's 18-nation advisory committee, reportedly ordered Dayal to "hold" the Congolese ports at all costs, and to "retake" them with force if necessary. However, Foreign Minister Bomboko on 6 March said that Matadi would not be returned to UN control pending a full investigation of the disorders. There has been no further fighting in the area since 5 March, but the Congolese remain suspicious of the UN. The Leopoldville government, playing on this distrust as well as on the scarcity of employment in the area, recently recruited some 12,000 Congolese volunteers by calling for "mobilization" against UN "tutelage."

Hammarskjold is believed planning early action to try to improve the UN's local posi-

tion. The recall of Rajeshwar Dayal from Leopoldville to New York--ostensibly for consultation--probably is a first step by Hammarskjold to ease him out of the Congo picture permanently. Makki Abbas of the Sudan has been announced as the UN's acting representative in the Congo.

The attack on the Sudanese UN force led Khartoum to announce that all of its 390 troops in the Congo are to be withdrawn. Its charge that UN officials were "negligent" in their deployment of the force and did not adopt a firm attitude toward "imperialists" is partly a cover for the ineptitude of the local Sudanese commander and a poor performance by his unit. However, Sudanese officials state that their government will continue to refuse to allow UAR and bloc aid materiel to be sent across the Sudan to the Stanleyville regime.

Another African moderate, Tunisia, is concerned that deteriorating conditions in the Congo will leave it isolated from other Africans in its support of the UN. Nevertheless, it has sent an additional 600 men to reinforce its 2,600 troops already in the Congo.

More significantly, India plans to send an additional force of 4,730 men--of whom

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3,000 will be infantry troops. They are scheduled to leave New Delhi on 14 March and will be the largest national contingent in the Congo. Nehru apparently has interpreted Khrushchev's recent letters on the Congo and UN reorganization problems as a deliberate attempt to isolate India from the leading African neutralists and thus counter New Delhi's restraining influence.

The Indian position may have influenced Indonesia, which announced on 7 March that it would send a battalion to the Congo to replace the one being withdrawn, "in view of the latest developments." Djakarta apparently is pinning its continued participation on effective implementation of the latest Security Council resolution.

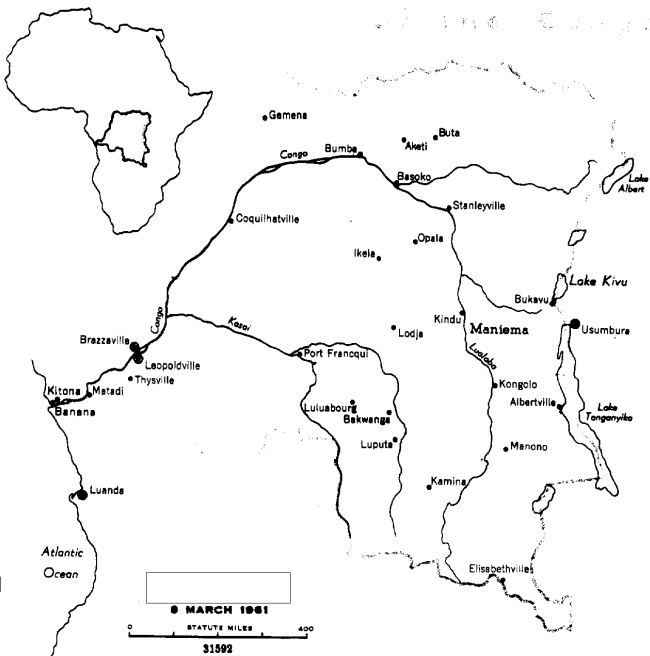
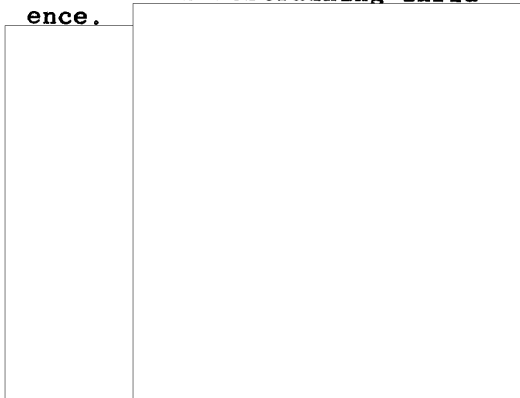
Support of a somewhat backhanded kind for the UN was voiced by President Nkrumah of Ghana during his 7 March speech before the General Assembly. He called for a strengthening of the UN under a "primarily" African command. He further modified his earlier proposals, which would have excluded European units in the UN force and would have put Asians in a subordinate role.

Nkrumah told American officials he would be satisfied with either an African or Asian as UN military commander and with some increase in the Afro-Asian membership in the UN staffs. He presented these proposals--which may have originated with General Alexander, the British commander of the Ghanaian armed forces--as a means for stimulating a willingness among uncommitted nations to furnish troops.

The Ileo government on 8 March sent the UN a proposal

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for reorganizing the Congolese Army. Although the government's suggestions are hedged to retain Congolese control, their substance is fairly moderate. They envisage the establishment of a joint UN-Congolese defense council, headed by a "neutral" officer responsible to Kasavubu. The proposals also express the Leopoldville government's willingness to begin with the reorganization of Mobutu's troops, provided firm agreements are made with other regimes for similar steps. There is no indication that these proposals would be accepted by the troops concerned, who are largely unresponsive to civilian authority.

The UN's military problems may be increased, however, if General Mobutu carries out his attack on the Stanleyville regime. Urged on by Leopoldville political leaders, Mobutu reportedly has reluctantly agreed to strike at Aketi, where the Stanleyville forces have gasoline reserves, and possibly at Stanleyville itself. His 4,200 troops in Equateur Province are widely dispersed although relatively well supplied with arms, ammunition, gasoline, and reserves. It is still problematic what if any action they will take.

The success of the reported coup against Gizenga in Stanleyville was unclear as of 1200

hours on 9 March. No information has been received concerning the reaction of the armed forces in Orientale Province, without whose cooperation or acquiescence no change could take place. General Lundula, Gizanga's military commander, reportedly took part in the coup, but he commands little respect among his troops. Friction has long existed between Gizenga's "central government" and local, tribally based authorities, which have tended to be more moderate.

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The "legitimate government's" control over Kivu Province may be facing an increasing challenge; on 4 March, Antoine Omari proclaimed the state of Maniema--in western Kivu--and announced his desire to cooperate with the Leopoldville regime. It is probably an effort to align with the anti-Communist grouping of

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Tshombé, Kalonji, and Ileo announced on 28 February, but it is doubtful that Omari controls enough of Kivu Province to make this move of any real significance.

The conference of Congolese leaders being held at Tananarive in the Malagasy Republic finally got under way on 8 March despite the absence of Gizenga. Tshombé, who convened the conference, is so far dominating the proceedings and is using the general opposition to the UN in an attempt to weld the participants into a united front. The apparent willingness of Ileo, Kasavubu, and Kalonji to let Tshombé take the lead is enhancing his prestige at their expense. The Katanga leader has proposed increased military cooperation among the various regimes in the Congo, but in view of the political rivalries, little of significance is expected to materialize.

President Youlou of the neighboring state comprising former French Congo has called for another conference on the Congo problem to follow the Tananarive meeting, but a more representative gathering may be the international one under consideration by President Tubman of Liberia. He has invited several prominent West African leaders--Nkrumah of Ghana, Touré of Guinea, Houphouet-Boigny of Ivory Coast, Keita of Mali, and Balewa of Nigeria--to cosponsor an early meeting of the heads of all African states to prepare

proposals for submission to the resumed UN General Assembly session. Touré, Keita, and Houphouet-Boigny have supported the idea; Nkrumah has replied that the Casablanca conference produced appropriate proposals; Balewa has not yet answered.

In Leopoldville, US and UN officials believe that there is little time remaining before inflation gets completely out of control, with the consequent possibility of disorders among the hitherto relatively quiet civilian population. The UN Command has failed to provide leadership in the economic field as a result of its preoccupation with political questions. The situation is further complicated by Dayal's ignorance of economic factors and his tactic of withholding budgetary support as a means of pressuring the Leopoldville government.

The benefit of foreign aid furnished so far has been reduced by the lack of coordination as well as inefficiency and venality on the part of Congolese officials. UN financial experts in Leopoldville believe that the establishment of a flexible fund under UN control is the only way to salvage the economic situation. The danger is particularly acute in Leopoldville, where most of the working force is unemployed and vulnerable to inflation in basic commodities.

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LAOS

The Boun Oum government has suffered a serious reverse around the Phou Khoun road junction, now under control of Kong Le - Pathet Lao forces. Earlier this week these forces initiated aggressive probing actions against the government's advance positions a few miles east of the junction. Capitalizing on a premature withdrawal by government troops, the original platoon-size attacks were broadened successively to the eventual commitment of two battalions. Enemy forces are now consolidating their position around the junction, and may be encouraged by their success to seek further limited military gains.

Government forces have regrouped a few miles north and south of the junction along the Vientiane - Luang Prabang highway, and reinforcements are being rushed to Luang Prabang to guard against any attack on the royal capital. Government spokesmen are trying to minimize the seriousness of this development, but the poor showing by Vientiane's troops carries grave implications for Vientiane's over-all military and political efforts.

Despite General Phoumi's apparent willingness to go a long way toward meeting Souvanna's terms for a settlement in their 9-10 March talks in Phnom Penh, there are major obstacles to overcome, including Souvanna's awareness that any arrangement would have to offer real hope of a rapprochement with the Pathet Lao. Souvanna, anticipating an eventual international conference on Laos, plans to leave this week end on a tour to include discussions in Rangoon, New Delhi, Cairo, Paris, London, Moscow, Peiping, Hanoi, and possibly other capitals.

Phoumi's mission to Phnom Penh has been the subject of closely held discussions among Laotian leaders, including King Savang. Former Finance Minister Inpeng Suryadhay, who had been with Souvanna in Phnom Penh, has acted as an intermediary between the two camps in hopes of arranging a compromise. Savang's attitude is obscure, but recent press handouts by the Boun Oum government have expressed hope that Souvanna will be willing to act as a "bridge" between Vientiane and the Pathet Lao.

Phoumi intends at Phnom Penh to give a full explanation of the government's neutrality policy and desire to form a new government including Souvanna and all nationalist elements. The question of Pathet Lao representation would be deferred to a later stage. If Souvanna is unwilling to join such a new government, another possibility would be for him to return to Laos to act as a mediator between the two sides. Phoumi, however, has not elaborated on this rather vague concept. Phoumi rejects the idea of early general elections but is not opposed to supplementary elections to give the Neo Lao Hak Sat party a voice in the National Assembly.

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In recent discussions with Western diplomats in Phnom Penh,

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Souvanna has stressed the urgency for a political settlement in Laos. Judging from the reception he received from the people during his visit to northern Laos, he feels the Communists could still be kept from a position of dominance, but that time is growing short. He said Pathet Lao leader Souphannouvong had agreed with him that Laos should follow a policy of "Cambodian-type socialism."

Cambodian officials, including Sihanouk, are inclined to doubt that Souvanna can salvage the situation from the Communists, and have voiced skepticism over whether he is even a free agent. Sihanouk's concern over developments in Laos accounts for his continuing efforts to arrange a conference in hopes of reaching East-West agreement on a neutralized Laos.

In a recent discussion with Ambassador Trimble in Phnom Penh, Souvanna suggested a course of action which he felt would obviate the need for an international conference, provided both East and West agreed to guarantee Laos' neutrality. Souvanna said he would submit his resignation if the King replaced the Boun Oum government with a caretaker government composed of civil servants which would be responsible for preparing general elections. The elections would be supervised by an international commission, and the countryside disarmed, except for

police. Souvanna made it clear, however, that he believes the eventual establishment of a government of national union, including the Pathet Lao, is essential for Laos.

The bloc shows no sign of readiness to end hostilities in Laos or abandon its demand that an international conference be called before any commission is sent to Laos. It seems unlikely, therefore, that it would welcome Souvanna's suggestion that an international conference could be obviated by depositions pledging to respect Laotian neutrality which various interested nations would file with the UN.

The Communists probably would be equally unenthusiastic about Souvanna's proposal to put the King in charge of a caretaker government--in which they would see the possibility of US influence but little or none of their own. Their stand on an international conference reflects their belief that this approach offers the best prospect for the creation of a Laotian government with strong Pathet Lao participation.

in late February there were about 150 North Vietnamese specialists attached to a group of 800-1,000 recruits of the 2nd Paratroop Battalion located southwest of

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Muong Kassy. North Vietnamese were assigned to the Pathet Lao in the ratio of 8 per platoon or 25 per company. Pathet Lao in this area reportedly have 158 81-mm. mortars,

over 200 60-mm. mortars, 100 bazookas, 200 automatic rifles, and 200 light machine guns which were dropped by Soviet aircraft at Vang Vieng earlier this year. [REDACTED]

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FRANCE-ALGERIA

De Gaulle and the rebel provisional Algerian government (PAG) both seem to be trying to reassure each other through goodwill gestures and statements that early formal negotiations on an Algerian solution are possible. As terrorism and military activity in Algeria continue at a high level, prospects for high-level negotiations appear to turn for the moment on the question of a cease-fire. There is some evidence that a cease-fire arrangement may be in the making, and that secret lower level discussions--possibly on substantive problems--may already have begun in Geneva.

De Gaulle's reported imminent release from prison of Mohammed Ben Bella, the rebel vice premier whom the French kidnaped five years ago, will fulfill a demand Tunisian President Bourguiba made during his talks with De Gaulle on 27 February to show evidence of French good faith. Ben Bella is apparently to be transferred from an island fortress to "controlled

residence" near Paris. His release is expected to reinforce the moderate faction of the PAG headed by premier Ferhat Abbas. The PAG, while pressing for public negotiations, continues to maintain a conciliatory attitude.

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rebel leaders are confused by De Gaulle's implied promise to Bourguiba that a cease-fire would not be a precondition for direct negotiations, and a subsequent "authoritative" French statement reversing this position. A member of Premier Debré's entourage made a statement along the same lines. On 7 March both Debré and the PAG denied press reports that a truce agreement had been reached.

However, the PAG "delegate" to the UN told US officials on 6 March that the rebels had proposed to the French that both sides simply agree at the beginning of negotiations to stop

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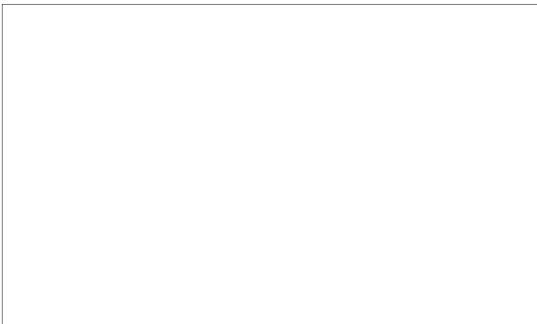
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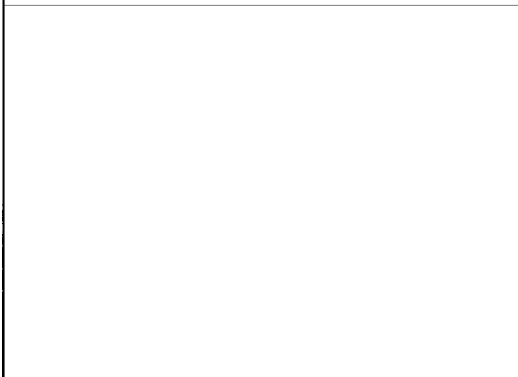
fighting, without entering in-
to any formal agreement. Such
a solution might be acceptable
to De Gaulle in view of his re-
cent blurring of the cease-fire
issue.

and still powerful elements
on both sides within Algeria
which could precipitate in-
cidents to block successful ne-
gotiations.

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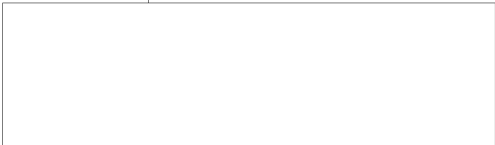
There, nevertheless, are diverse

CUBA

Opposition elements are
maintaining their campaign
against the Castro government
through a variety of activi-
ties. Sabotage attempts against
industrial installations and
public utilities are occurring
frequently, and many tons of
sugar cane have been reported
burned.

though reports of government
seizures of supplies intended
for opposition forces suggest
that anti-Castro operations
there have been considerably
reduced.

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Castro's 4 March speech,
delivered at ceremonies mark-
ing the first anniversary of
the explosion of an ammuni-
tion ship in Havana harbor with
a large number of casualties,
blamed the United States for
all activity against his re-
gime and taunted the anti-Cas-
tro exiles for not attempting
to invade Cuba and reinforce

Fighting is continuing in
the Escambray Mountains, al-

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the guerrilla bands, which he claimed are being "mopped up" in Las Villas and Oriente provinces. He ridiculed attempts to supply opposition forces by means of air drops and said that the regime had captured all such materiel and would soon exhibit it in Havana so that foreign newspapermen and diplomats could view it and "decide to whom it belongs and who intervenes in affairs of others."

President Dorticos, addressing the first Latin American plantation workers' conference in Havana on 4 March, frankly exhorted the delegates to follow the Cuban example on agrarian reform in their own countries--a statement sharply contrasting with the Castro regime's recent protestations to other Latin American governments that the Cuban revolution would not be "exported" to their countries.

Argentine Ambassador Amoedo, who is regarded as the most knowledgeable Latin American ambassador still assigned to Havana, recently told Foreign Ministry officials in Buenos Aires that he believes anti-Castro activity in Cuba will shortly be intensified. He said that Cuba's economic situation was "crumbling" and that many of Castro's aides were deserting him. While Amoedo's report on the economic situation is probably

exaggerated, it is clear that Castro's opposition is becoming bolder.

Cuba's circular note of late February welcoming Latin American efforts to mediate differences between the United States and Cuba elicited a response from the Frondizi government in Argentina announcing its intention to send special envoys to Havana and Washington in order to seek means of easing tension between the two countries. This action was probably intended as a gesture to impress public opinion both at home and abroad, inasmuch as, among the large Latin American countries, Argentina has been the strongest critic of Cuba and has supported only multilateral consideration of the Cuban problem. Argentina as well as most other Latin American countries criticized a recent Ecuadorean mediation offer inspired mainly by propaganda motives.

Argentine officials asserted that the Frondizi government wanted to demonstrate that all the possibilities of negotiating the return of the Castro regime to the inter-American system has been exhausted. Cuba declined the Argentine offer on 8 March, basing its action on the assertion that the US "does not want to sit down and talk" about its differences with Cuba or reduce hemisphere tensions, as Castro charged in his 4 March speech.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET - WEST GERMAN RELATIONS**

It appears increasingly likely that Adenauer will invite Khrushchev to Bonn sometime this year, perhaps as early as June. Although it is unlikely that a meeting between the two would produce any basic understanding between Bonn and Moscow, Adenauer probably feels it would give him an opportunity to explore Soviet intentions on Berlin and to try to get any four-power negotiations postponed until after the West German elections in September. He may also feel that direct talks--which would demonstrate his flexibility in dealing with the East and possibly produce Soviet agreement to continue repatriation of German nationals in the USSR--would enhance his prestige with the German voters.

Soviet efforts to arrange a visit date back to the Soviet premier's letter to Chancellor Adenauer in October 1959, when the former clearly hinted at his desire for such a meeting. When Bonn failed to respond, Khrushchev informed West German Ambassador Kroll in January 1960 that he would like to visit Bonn after a summit meeting. The overtures were dropped after the collapse of the summit, but Khrushchev revived the question again in his talks with Kroll last October. As a gesture to improve the atmosphere, Khrushchev agreed to delete critical remarks about Adenauer from a speech he was to deliver on 20 October, and Soviet spokesmen followed up with broad hints that Khrushchev would welcome an invitation.

At the same time, Khrushchev made overtures to West Berlin Mayor Brandt for private talks. During Khrushchev's

visit to Austria last July, Foreign Minister Gromyko gave Austrian Foreign Minister Kreisky a memorandum, intended for Brandt, explaining the Soviet position on Berlin and strongly hinting at the desirability of bilateral discussions.

Soviet officials in Bonn sought to play off Brandt's opposition Social Democratic party (SPD) against Adenauer by informing SPD leaders in early November that, while bilateral talks with the Bonn government had already gone quite far, Moscow was still interested in learning of SPD views. Brandt's cool reaction to these overtures and the SPD's support for NATO and nuclear armaments during the party congress in November evidently convinced the Soviet leaders that little could be gained from talks with Brandt.

Khrushchev was probably encouraged by Adenauer's recent efforts to obtain some clarification of Soviet intentions on Berlin and Germany. The chancellor sounded out Moscow through the Austrian and Norwegian foreign ministers and publicly hinted in November that he was considering extending an invitation to the Soviet premier. Khrushchev indicated to Kroll on New Year's Eve that he was impressed with Adenauer's role in resolving the impasse in the Soviet - West German trade negotiations and expressed dislike for Mayor Brandt.

Adenauer has frequently indicated that Khrushchev is a man one could talk to.

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the memorandum's claim that the Soviet proposals for a German peace treaty open wide possibilities for Bonn to protect its interests in West Berlin.

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Although any talks between Khrushchev and Adenauer would undoubtedly include discussion of the Berlin situation, Adenauer has assured Brandt that he has no intention of negotiating unilaterally with the Soviets about Berlin's future and has frequently stressed that the Berlin problem remains a four-power responsibility.

Moscow carried forward its efforts last week to promote bilateral discussions by publishing its 17 February memorandum to Bonn on the Berlin and German questions. The memorandum stressed that both sides should spare no effort to achieve mutual understanding on major political issues. It also emphasized that the "wider interests" of the great powers will determine the outcome of disputed issues and strongly implied that the US might negotiate a settlement on Berlin over Adenauer's head.

As an inducement for bilateral discussions prior to four-power negotiations, the memorandum assured Bonn that in the event of German counterproposals the USSR was prepared to "display maximum understanding of the wishes of the Federal Republic and take them into account during negotiations." Soviet propaganda has stressed

Khrushchev's long interest in bilateral talks with Adenauer probably reflects his belief that such discussions could be used to probe for Western differences prior to four-power negotiations and arouse suspicions of a Soviet-German deal. The Soviet premier's main objective in talks with Adenauer probably would be to take advantage of the chancellor's desire to avoid any appearance of obstructing settlement of the Berlin and German problems to elicit a statement which the USSR could represent as endorsing the Soviet contention that the "abnormal" situation in Berlin must be adjusted.

Moscow would view any statement which even implied West German support for an interim solution in Berlin as a valuable device to weaken the West's bargaining position in future high-level negotiations. Khrushchev may also feel that bilateral talks in Bonn this summer would make it difficult for Adenauer to oppose a four-power conference before the German elections.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****MALI**

Mali's six-month-old regime, heavily influenced by Marxist ideas, is moving to reduce the predominant French role in the Malian economy and to introduce a system of state socialism.

As French commercial interests are being forced out by monopolistic state-controlled corporations, new opportunities are opening for the Sino-Soviet bloc, which has made clear its readiness to provide aid in virtually any desired field. This is likely to result in a progressive reorientation of Mali's economy toward the bloc along lines already far advanced in neighboring Guinea--Mali's close ally. At present, France is scheduled to provide about \$12,000,000 in economic and technical assistance to Mali in 1961.

Mali's recent decision to sell virtually its entire peanut crop--accounting for about 90 percent of the country's exports--to the USSR and Czechoslovakia was apparently motivated by the regime's anti-French bias. According to Minister of Commerce Ndouré, the USSR agreed to take 30,000 tons and Czechoslovakia 20,000 tons on terms which met an earlier French offer to continue buying Mali's peanuts at premium prices.

Ndouré stated that half of the \$10,000,000 earned from the

sale would be paid in convertible foreign exchange and the balance in bloc goods. Ndouré, who professed to see no danger to Mali's avowed policy of neutrality, cited a resolution calling for "decolonization" in the economic realm passed at a special party congress last September as providing the policy framework for the deal.

Although Ndouré has stated that Mali is not planning to leave the French franc zone "for the time being," such a step may nevertheless soon be taken. Recent reports indicate that new banknotes printed in Czechoslovakia and designed to provide Mali with a new currency similar and related to that of Guinea--which broke away from the franc zone a year ago--may have already arrived in Bamako.

Meanwhile, Mali has just concluded with a visiting Chinese Communist delegation an initial trade-and-payments accord and an exchange of letters under which Peiping has agreed in principle to furnish Mali with long-term economic assistance. A Malian delegation is to visit Communist China later this year for detailed negotiations. This agreement takes on special significance in view of the tendency of the Chinese to restrict aid offers outside Southeast Asia to countries--such as Guinea and Cuba--deemed particularly receptive to close economic relations with Peiping.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****KENYA**

The British East African colony of Kenya appears headed for a period of confusion and uncertainty following the election in late February of a new Legislative Council in which Africans will predominate for the first time.

The Kenya African National Union (KANU) campaigned for the immediate release and return to politics of Mau Mau leader Jomo Kenyatta. It won 17 of 33 popularly elected African seats in the legislature, despite intraparty disputes and personality conflicts between its relatively pro-Western leader, Tom Mboya, and more radical elements. The rival Kenya African Democratic Union (KADU)--composed of minor tribes united primarily in their opposition to KANU--won 10 seats. Six seats went to independents.

Twenty other seats were reserved for non-African candidates, including ten Europeans, eight Asians, and two Arabs. The legislature's membership will be completed on 16 March when the 53 popularly elected members, sitting as an electoral college, will choose 12 "national members."

Kenya's Governor Renison announced on 1 March that Kenyatta would not be released until after the new government was functioning satisfactorily. In the interim, however--a period British officials in Kenya suggest may last only until late April--Kenyatta will be placed under modified detention and moved nearer to Nairobi to facilitate visits by African party leaders and government officials. Three times during his speech the governor referred

to the possibility of early independence for Kenya if stability is maintained--an obvious attempt to persuade the new legislators to pursue a policy of moderation. Nevertheless, KANU officials, under increasing pressure from the extremist anti-Mboya faction which now holds the upper hand in the party, convoked an emergency caucus, in which they decided to refuse to participate in the new government but to serve in the legislature. They presumably hope to continue to press for Kenyatta's release by adopting obstructionist tactics in the legislature.

Although KADU leaders campaigned for Kenyatta's release, they did not insist that he become Kenya's first chief minister, as did KANU. KADU President Nkala, consequently, does not feel that his party is committed to a policy of nonparticipation in the government. He apparently hopes that with the support of disgruntled KANU members and independents his party can form the new government over KANU opposition.

Leaders of both African parties, nevertheless, are faced with the dilemma of possibly delaying Kenya's independence by continuing to press the Kenyatta issue or having to back down on their main campaign issue. While Kenyatta remains a political enigma after eight years under detention, most African leaders envisage his position in the country as more of an elder statesman or figurehead than as an active leader in the government.

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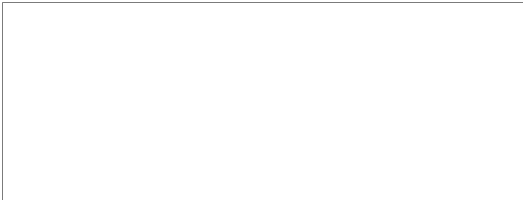
MAJOR CHANGES IN INDIAN CABINET LIKELY

The death on 7 March of Indian Home Minister Pant, Nehru's chief deputy and one of the few remaining members of the Congress party's "old guard," probably will lead to a reshuffling of top government officials and again focuses attention on the problems of Indian leadership.

The loss of 73-year-old Pant will be felt keenly by Nehru, not only because he was the prime minister's closest collaborator in government affairs and most influential party wheelhorse, but because Pant's key post can be filled only by shifting another top figure away from a position where he is badly needed.

The Home Ministry is the most important post in the Indian cabinet. Its supervision of the affairs of India's 16 states and control of various internal security forces place the home minister in a position of considerable power. The job calls for a first-rate administrator, able parliamentarian, and shrewd politician; it is a natural steppingstone to the premiership. Pant ran the government in Nehru's absence and, until his health began to fail in 1959, was considered his most likely successor.

Nehru has put Commerce and Industry Minister L. B. Shastri in charge of home affairs temporarily, but this able, well-liked, unambitious politician may be out of the running as a permanent choice because he suffered a heart attack in 1959.

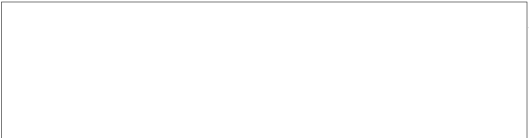
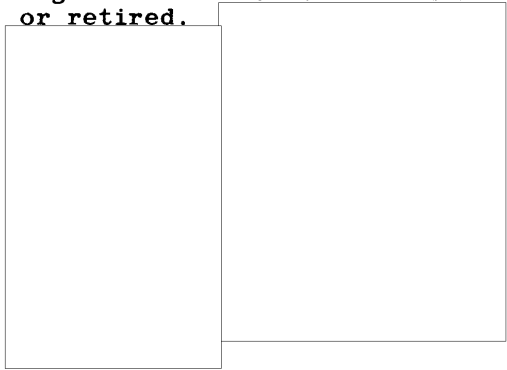


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Finance Minister Morarji Desai (65), now the most powerful member of the cabinet and leading contender to succeed Nehru as prime minister, is best qualified for the Home Ministry but is deeply engaged at present with his responsibilities in the critical fields of fiscal planning and foreign aid. Moreover, the temporary choice of Shastri and the consideration given to several other possibilities suggest that Nehru prefers to check the growing power of Desai, whose conservative outlook and aloofness have made a close personal relationship with Nehru difficult.

Prime Minister Nehru, now 71 years old, has outlived all but a few of those close associates from the independence movement who since 1947 have comprised the Congress government's "high command." His sense of loss and loneliness in power have become increasingly marked as one key figure after another has died or retired.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET RELATIONS WITH PAKISTAN**

The agreement on oil exploration signed in Karachi on 4 March after several months of bargaining is the first major Soviet aid program accepted by the Pakistani Government. Pakistani officials, impressed by the discoveries of oil by Soviet teams in India and Afghanistan, hope that the Soviets will succeed where Western oil companies have failed. The agreement provides for a credit of \$30,000,000 to finance a five-year program of technical assistance in oil prospecting and surveying. The credit carries the usual favorable terms--repayment over 12 years at 2.5-percent interest.

Agreement in principle on the Soviet credit was reached in Moscow in December during the visit of the Pakistani minister of fuel, power, and natural resources, but consummation of the deal was delayed pending further negotiations in Karachi.

ing, and agrarian problems. He also expressed hope that a cultural agreement would be signed.

Pakistani officials have shown some reluctance with regard to further aid programs, but conclusion of the oil deal may make it difficult for them to turn down publicized offers in the social welfare field, because these are keyed to popular demands and have stirred considerable public interest.

Leaders of the military government probably are also motivated by political considerations. While maintaining Pakistan's commitment to its Western alliances and continuing to rely strongly on US aid, President Ayub and his associates have sought in recent months to demonstrate a greater "independence" in foreign policy as a reminder that Pakistan's cooperation should not be taken for granted. Despite Ayub's repeated reaffirmation of Pakistan's pro-Western foreign policy and commitment to the CENTO and SEATO alliances, neutralist tendencies have been increasingly evident in government circles since mid-1960.

A number of top officials, sharing the view held by many intellectuals and large sections of the public, question the value of a rigid commitment to the West, believing that neutralist countries often gain more by exploiting the competing interests of both major power blocs. The Pakistani military government since early this year has permitted much of the press to carry on a sustained editorial campaign calling for "gradual disengagement from the role of a committed nation" and for improved relations with the bloc. The line taken by the press presumably has reinforced the latent neutralist sentiment of the bulk of the population, especially in East Pakistan.

Other economic moves by the Soviet Union were indicated when the Soviet ambassador to Pakistan recently discussed publicly the possibility of additional assistance in such areas as atomic-energy development for peaceful purposes, medical train-

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Moscow may be willing to make some adjustments in its long-standing positions concerning the border disputes involving Pakistan with Afghanistan and India in order to further this swing toward greater "independence" on Pakistan's part.

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[redacted] the USSR might be prepared to revise its stand on the Pushtoonistan issue if Pakistan is willing to make some changes in its foreign policy. Until recently the Soviet Union had consistently and publicly sided with Afghanistan on the issue.

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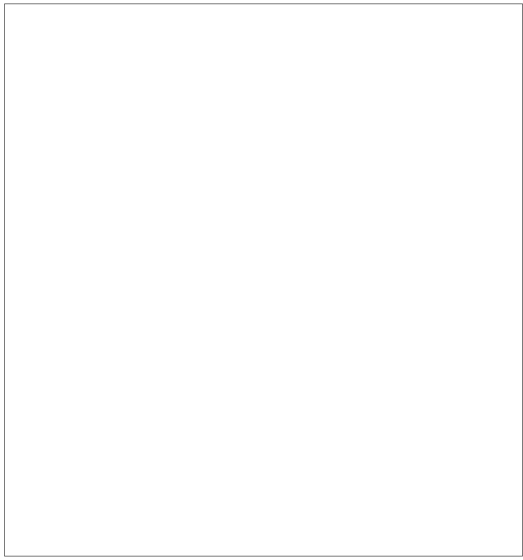
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There are some indications that the Soviet Union may also be shifting its line on the more complicated Kashmir dispute. Communist China and Pakistan have both indicated a desire to negotiate a border demarcation. The Chinese probably would hope to use an agreement, following the pattern of recent border accords with Burma and Nepal, to put additional pressure on New Delhi to accept a compromise solution in the Sino-Indian border dispute. Indian claims in the Ladakh area might well be prejudiced by a bilateral Sino-Pakistani boundary settlement, and the dispute between India and Pakistan over Kashmir would also be further complicated.

The Indian Government insists that Pakistan has no right to enter into any negotiations with the Chinese, since India claims sovereignty over all of Kashmir and thus there is no common border between the two countries. Khrushchev had assured Nehru on many occasions that the USSR agrees with India and that India has de jure sovereignty over all of Kashmir.

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With the opening of talks between Pakistan and China on the border issue, the USSR, by remaining carefully noncommittal, could better its relations with Pakistan and at the same time remove a serious irritant in its relations with China. Nehru's strong support for the UN Congo operation and his equally strong opposition to Khrushchev's plans to revamp the UN Secretariat might well be factors in a Soviet shift to a more favorable attitude toward Pakistan.

Nehru apparently has interpreted Khrushchev's recent letters on the Congo and UN reorganization problems as a deliberate attempt to isolate India from the leading African neutralists and thus counter New Delhi's restraining influence.

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New Delhi apparently is particularly nettled over the implication in Soviet First Deputy Premier Kosygin's recent offer of further economic assistance that the Indian Government can be "blackmailed" into changing its independent

policies. In addition, Nehru probably is concerned that Soviet-Indian friction will make it more difficult for New Delhi to pursue its tactic of playing off Moscow against Peiping. [redacted] 25X1

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BLOC ECONOMIC RELATIONS WITH CEYLON

A Ceylonese economic mission headed by the trade minister has just returned from Moscow, and Ceylon's finance minister is to visit there later this month. These visits will probably result in an expansion of Soviet economic relations with Colombo and additional Soviet aid for Ceylon's reactivated economic development plan.

The new Ceylonese Government's intention to take a more neutral position in world affairs combines with its grave economic problems--including a deteriorating balance of payments--to present the bloc with new opportunities for offers of additional economic aid and expanding trade.

Bloc countries are seeking to increase commercial ties with Ceylon by arguing that expanded trade with Communist countries will bring Ceylon's over-all trade pattern more into balance. Since December, several of the European satellites and the USSR have contracted to deliver about 80,000 tons of sugar--mostly Cuban--to Ceylon. The USSR, in an effort to capture Ceylon's oil market, has offered to sell petroleum products at prices below those charged by Western companies now operating in the country. The Ceylonese trade mission has announced that an "understanding" had been reached on further expansion of trade

and that a long-term agreement would be signed soon.

Ceylon's trade with the bloc in the first ten months of 1960 totaled over \$57,000,000--about 8.4 percent of its total trade--as compared with \$50,000,000, or 7.5 percent of total trade, for the same period in 1959.

The annual rice-rubber protocol with Communist China--Ceylon's largest bloc trading partner--has been negotiated and is awaiting signature. Under the protocol Communist China reportedly is scheduled to deliver this year 200,000 tons of rice to Ceylon in exchange for 28,000 tons of rubber--amounts in excess of those stipulated in the 1960 protocol, but the same level as usually agreed to prior to 1960. China will probably meet most of its commitment to Ceylon with rice from Burma.

No bloc aid has been extended to Ceylon since 1958, but after the visit of the Polish premier to Colombo last October, Warsaw reportedly offered a "fleet of cargo vessels and trawlers" on credit and a \$20,000,000 line of credit for economic development. A Soviet offer of IL-18 passenger aircraft and helicopters on credit or barter terms was announced at about the same time but was reported subsequently to have been refused.

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The bloc has recently taken steps to expedite the existing aid program. To date Communist China, Czechoslovakia, and the USSR have extended to Ceylon grants and credits totaling \$58,000,000 for agricultural and irrigation development projects, a sugar refinery, a tire factory, and a flour mill and grain elevator. Of this amount, however, only about \$5,000,000 had been utilized by the end of 1960.

Of the seven projects approved by the Ceylonese Government under the Soviet \$30,000,000 line of credit of 1958, deliveries have been made on only one, although project reports have now been submitted on the other six and several Soviet

teams of experts have recently been in Colombo conducting surveys. Prominent among the projects to be built with Soviet assistance is a steel rolling mill, estimated to cost \$20,000,000, which is to be constructed in three stages with an ultimate capacity of 100,000 tons. Despite the fact that a total of 16 projects were originally mentioned for inclusion under this credit, it is likely that the \$30,000,000 will cover the costs of only the approved seven. In late 1960 the Ceylonese Government resumed negotiations with Communist China for utilization of a \$15,700,000 grant promised in 1957 for Ceylon's rubber replanting scheme.
(Prepared by ORR)

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"HUNDRED FLOWERS" IN COMMUNIST CHINA

Reviving the concept "let a hundred flowers bloom, let a hundred schools of thought contend," Peiping's authoritative party journal Red Flag discusses in its latest issue the need to permit freer discussion, criticism, and experimentation within the academic community, particularly among scientists. The first "hundred flowers" campaign ended in fiasco almost four years ago, and Peiping has since demanded rigid conformity from its intellectuals under such slogans as "let politics take command." Such harsh regimentation has resulted in a stultifying academic atmosphere. Now that Peiping has been forced by economic necessity to reconsider its extremist programs, it may also feel that a new approach toward the intelligentsia is in order.

The Red Flag editorial deals primarily with the coun-

try's need to raise the standards of its scientific personnel. The withdrawal of Soviet technicians last summer must have brought home to the Chinese the extent of their dependence in this field on the USSR and strengthened their determination to become scientifically independent. The editorial states that Chinese scientists, while making use "of the successes of our predecessors," should "work independently to solve the problems our predecessors did not conquer."

Science was the first field to be affected by the earlier liberalization campaign. In January 1956, Peiping announced its intention of bringing Chinese science in tune with the rest of the world within 12 years and began to encourage free use of Western scientific sources and innovations. Again today, scientists

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are being urged "to seek the truth" freely, and party cadres have been warned against demanding absolute orthodoxy.

Red Flag points out that politics and academic study, although related, "are not the same," and that achievement in scientific research can be made by persons who "suspect Marxism-Leninism academically." Achievement should not be denied or denounced because of any political backwardness on the part of the originator. Furthermore, according to the editorial, even if one has completely mastered Marxism, it does not follow that it will be easy to master scientific truth: cadres cannot judge the validity of a scientific dispute simply because they have "memorized certain principles of the Marxist-Leninist theories."

The editorial suggests that liberalization may carry over into the political arena, but warns against any effort to take advantage of this development to embarrass the regime. It foresees that the principle of "hundred flowers" will be used against the regime by its political enemies, but declares that "Marxist-Leninists are not afraid of carrying out the principle because of that."

The first campaign, begun during the over-all bloc "thaw," took on added impetus after Mao's

speech on contradictions in February 1957 invited criticisms from the people. The bitterness of the subsequent verbal attacks of the intellectuals shocked the leadership. Communist cadres were termed "nincompoops" and "idiots," and Mao Tse-tung himself was characterized in public as "vain," "meeting only with those who flatter him," and "desirous of becoming a benevolent god."

Peiping's drastic measures brought the campaign to an abrupt end. It was immediately followed by a vindictive drive against those who had expressed opposition or, in many cases, were simply suspected of disloyal opinions. The "rightist" label was pinned on thousands of intellectuals, who were then imprisoned or sent to camps to be "reformed through labor."

Some of these individuals have recently been released and allowed to appear in public--another small sign that Peiping is permitting some relaxation in the intellectual climate. Both the Communists and the intellectuals have had their fingers burned, and both will try to avoid a repetition of the events of 1957. A second liberalization is thus more likely to stay within bounds, with most of the flowering confined to theses in the natural and physical sciences which do not openly challenge the Communists' political axioms.

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AGRICULTURAL AND TRADE DEVELOPMENTS IN COMMUNIST CHINA

Suffering from two years of poor harvests and now apprehensive about 1961 crop prospects, Communist China is negotiating with Australia, Canada, and Argentina for additional amounts of food which may add as much as 2,000,000 tons of wheat, corn, and barley to the

3,000,000 tons of food grains purchased earlier. Although rumors persist that the USSR is providing foreign exchange to pay for these imports, available evidence indicates the Chinese so far have neither requested nor received such aid.

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Drought conditions have persisted for three years in North China. A further serious complication for 1961 wheat production is the apparent failure in autumn 1960 to sow the planned acreage in winter wheat. A short note in People's Daily of 15 February implies that the area sown to winter wheat in 1960 was below the level of the previous year, and possibly even lower than in the fall of 1958, when the regime encouraged a reduction in sown acreage. Previous information had indicated that wheat sowing was late last autumn and if the failure to get in winter wheat acreage was as serious as suggested in People's Daily, prospects for the wheat harvest are poor.

Peiping's admission that precipitation this winter in the major wheat-producing areas of North China was from 25 to 50 percent less than in the last two winters is supported by evidence from USAF weather reports. Chinese authorities have ordered intensive irrigation efforts this spring in an attempt to bring in a good wheat harvest.

Peiping has asked for special efforts "to assist the people in calamity-stricken areas to live through the spring famine."

The Chinese minister of agriculture has reported that work effort in these areas had been slowed down to allow the people "to recuperate."

Payment Difficulties

Including some \$90,000,000 worth of Cuban sugar, China's purchases of foodstuffs for delivery this year already total about \$300,000,000 and may rise to over \$400,000,000. China became a new food exporter soon after the Communist regime was established, and food imports in recent years have not exceeded \$40,000,000. Peiping has made clear its intention to con-

tinue exporting food to selected countries, but its major commitments--to Ceylon, Cuba, and Albania--will be fulfilled chiefly with grain purchased from third countries.

To cover immediate foreign exchange needs for food imports, the Chinese have stepped up sales of silver bullion and have secured limited short-term banking credits in Hong Kong.

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These measures provide a temporary cushion while more basic efforts are undertaken to generate foreign exchange through exports. A cutback in imports of industrial goods is also under way.

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Trade With the Bloc

After repeated postponements, Peiping has opened trade negotiations with a number of bloc countries. Chinese export commitments probably will be scaled down considerably and long-term import plans rewritten to reflect Peiping's reduced capabilities and more cautious economic plans.

Preliminary Sino-Soviet economic and trade talks began in early February in Peiping. On 2 March the head of the Soviet trade delegation, Deputy Foreign Trade Minister Kумыкин, left for Moscow amid announcements that "satisfactory agreement" was reached on trade relations. The talks will be completed in Moscow by a Chinese trade delegation which arrived there on 7 March.

Meanwhile, preliminary talks on economic relations continue in Peiping, and they too will eventually be shifted to Moscow. These conversations probably center on rescheduling Soviet deliveries of capital equipment, a possible resumption of some Soviet technical assistance, and other aspects of Soviet aid to China disrupted during the past eight months.

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Kumykin's short stay in Peiping and the cautious wording of Soviet and Chinese statements suggest the first stage of the negotiations was concerned largely with charting a new course for Sino-Soviet trade. This trade has been subjected to severe strains since the exodus of Soviet technicians last summer, and has been complicated further by China's domestic economic difficulties. High priority probably was assigned to the issue of China's short-term indebtedness to the USSR, which rose \$237,000,000 last year when Peiping failed

to keep up the trade pace set by the Soviet Union.

There is no indication of how the issue was settled-- whether Moscow will allow the Chinese to incur further trade debts or whether it will hold down its deliveries to whatever level can be matched by Chinese shipments to the USSR. Postponement of repayment on at least China's short-term debt probably has been accepted by Moscow as inevitable. [redacted] 25X1
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SOVIET PARTY PRESIDUM MEMBER HEADS NEW PROCUREMENTS COMMITTEE

The designation of Nikolay Ignatov, who is a member of the ruling party presidium and a deputy premier, to head the new State Committee for Agricultural Procurements, underlines the importance of the committee in Khrushchev's program for revitalizing Soviet agriculture. Ignatov has the experience and political stature needed to direct such an agency, but since it is to play such a key role in Khrushchev's program Ignatov is exposed to a considerable risk of disgrace if the program fails.

During the past two years Ignatov appears to have been the target of some political maneuvering--probably related to his role in agriculture and to the controversies over policy which have taken place since the abolition of the Machine Tractor Stations (MTS) in early 1958. He suffered some reverses but managed to retain his position on the ruling party presidium.

In April 1959 he was shunted to the largely ceremonial and politically insignificant post of chairman of the Russian Republic (RSFSR) Supreme Soviet Presidium. Five

months later he was relieved of this post because the central committee "found it necessary" to recall him to "his main work" in the party secretariat where, since 1957, he had directed the party's day-to-day responsibilities in agriculture.

There is some evidence that he was again relieved of those responsibilities shortly after he had played a key role in the February 1960 bloc agricultural conference. Then in the reorganization of the party secretariat in May, he lost his job as secretary and was appointed deputy premier, ranking below First Deputy Premiers Kosygin and Mikoyan.

There have been few clues to the nature of his duties as deputy premier, but on at least two occasions he exhibited continuing interest in the agricultural field. Although there is no good evidence connecting him with the recent changes in Soviet agricultural policy, he presumably played a behind-the-scenes role. [redacted] 25X1

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****OUSTED UKRAINIAN PREMIER RECEIVES AGRICULTURAL POST**

Nikifor Kalchenko, who was removed as Ukrainian premier last week, has been named a deputy premier and head of the new Agricultural Procurements Ministry in the republic. His demotion further exemplifies Khrushchev's reliance on organizational changes and assignment of new administrators to achieve an improvement in agriculture.

Kalchenko had been head of the Ukrainian government for almost seven years. The signal for his downfall came at the January plenum of the party central committee, when Khrushchev contemptuously recalled the disastrous results of his panic during the drought of 1956. He told the central committee that everything rolled off Kalchenko "like water off a duck--it does not matter to him that he has made a mistake."

Kalchenko's new position is slightly lower than that he held just before his accession to the republic premiership in 1954; he was then a first deputy premier and minister of agriculture and procurements. His new Procurements Ministry is the Ukrainian equivalent of the recently formed all-union organization, the Committee for Agricultural Procurements, headed by party presidium member Nikolay Ignatov. These new agencies are evidently intended to play an important part in Khrushchev's agricultural program; for both Ignatov and Kalchenko, however, the assignments might well be only temporary, and further demotion could easily result if the 1961 harvest fails to meet Moscow's expectations.

Kalchenko is the second of Khrushchev's associates from the Ukraine to be dismissed for poor leadership in agriculture. Last December, Vladimir Matskevich was fired as Soviet agri-

culture minister and posted to work in the virgin lands of Kazakhstan. Other Ukrainian officials, including four oblast party secretaries, have also lost their jobs, and it is certain that at least two of these were fired outright for poor work in agriculture. Such moves, coupled with Khrushchev's scathing criticism of republic party chief Podgorny at the January plenum, are clear signs that Khrushchev's old associates from the Ukraine can no longer expect special treatment.

Kalchenko's appointment to a lesser post illustrates, at the same time, the regime's preference for reassigning officials under censure rather than sending them into oblivion. Similar shifts are taking place elsewhere in the Soviet Union, and numerous lesser officials have already been fired on grounds of mismanagement of agriculture. These include at least four oblast party secretaries, one of whom was deprived of his party membership. The weeding-out process will continue for some time, and other members of the party central committee will probably become involved before the election of a new committee at the 22nd party congress next October.

Vladimir Shcherbitsky, Kalchenko's successor as premier in the Ukraine, is one of several younger party administrators recently brought into prominence. A specialist in industrial matters, he has been a party member only since World War II. By the early 1950s he had become a professional party worker, and in 1954 he was named to head the party organization in Dnepropetrovsk. He was elected a member of the Central Auditing Commission at the 20th party congress in 1956, and has been one of the secretaries of the Ukrainian party since 1957.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****YUGOSLAVIA'S RELATIONS WITH THE BLOC**

Despite the differences between the Soviet and Yugoslav parties, there has been a gradual improvement over the past two years at the bloc-Yugoslav governmental level. Belgrade now is asserting, however, that state relations have begun to deteriorate.

The foreign policy positions of both Belgrade and Moscow are served by maintaining reasonably normal state relations. The two countries hold similar positions on many international issues. During talks in New York last fall, Tito and Khrushchev agreed to exchange visits by their foreign ministers this spring. Most bloc states have signed long-term trade agreements (1961-65) with Yugoslavia, and--after delays occasioned by economic problems--a Soviet delegation arrived in Belgrade for this purpose on 24 February. East Germany reportedly agreed in principle recently to grant credits--thought to exceed \$15,000,000--to Belgrade for the development of coal mining in Slovenia. This would be Yugoslavia's first bloc credit since 1956.

A worsening of party relations, on the other hand, was most recently shown by the publication on 22 February of two statements of the Yugoslav politburo accusing the Soviet party of associating itself with the anti-Yugoslav policies of Communist China and Albania. These documents were intended in part as Belgrade's answer to the condemnation of "Yugoslav revisionism" in the Moscow declaration issued following last November's conference of world Communists. However, Belgrade's criticism also stems from its irritation with the bloc's increased anti-Yugoslav propaganda. Moscow, which has

yet to reply directly to Belgrade's charges, shares in principle Albania's objections to Yugoslavia's "revisionist" ideology, but apparently prefers Belgrade's foreign policy to Tirana's.

Belgrade did not substantiate its charge that the Moscow declaration and subsequent events have reversed, or even halted, the trend of improving bloc-Yugoslav state relations. However, a withdrawal of the East German credit offer or cancellation by the USSR of Yugoslav Foreign Minister Popovic's planned trip to Moscow might account for the Yugoslav charges. Alluding to past Soviet practices and perhaps to his current negotiations with East Germany, Tito, addressing the Ghanaian parliament on 2 March, referred to the political strings "some countries" attach to economic relations. Lending substance to Belgrade's charges, moreover, Bulgaria expelled a Yugoslav diplomat on 7 March for espionage; Yugoslavia retaliated in kind the next day.

Relations between Belgrade and Tirana have grown particularly tense. Since the first of the year Belgrade has held six trials of Albanians for espionage, sent seven official protests to Tirana, expelled an Albanian diplomat, and cut the staff of its mission in Albania by more than half. Both Peiping and Tirana are exerting pressure on other bloc states to abandon harmonious relations with Belgrade even at the state level. If Tirana stages anti-Yugoslav trials, as hinted by Albanian party boss Enver Hoxha, at the party's recent congress, Belgrade may sever diplomatic relations.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****COMMUNIST INFLUENCE AMONG THE RURAL POPULATION IN ECUADOR**

The Ecuadorean Communist party has been involved in a number of recent outbreaks of violence among the peasantry of the country's highland provinces. This appears to be part of a growing Communist effort to exploit agrarian grievances in Latin American countries, accelerated by the example of Castro's confiscatory land reform program in Cuba. Similar Communist activity among depressed peasant groups has been reported over the past few months in several other countries, notably El Salvador, highland Peru, and the drought-stricken northeastern region of Brazil. In Colombia, where rural violence has been a major national issue for over 12 years, the Communists reportedly have been active in promoting the recent upsurge in agrarian unrest and are being aided in this objective by the Castro regime.

Most countries of Latin America have attempted agrarian reform or recognized the need for it to some degree, but with little sense of urgency before Castro came to power. The popular appeal of his agrarian reform program has highlighted the political importance of the problem. In a number of areas, including Ecuador, political stability will depend to an appreciable degree on the ability and willingness of governments to proceed with effective land reform programs.

Ecuador, which is host to the long-postponed 11th Inter-American Conference now set for Quito beginning 24 May, is predominantly rural like most of the other countries of Latin America. About 50 percent of the country's total

population is Indian, and most of the remainder have a heavy Indian admixture. To a large degree the peasants are outside the money economy, living under feudal conditions and exercising little influence on national politics; the best land is concentrated in the hands of a few wealthy landholders who have political power and are reluctant to cooperate in improving the lot of the peasants. A recent decree raising minimum daily wages to 20 and 40 cents respectively for tenant farmers and agrarian laborers is apparently widely ignored.

The peasant classes of Ecuador are a potential source of widespread unrest, as evidenced by an uprising of 2,000 peasants in one sierra region last month--an incident which Peiping radio promptly publicized, as it has other similar rural problems in Latin America in recent months.

Ecuador's 6,000-member Communist party has for several years conducted a program designed to provoke agrarian unrest, particularly in the sierra, and has assigned some of its most competent leaders to this project. It is almost the only political group in Ecuador to "champion" the cause of the peasants. The party has apparently had considerable success in recruiting and training organizers fluent in Quechua--the primary language of a large portion of the Indians--and in fomenting acts of violence by peasants against landowners. The Communists now claim control over about 10 percent of the tenants and agricultural workers.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

The Communist party has set up several provincial peasant commissions and a national peasant committee to coordinate the organizational drive. Communists also control the Federation of Indians, an affiliate of the country's Communist-dominated principal labor organization. Last October the party sponsored the "First National Peasants Conference," held in Quito and attended by a number of Indian delegates. In early 1960, the Communists planned a "march of Indians" on Quito to demonstrate at the time of the 11th inter-American Conference, then scheduled for March.

The Communist party has also used Cuban agrarian reform propaganda. Its impact on laborers in the coastal area is illustrated by an uprising last

August of about 300 armed peasants who demanded land titles and shouted pro-Castro slogans. Communist speakers at the Quito peasant conference also stressed the theme of Cuban reforms. The pro-Castro former minister of government, Manuel Araujo, one of President Velasco's demagogic lieutenants, reportedly studied Cuban agrarian reforms during a recent visit to that country for possible application in Ecuador. He advised a worker before departure to Havana that the "revolutionary feeling" among coastal peasants was high and that he soon planned to exploit this group.

Velasco has done little to carry out his 1960 campaign promises of agrarian reform, and Foreign Minister Chiriboga alleges that the President has little interest in such a program except for political gain.

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