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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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OFFICE OF CURRENT INTELLIGENCE

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 June 1961

**T H E   W E E K   I N   B R I E F**

**EAST-WEST RELATIONS . . . . . Page 1**

Khrushchev has continued his efforts to impress the West with his unyielding determination to sign a separate peace treaty with East Germany if there is no East-West agreement on a German settlement by the end of the year. On 28 June he said the USSR was prepared to reopen negotiations but that Western moves toward mobilization would not deter the signing of a peace treaty. Bloc sources also have [redacted] begun to issue assurances that a negotiated settlement is still possible. One Soviet diplomat characterized Khrushchev's deadline on Berlin as mainly intended to overcome Western "delaying tactics." He indicated that the USSR would defer a separate treaty if negotiations were begun before the end of the year. The maneuvers of the Soviet representative in the bilateral disarmament talks with the US in Washington suggest that Khrushchev is seeking to build a case of American refusal to engage in serious talks. [redacted]

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**LAOS . . . . . Page 3**

Khrushchev, at a 28 June rally for the North Vietnamese premier, endorsed the Zurich declaration of the three Laotian princes as a "good beginning" and emphasized that it offered hope that the Laotians themselves will settle all other internal problems. Despite the air of victory displayed by Souvanna and Souphannouvong, Phoumi may still hope to limit Communist influence in any new government by relying on the legal position of the King and the constitution. [redacted]

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[redacted] The military situation remains generally quiet, although enemy efforts to mop up pockets of resistance continue. [redacted]

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**FRANCE-ALGERIA . . . . . Page 6**

De Gaulle's announcement that the transfer of army divisions out of Algeria is about to begin, together with continuing talk of partition, emphasizes his statements that he hopes to have the Algerian problem settled by the end of the year "by one means or another." His objective, however, is still to achieve an agreement with the PAG to create an independent Algeria with close ties to France. While top PAG leaders are reiterating their hopes of an early resumption of negotiations, they have given no indication on any intent to change their position. A new bloc arms shipment to the FLN via Morocco brings such shipments to a probable total of 4,500 tons since November 1960. [redacted]

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**CUBA . . . . . Page 7**

25X1 [redacted] The extension of runways at Havana's international airport would enable it to accommodate jet planes--possibly those of the Czech airline, which is expected to start regular flights to Cuba soon. President Quadros' move to study means of increasing Brazilian-Cuban trade is mainly a political move to mollify the Brazilian left.

25X1 [redacted]  
**CONGO . . . . . Page 8**

Plans for convening parliament on 3 July have been jeopardized by Tshombé, who since his return to Elisabethville has stated that Katanga will remain independent and has implied that he will not send a parliamentary delegation to Leopoldville. A boycott of parliament by Katanga would weaken the relative strength of the anti-Gizenga bloc, and if Tshombé refuses to send a delegation, Leopoldville leaders may seek a postponement. [redacted]

**SOVIET ECONOMIC PROGRAM . . . . . Page 9**

25X1 Khrushchev, speaking at Alma Ata on 24 June, promised Soviet consumers that they could expect major material improvements as a result of the long-range economic plan in the party program to be published on 30 July and formally presented to the 22nd party congress in October. His statement that "the light and food industries will develop rapidly side by side with heavy industry" is the first suggestion to the Soviet public of an impending change in the long-standing priority of heavy industry. Such a policy shift had been indicated to Western newsmen on 20 May. [redacted]

**EAST GERMAN FOOD SHORTAGE . . . . . Page 10**

In early June the East German Government was forced to institute limited rationing of butter; meat supplies have also declined. These difficulties stem in part from the effort to complete agricultural collectivization in 1960, from Chinese failure to meet contracts for delivery of oil-seed crops for production of margarine, and from abnormally wet spring weather. [redacted]

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**CZECHOSLOVAKIA SHIFTS GOVERNMENT AND PARTY LEADERS . . . . Page 11**

Party First Secretary Novotny announced a considerable reshuffle of Czechoslovakia's party and government leaders at a central committee meeting on 22 June; the moves were almost wholly designed to improve control of agricultural production. In addition a new state commission has been created to oversee local government

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organizations, which have not achieved the degree of control over the people intended by last year's territorial reorganization. [redacted]

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**GROWING POLICE POWER IN POLAND . . . . . Page 12**

Since late 1959 Poland has relied increasingly on police methods to control internal political, economic, and cultural activities. The return to prominence of several hard-line party members may have accelerated this process. Polish internal security measures, however, are still not nearly so severe as those applied in other European satellites. [redacted]

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**SOUTH KOREA . . . . . Page 13**

Leadership within the South Korean junta is still not firmly established, [redacted]

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[redacted] Pak's primary support comes from junior officers who are pushing for a clean-up of the military. This, however, has aroused the opposition of senior generals identified with the Rhee and Chang Myon regimes. Police-state controls are being used increasingly in an attempt to assure Pak's position. [redacted]

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**ARAB-ISRAELI TENSION . . . . . Page 13**

Nine incidents along the Israeli-Syrian border during the week of 19-25 June apparently resulted in part from a tougher attitude on the part of Syrian border troops toward Israeli activities in the demilitarized zone. At least one incident may have been related to work on Israel's Jordan River diversion project. Ben-Gurion might order vigorous retaliation to enhance his party's prospects in Israel's forthcoming elections. Meanwhile, the Arabs have made further efforts to coordinate military plans and operations, but effective cooperation remains difficult to achieve. [redacted]

**NATO DIFFERENCES ON STRATEGY . . . . . Page 15**

Current NATO discussions of long-term strategic planning show the divergence between Britain's cost-conscious approach and the emphasis given by West Germany and Turkey to the alliance's military problems. There is general endorsement of a build-up of conventional forces, but agreement has not been reached on the role of nuclear weapons. [redacted]

**ARGENTINA . . . . . Page 15**

President Frondizi is attempting to obtain Peronista electoral support for his party in Argentina's congressional elections next March. This support helped Frondizi win the presidency in 1958, and his party seems to need

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it even more now, in view of the opposition aroused by many of his economic stabilization measures.

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[Redacted]

SOUTH TIROL . . . . . Page 16

Further unrest is likely in the South Tirol province of Italy, following the flare-up of terrorist activities there earlier this month, and the breakdown of the 24 June talks between the Italian and Austrian foreign ministers. A new Austrian appeal to the UN on behalf of the Tirolese is likely, and the Tirolese issue might also be used as a pretext by Italian rightists to try to overthrow the Fanfani cabinet.

[Redacted]

FRENCH FARM AGITATION . . . . . Page 17

The agricultural disturbances which spread rapidly in mid-June from Brittany through central and southern France are, like the labor agitation last spring, aspects of the underlying social unrest hitherto held in check by De Gaulle's prestige and his pleas for national unity. The discontent led to outbreaks partly because, under the Fifth Republic, parliament is no longer an adequate channel for airing popular grievances. The government is somewhat concerned over the added strain on the security forces at a time when there is danger of extreme rightist outbreaks over De Gaulle's Algerian policy.

SPECIAL ARTICLES

COMMUNIST BLOC AGRICULTURAL PROBLEMS . . . . . Page 1

The Soviet Union, with an agricultural labor force about seven times larger than that in the US, produces one-third less; despite a substantial gain from 1953 to 1958, Soviet agricultural production did not grow at all in 1959 and 1960. The agricultural problem is evident throughout the bloc, and in Communist China has led to widespread malnutrition. Communist leaders frequently blame agricultural difficulties on organizational problems or natural disasters. While these difficulties are real, a major cause is the bloc's doctrinal commitments to practices which obstruct effective management and favor industry at the expense of agriculture; restrictions arising from adverse climate and topography throughout much of the bloc are also a limiting factor.

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**POLITICAL IMPLICATIONS OF A BRITISH ACCESSION TO COMMON MARKET . . . . . Page 6**

Far-reaching consequences for intra-European, Atlantic, and Commonwealth relationships are implicit in Britain's moves toward membership in the European Common Market (EEC). Enlargement of the EEC would probably disturb the French-German entente which has made possible the community's cohesion thus far. In addition, London would almost certainly challenge French leadership of the Continent and play a key role in determining how soon and in what manner political ties evolve among the participating states. British accession to the EEC could give new impetus to the drive for a unified Europe--in which even the European neutrals would have to participate in some way. Such a grouping would become an important component in the balance of world power.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****WEEKLY REVIEW****EAST-WEST RELATIONS**

Khrushchev has continued his efforts to impress the West with his unyielding determination to sign a separate peace treaty with East Germany if there is no East-West agreement on a German settlement by the end of the year. At Alma-Ata on 24 June, in a brief reference to the German question, Khrushchev stated that the USSR would adhere firmly to the position which he had outlined in his speeches of 15 and 21 June. Again on 26 June, in a message to East German leaders, he termed a peace treaty a "compulsive necessity" and pledged that the Soviet Government would "do everything" to have a treaty signed by the end of the year.

On 28 June Khrushchev warned that reports of prospective Western countermeasures would not prevent the USSR from proceeding with a peace treaty. He added that the USSR was taking the necessary measures to strengthen its military position should the Western powers begin mobilization. Khrushchev stated that the USSR favored talks with the Western powers on a peace treaty, but warned the West not to hope it can deliberately protract a settlement.

He also sought to minimize the consequences of a separate treaty by again stating "there will be no blockade of West Berlin of any kind" and no "restrictions" on access, provided that interested powers reach an agreement with East Germany. Khrushchev also hinted that a second meeting with President

Kennedy might be "useful," although he did not link this directly to the Berlin question.

Bloc sources have begun to issue some assurances that while Khrushchev's statements must be taken seriously, a negotiated settlement is still possible. The Rumanian ambassador in Brussels stressed the firmness of Khrushchev's position on Berlin during a conversation with the American ambassador. He stated that while he did not believe that Khrushchev had in mind preventing access of the Western powers to Berlin, the access of West Germany was another matter.

A Soviet Embassy official in East Berlin who often acts as a channel to convey information to the West told [redacted] that the purpose of Khrushchev's deadline was to overcome Western "delaying tactics" and to force the West into negotiations before the end of the year. He stated that if negotiations do begin, the USSR will not conclude a peace treaty with East Germany during 1961. He reaffirmed, however, that otherwise the bloc will definitely convoke a peace conference and sign the treaty this year. This line suggests that Moscow is engaging in an operation similar to that of November and December 1958, when Soviet spokesmen gave private assurances that Khrushchev's six-month deadline was designed to exert pressure on the West, and that the period could be extended if negotiations were arranged.

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Bloc diplomats in Geneva have also inspired press reports to the effect that "there must be negotiations." They are quoted as taking the line that some modification in the Soviet position would be possible if restrictions were placed on the transfer of nuclear weapons to West Germany and some settlement on the frontiers in Eastern Europe were accepted as final.

Along this same line, East German Deputy Foreign Minister Otto Winzer said in a press conference that "more and more voices" could be heard in the West advising a new agreement whereby recognition of East Germany and of the Oder-Neisse boundary would be granted in return for a new legal basis for a Western presence in Berlin. Winzer claimed that even Secretary of State Rusk left open such a possibility, and that this was the "most remarkable feature" of the Secretary's press conference of 22 June.

A Soviet spokesman in East Berlin is reported [redacted] to have taken the line that an interim agreement could run for more than six months, the term proposed by the USSR, if something could be arranged to halt the flight of refugees. Bloc representatives are reported by the same journalists to have begun sounding out the possibilities for a four-power conference.

While Soviet propaganda commentaries have reiterated Khrushchev's deadline, Moscow has also taken pains to deny any intention of presenting an ultimatum. An "Observer" article in *Izvestia* on 24 June stressed that Western reports of Khrushchev's 21 June speech misrepresented his position by dropping the qualifying "if's" from his statement. One such example, the article contended, was that "Khrushchev said the Soviets would sign a peace treaty with the German Democratic

Republic alone if the Western powers refuse to take part in putting an end to the abnormal situation" in Berlin. The purpose of this "distortion," according to *Izvestia*, was the West's desire to conceal an unwillingness to hold reasonable talks on an equal footing.

A long Soviet broadcast on the same day claimed that people in Western countries were "more and more" inclined to the idea of opening negotiations with the USSR on the problems of Berlin and Germany.

Disarmament

The maneuvers of the Soviet representative in the bilateral disarmament talks with the US in Washington suggest that Khrushchev is seeking to build a case of American refusal to engage in serious negotiations. Soviet tactics also suggest that Khrushchev hopes to use the talks as a means of increasing pressure for early Western agreement to another high-level conference on Berlin and Germany by attempting to create the impression of American intransigence on all East-West questions.

The chief Soviet delegate has contended that there was no agreement between Gromyko and Ambassador Stevenson to resume multilateral negotiations on disarmament by 31 July. He has made resumption of new negotiations dependent on agreement between the US and USSR on a "program" for complete and general disarmament or, "at least," a rapprochement of positions. He stated that the USSR could not accept the American position on the purpose of the talks and indicated that the main task was to hold an exchange on the substance of specific disarmament plans in order to determine whether there is any basis for proceeding with further multilateral negotiations.

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Zorin also proposed that the two sides begin elaborating disarmament plans so as to discover whether an agreement on general principles is possible. He stated that the Soviet plan for complete disarmament submitted to the UN last fall should be considered as a conference document. On 27 June, Zorin followed up this move by submitting a Soviet Government statement setting forth the "basic position" of the USSR. The statement reviews the history of prior negotiations and reiterates the main points of the Soviet plan. In presenting the statement, Zorin emphasized that no suc-

cess in the talks or in subsequent negotiations was possible without consideration of specific proposals by both sides.

Zorin rejected the US proposal to add ten nations to the ten-nation committee which met in Geneva last year. His reason was that the proposed countries included states with military ties to the US. Zorin was vague, however, on the possibility of adding two or three neutrals as nonparticipating officers. He merely stated that the USSR adhered to the principles outlined in the talks between Gromyko and Ambassador Stevenson last March. [REDACTED]

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**LAOS**

The Geneva conference on Laos is still in the polemical stage, and both Soviet and Chinese representatives are denouncing Western control measures for Laos. Soviet delegate Pushkin on 22 June stressed that the West's proposals for strengthening the International Control Commission (ICC) would mean "international control over almost all aspects of Laotian domestic affairs." Chinese Foreign Minister Chen Yi's address of 26 June also reflected determination to prevent any international control which would hamper the future activities of the pro-Communist elements in Laos.

Soviet Premier Khrushchev, at a rally for North Vietnamese Premier Pham Van Dong in Moscow on 28 June, characterized the Zurich discussions between the three Laotian princes as a "good beginning" and expressed the hope that "before long the Laotians themselves will solve other internal problems." He emphasized that the Laotians can determine "the form of their state system, the paths of their social, economic, and cultural

development." Khrushchev asserted that the Zurich talks proved it was possible "to get down to practical steps" leading to the restoration of peace in Laos. He said chances were good for a peaceful settlement of the Laotian problem, but he reiterated the bloc's contention that the US and its allies were evading a discussion of Gromyko's 17 May proposals.

Khrushchev's remarks as well as bloc propaganda commentary on the Zurich discussions indicate that the Communists intend to exploit the Zurich declaration as evidence of a significant reconciliation of the rival Laotian factions and imply that the Geneva conferees would be guilty of unwarranted interference in the progress of future talks if they sought to discuss the subjects covered in the Zurich communiqué.

In his 26 June address at the conference Chen Yi went to some lengths in underlining the bloc's distinction between the 1954 Geneva conference and the current one. Chen emphasized that the present war in Laos is

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a "domestic war" and that it is thus "absolutely impermissible" to apply the 1954 cease-fire agreements, which set up the ICC in its present form. He agreed that the ICC should control the withdrawal of foreign military personnel from Laos in accordance with an agreement to be reached by the conference on this matter.

However, Chen stressed that future introduction of foreign military personnel was the "primary responsibility of the Laotian government"--a government which the Communists anticipate will be heavily weighted in their favor. Gromyko's 17 May proposals also specifically stated that the ICC will carry out "all its work of supervision and control in cooperation with the government of Laos."

The bloc has stepped up its propagandist efforts to develop the theme of foreign involvement in Laos. Peiping's "People's Daily" of 25 June charged the US with preparations for "new military ventures" and alleged that South Vietnamese, Thai, and Philippine troops are active in Laos. A similar note was struck next day by Chen Yi. Hailing the three Laotian princes' appeal for withdrawal of foreign military personnel, he took pains to emphasize the seriousness with which the Chinese view the presence of Chinese Nationalists in Laos and called on the conference to settle the issue.

Events in Laos, as in Geneva, appear to be awaiting clarification of the significance of the Zurich communiqué. The only apparent concession extracted by Boun Oum and General Phoumi at Zurich was the agreement by Souvanna and Souphannouvong to honor the role of the King and the constitution in forming a new government. Souvanna and Souphannouvong approached the Zurich talks with the attitude of victors demanding political capitulation in line with the realities of the military situation in Laos.

By relying on the legal instruments of the King and the constitution, and possibly counting on some cooperation from Souvanna, who presumably would head a new government, Phoumi may hope to limit Pathet Lao influence and retain some elements of the present Vientiane government and other non-Communists in a new cabinet.

Souvanna is in Paris for a stay of about a week before proceeding via Prague to Phnom Penh or Laos to resume the talks. He told Ambassador Harriman before leaving Geneva that the next step toward forming a coalition government was to decide who should be premier. Confident that he would be so designated, Souvanna commented that, after that step, he would consult with the King and that a provisional government could be set up without seeking assembly approval.

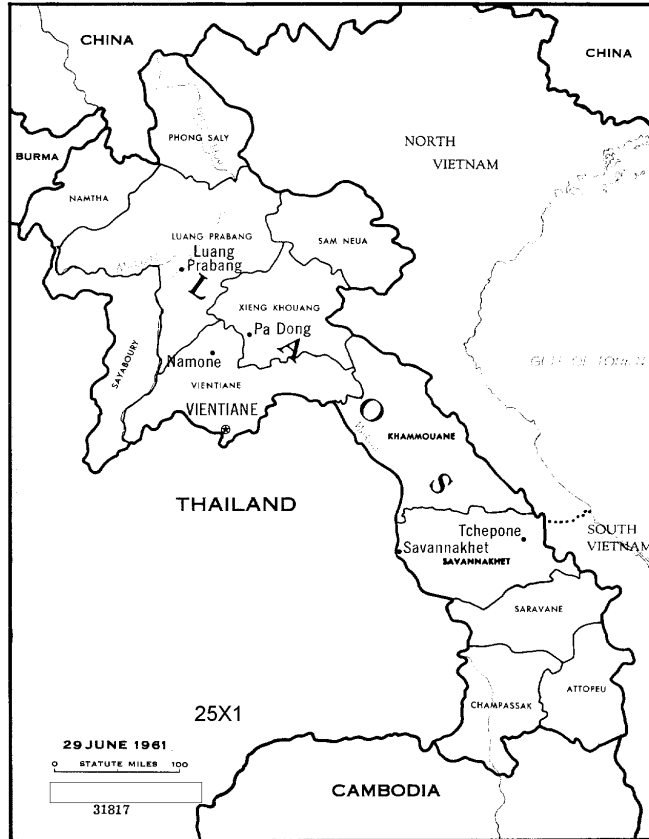
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Souvanna apparently envisions that the assembly could "stay on the shelf" until shortly before new elections; although he asserted that a "normal" situation must be restored before elections are held, he professed to believe this could be achieved within a year. Souvanna implied that a more thorny problem would be integrating the armed forces of the three sides.

Souvanna told Harriman that Phoumi was the best figure on the Boun Oum side and that, if he resigned from the army, he could be given a cabinet post. He asserted that the men around Phoumi were a cause of trouble through their desire to retain the posts they now hold. Souvanna's remarks to Harriman, as well as some of his recent public statements, suggest that he may believe that General Phoumi is ready to make a deal with him.



The military situation in Laos has remained generally quiet. Kong Le - Pathet Lao forces are continuing their efforts to mop up Meo pockets in Xieng Khouang Province despite the handicaps of adverse weather, difficult terrain, and the tenacity of the Meos. Some minor skirmishing has occurred on the fronts north of Vientiane and Luang Prabang and there continues to be some evidence of efforts to build enemy strength in Khammouane Province and in the Tchepone area. Political talks at Namone remain suspended, awaiting the return of Boun Oum, due on 30 June, and General Phoumi.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****FRANCE-ALGERIA**

French orders to begin the transfer of army divisions from Algeria and continuing talk of partition emphasize De Gaulle's statements that he hopes to have the Algerian problem settled by the end of the year "by one means or another." His objective, however, is still to achieve an agreement with the rebel provisional Algerian government (PAG) to create an independent Algeria with close ties to France, and current French tactics are aimed at inducing the PAG to undertake substantive negotiations. French leaders attribute the deadlock at Evian to persistent error on the part of the PAG negotiators, who read into every French offer the intention of keeping Algeria French.

Paris has maintained contact with the PAG since the Evian talks were adjourned, and it has sent back Bruno de Leusse, who was deputy for Minister for Algerian Affairs Louis Joxe during the first round of talks, to conduct "procedural" talks with Algerian negotiators beginning any time after 3 July. When some "basis of agreement" is reached by this method, Paris will resume the formal negotiations it broke off on 13 June.

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During the interval, France has outlined plans to partition Algeria if the PAG tries to drag out the talks. According to the French information director in Algiers, the French feel that the PAG is very much afraid of partition but is little concerned over possible efforts to create an "Algerian Algeria" without it.

Paris seemingly intends to delimit two coastal areas around Algiers and Oran as French enclaves into which both pro-French Moslems and Europeans

from other parts of Algeria will be encouraged to move by a date sufficiently remote to avoid the impression of an imposed transfer of populations. On 27 June De Gaulle specified that France must hold on to the Oran area, which includes the strategic naval base at Mers el-Kebir.

Civilian and military extremists will see in these moves --and in particular the announced decision to withdraw an initial division immediately--concrete evidence of the "De Gaulle sell-out" they have feared. This conviction will keep tension high in Algeria, and new violence may be sparked by extremists of either side.

While top PAG leaders continue to reiterate their hopes that talks will resume soon, they have given little indication of an intent to make substantive concessions.

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The PAG "package" almost certainly includes French recognition of the PAG as sole spokesman for Algeria, and French admission that the Sahara is an integral part of Algeria. Military bases also would have to remain under Algerian sovereignty. Dahlab said, however, that the PAG wanted to keep French settlers in Algeria for economic reasons and was willing to make it attractive for them to stay.

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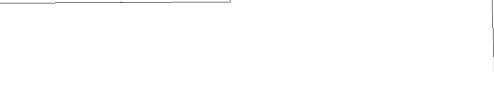
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The rebels continued to be concerned over efforts by France to revive interest among countries bordering on the Sahara in joint programs for development of its natural resources. PAG officials reportedly plan to visit each country concerned to argue that any problems concerning the Sahara can be settled after Algerian independence.

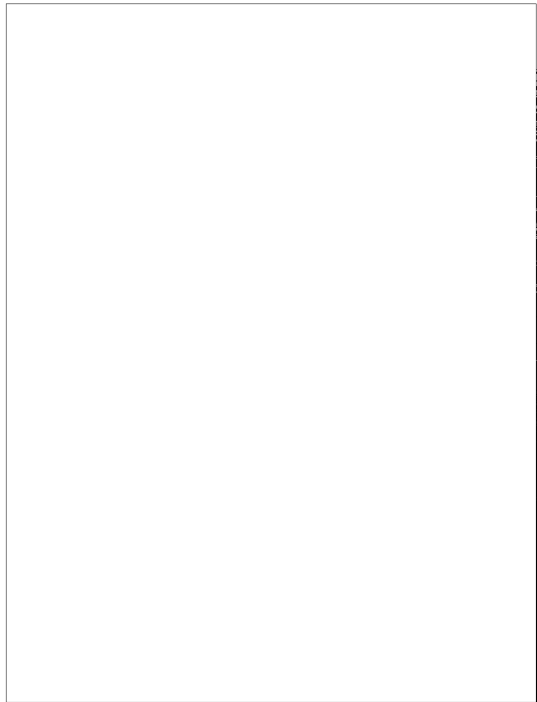
Meanwhile, the Algerian rebels continue to receive significant foreign military and

financial support. On 12 June a Soviet ship at Casablanca began off-loading 1,300 tons of arms and ammunition, most of which was probably destined for the FLN. Soviet bloc shipments to the FLN via Morocco since November 1960 are estimated to total 4,500 tons. The shipments are believed to have contained mostly explosives, small arms and ammunition

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CUBA



"planes of friendly nations" to refuel in the Azores en route to Cuba.

Cubana Airlines, which has maintained regular service between Prague and Havana since the conclusion of a civil air agreement with Czechoslovak Airlines last March, has had difficulty securing landing rights for refueling purposes along the route. It is possible that bloc-made jet transports with a longer flying range will be leased or sold to Cubana through Czechoslovakia in order to solve the problem. The more likely user of jets, however, is the Czech airline, which is expected to initiate its own regularly scheduled flights to Havana in the near future.

The Cuban radio and press were enthusiastic over a report on 21 June that Soviet astronaut Yuri Gagarin would visit Cuba for the celebrations on 26 July of the eighth anniversary of the Castro movement's first attack on the Batista regime. Government propagandists contrasted the visit with the recent trip to South America of Ambassador Stevenson, whom they attacked as a "merchant of aggression" who "aims to corrupt human minds and hire cannon fodder."

A Mexican press statement suggests that bloc jet transport aircraft will soon begin using Havana's Jose Marti International Airport, which was closed to most traffic for an indefinite period beginning on 20 June.

the airport had been closed to permit lengthening of its landing strips in order to accommodate jet aircraft. A Havana newspaper article on the following day said the runway extension was undertaken because Portugal has refused to permit

Alfonso Gutierrez, Mexican director of the Cuban National Petroleum

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Institute (INP), has been dismissed and replaced by a Soviet engineer.

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Gutierrez said that top Cuban leaders sought to persuade him to remain in Cuba as chief of the Geological Institute, one of the four new enterprises.

Sporadic incidents of anti-Castro activity within Cuba continue to be reported, but the government apparently has moved quickly and efficiently against the instigators in most cases.

President Quadros' announcement on 21 June that he had ordered a study of the possibility of increasing Brazil's trade with Cuba is mainly a political gesture. According to a Havana radiobroadcast on 22 June, Quadros also appointed a committee to prepare a Brazilian "industrial exhibit" to be sent to Cuba. Brazilian-Cuban trade has in the past accounted for less than one percent of each country's total trade, and their principal exports are competitive. Quadros was probably interested in making a public pronouncement satisfactory to Brazilian leftists in order to offset the effect of strong action which he took recently against striking pro-Castro students in Recife.

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## CONGO

Plans for convening parliament on 3 July--with the twin aims of installing a new government and drafting a new constitution--have been jeopardized once again by Katanga President Moise Tshombé.

On 24 June, Tshombé was released from his Leopoldville detention by the central government after he agreed to send a Katanga delegation to parliament. According to Premier Ileo, Tshombé also agreed to reunite Katanga with the Congo and to cease separatist activity such as the printing of Katangan currency. Back in Elisabethville, however, Tshombé on 26 June attacked Ileo and other Congolese leaders with whom he had sworn eternal friendship at the time of his release. In a speech on 28 June, he stated that Katanga would remain "independent," and implied that he would not send a delegation to parliament.

In time, Tshombé may be forced to modify his intransigence by pressure from Leopoldville, his own subordinates, or the UN. For the short term,

however, a boycott of parliament by Katanga would weaken the relative strength of the anti-Gizenga bloc and may force Leopoldville leaders to seek a postponement. A delay would damage the prestige of the central government and strengthen the determination of Gizenga's supporters.

The American Embassy in Leopoldville estimates that the Congo's best hope is for a moderate government in which Gizenga's faction has representation but not control.

A European businessman who travels widely in the Congo was impressed in mid-June by the continued deterioration in economic conditions, particularly the shortage of trade goods and unemployment. By contrast, he felt the general political outlook to be more hopeful, despite an atmosphere of insecurity in Katanga which "had not yet had its revolution." He speculated that in the remainder of the Congo, "sobriety now was setting in."

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET ECONOMIC PROGRAM**

Khrushchev, speaking at Alma Ata on 24 June, promised Soviet consumers they could expect major material improvements as a result of the long-range economic plan in the party program to be published on 30 July and presented to the 22nd party congress in October. His statement that "the light and food industries will develop rapidly side by side with heavy industry" was the first suggestion to the Soviet public of the change implied by his informal remarks to Western newsmen at the British Trade Fair in Moscow on 20 May; he did not, however, repeat the specific promise that the rates of growth for light and heavy industry would be virtually equalized.

Any change in favor of the Soviet consumer is significant because it reflects an adjustment of the long-standing priority of heavy industry. It is probable, however, that Soviet planners foresee only a modest change in the relationship between light and heavy industry. Since the light industrial base is small, it could be substantially expanded without significant diversion of reserves away from heavy industry.

The regime announced early this year that the rate of over-fulfillment of some industrial goals would be cut back in order to achieve a better balance in the economy and provide additional support to lagging agricultural production. The continuing failure to achieve

planned agricultural goals, together with some of Khrushchev's earlier remarks on the subject, suggests that the reduction in the disparity between the growth rate for heavy industry and consumer goods may be made for the most part by a transfer of resources to agriculture.

Elsewhere in his speech, Khrushchev predicted popular enthusiasm for long-range economic goals, which presumably will be presented in the form of a 20-year plan in the party program. The program will be portrayed as the instrument for the defeat of capitalism by peaceful means and the blueprint for the final stage of the "building of communism" in the USSR.

Khrushchev's words to the Kazakhs, who were commemorating the 40th anniversary of their republic, were less reassuring. This problem republic, where rapid industrial and agricultural development has been accompanied by serious housing and consumer-goods shortages, major agricultural problems, several political shake-ups, and at least one major strike, was chided for "completely unsatisfactory" work thus far this year on housing and construction plans. Khrushchev hinted, however, that funds for housing construction--at least in Kazakhstan--may be increased if presently allocated funds are properly spent.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****EAST GERMAN FOOD SHORTAGE**

In early June the East German Government was forced to institute limited rationing of butter; meat supplies have also declined. These difficulties stem in part from the effort to complete agricultural collectivization in 1960, from Chinese failure to meet contracts for delivery of oil seed crops for production of margarine, and from abnormally wet spring weather.

The East German diet has always been basically similar to that of West Germany, though less diversified. The quality of East German foodstuffs is inferior, however, and during the past ten years the East German consumer has frequently faced temporary shortages. This chronic problem now appears as a shortage of dairy products and, to a lesser extent, of meat, but in other years potatoes, vegetables, and grain have been scarce. Currently, total food supplies--measured by caloric content--are at about the same level as during the same period of 1960--perhaps slightly higher.

Shortages will continue for some time. Since milk production should be at its highest level in June, the normal seasonal decline of milk production during the summer may intensify the problem. Similarly, supplies of meat usually reach a high level in June and July, then decline until the fall slaughter in October.

Acting Premier Willi Stoph, in a speech at Markkleeberg on 14 June, admitted that diffi-

culties exist in the supply of milk, butter, and meat. He blamed this on the failure of local governments to assure continuous supplies through proper purchasing programs and on the failure of collective farmers to meet planned state quotas. East German press reports have attributed a lag in spring field work and a high rate of spoilage of early fodder crops to the unusually heavy rainfall during May and early June.

East Germany is always dependent on imports of food, which usually amount to about 30 percent (by value) of total imports. Currently, however, the bloc has little food to spare for the relatively well-fed East Germans, and the regime must use hard currency if it is to satisfy its consumers. Communist China's recent cancellation of deliveries of oil seed to East Germany has compounded the import problem, and a continuation of recent supplementary purchases, such as the unplanned importation of butter from Denmark in the first quarter of 1961, will cut into the foreign exchange available for import programs which are more in line with the regime's industrial objectives.

While it is highly unlikely the regime will attempt to re-enlist the support of the farmers to the extent of modifying its collectivization program, other measures to increase output--such as changes in the pricing system--are possible. To avoid greater discontent, the regime could make additional outlays of hard currency for imports of quality foods. [redacted]

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## CZECHOSLOVAKIA SHIFTS GOVERNMENT AND PARTY LEADERS

Party First Secretary Novotny announced a considerable reshuffle of Czechoslovakia's party and government leaders at a central committee meeting on 22 June; the moves were almost wholly designed to improve control of agricultural production. He severely criticized the performance of local government functionaries in carrying out agricultural policies, and announced that a commission for the direction of local government will be established under the supervision of a deputy premier.

Increasing parochialism among local officials and their desire not to alienate the farmers have complicated Prague's ambitious plans, despite the transfer of thousands of central party and government bureaucrats to rural areas during the territorial reorganization last year. Novotny wants to "eliminate the differences between rural and urban areas by 1970," in part by making the rural population dependent on state-dispensed wages for their incomes.

Apparently a major role will be played by the new commission, and a number of local government officials may be replaced when it becomes active. It may be headed by Rudolf Barak, who was relieved of his position as interior minister and has not yet been reassigned. Barak retains politburo membership and his post of deputy premier.

Novotny named a member of the party secretariat, former Agriculture Minister Lubomir Strougal, to head the Interior Ministry, which has some responsibility for overseeing local compliance with party

policy. The division of these responsibilities between the new commission and the Interior Ministry has not yet been announced.

The former party secretary in charge of agriculture, Vratislav Krutina, has replaced Strougal as agriculture minister. The appointments of Strougal and Krutina put the party's top agricultural experts in government posts where they can exert maximum influence. In related shifts, Novotny named Jindrich Uher, who was minister of the food industry, as internal trade minister, a post which controls retail distribution of food products; Josef Krosnar, former minister of state control, has replaced Uher in the Food Ministry.

Changes in the party leadership, most of them apparently necessitated by the government shuffle, included the transfer of two members out of the party secretariat to concentrate on their governmental posts, and the promotion of three high-ranking party leaders to still higher party posts. Other unspecified personnel actions were approved by the central committee; this may signify purges among secondary-level government and party officials.

Agriculture is the weakest sector of the economy; production has barely surpassed the pre-World War II level. The regime hopes to increase output 23 percent during the Third Five-Year Plan (1961-5) through the amalgamation of collectives, increased investments, better management, and a pressure campaign to complete the five-year quota in four years. The chances of achieving these goals are slim. [redacted]

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****GROWING POLICE POWER IN POLAND**

The Polish regime's efforts to increase its controls over political, economic, and cultural affairs have been accompanied by the development of enhanced police prestige and authority. Since late 1959 a growing number of "Stalinists" --who were key members of the former Bierut regime--have returned to positions of prominence and power within the party and government; they apparently have accelerated the trend toward administrative rather than established legal procedures of control.

Many Poles have reported widespread concern among knowledgeable Polish citizens and have dated the manifestations of new police power from April 1960, when Brig. Gen. Kazimierz "Gaspipe" Witaszewski took over the administrative department of the party central committee --a position allowing him to influence the staffing of police and intelligence organs. A recent shake-up in the office of the prosecutors-general has been ascribed to Witaszewski, who is said to have installed his hard-line protegés in all top posts.

Much of the growth in police activity has been related to the regime's strenuous effort to improve controls over the economy. The effectiveness of this campaign has been strikingly illustrated by figures released in Warsaw on 24 June which showed that 1,945 civil servants were sentenced for corruption in 1960--as compared with only 91 in 1959. The death penalty for economic offenses was introduced in late 1960. Since then, several secret summary trials, from which there is no appeal, have imposed severe punishments--although the one death sentence was later rescinded.

Westerners in Poland have observed several instances of

police strong-arm methods, including the recent beating of loiterers in Warsaw and the harshly conducted arrests of many unruly spectators at a hotly disputed Polish-Soviet soccer game. Those arrested subsequently were sentenced to three months in jail.

A prominent Communist intellectual recently told US Embassy personnel that he was discouraged by the "re-emergence of repression" in Poland. He said that methods based on force were used and approved by party officials who believed them to be the only effective means of control. He hinted that there were differences of opinion at the highest party levels on the efficacy of such measures, but he added--somewhat cryptically --that there was little hope for a change until next year.

Security considerations have been receiving progressively greater weight in Polish handling of contacts with foreigners. Many Polish citizens who have contacted foreign diplomats recently have been interrogated, warned about future contacts, or urged to report concerning these relations; official action of this kind was infrequent in the past. Moreover, it is becoming increasingly difficult for Poles to get passports.

There have been several reports of interrogation of tourists by militia or secret police; priests and former Polish citizens have been among those most frequently questioned. Administrative regulations governing foreigners in Poland have been purposely made confusing in order to provide the Interior Ministry with a pretext for expulsion.

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Polish practices still do not approach in severity internal security measures of other European satellites. There is no indication that a return to the open police brutalities of the Stalinist era

is contemplated. Nevertheless, it is apparent that Polish police activities at all levels have become more efficient, more pervasive, and more restrictive than at any time since 1956.

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**SOUTH KOREA**

The struggle between the group of younger officers supporting Maj. Gen. Pak Chong-hui and senior officers led by Lt. Gen. Chang To-yong, nominal head of the Supreme Council for National Reconstruction (SCNR), appears to be intensifying. The inner circle of the junta led by Pak has not yet consolidated its control over the military

gence agency, which has responsibility for coordinating the collection of information, including military, and investigation of all matters at home and abroad related to national security and criminal activity.

Recently promulgated ex post facto laws are so broadly drawn that almost any person regarded as a threat to the junta could be accused of some act making him liable to the death penalty or a long prison term. Retired Lt. Gen. Song Yo-chan, newly appointed defense minister, has observed that the situation within the Supreme Council and nation can be stabilized only by the emergence of an unchallenged leader.

Meanwhile, public references by the regime to its initial pledge to return the government to civilian control are becoming more vague. The appointment of the first two civilian cabinet ministers on 22 May--to head the Ministry of Finance and the Ministry of Economic Development--is not a harbinger of an early return to civilian authority, although additional civilians may be appointed to head other largely economic ministries.

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**ARAB-ISRAELI TENSION**

The relative quiet that has prevailed along the Israeli-Syrian border for several months was interrupted last week by a new series of incidents in the

vicinity of the demilitarized zones. Only one death has been reported from the nine incidents between 19 and 25 June, but the flare-ups could presage further

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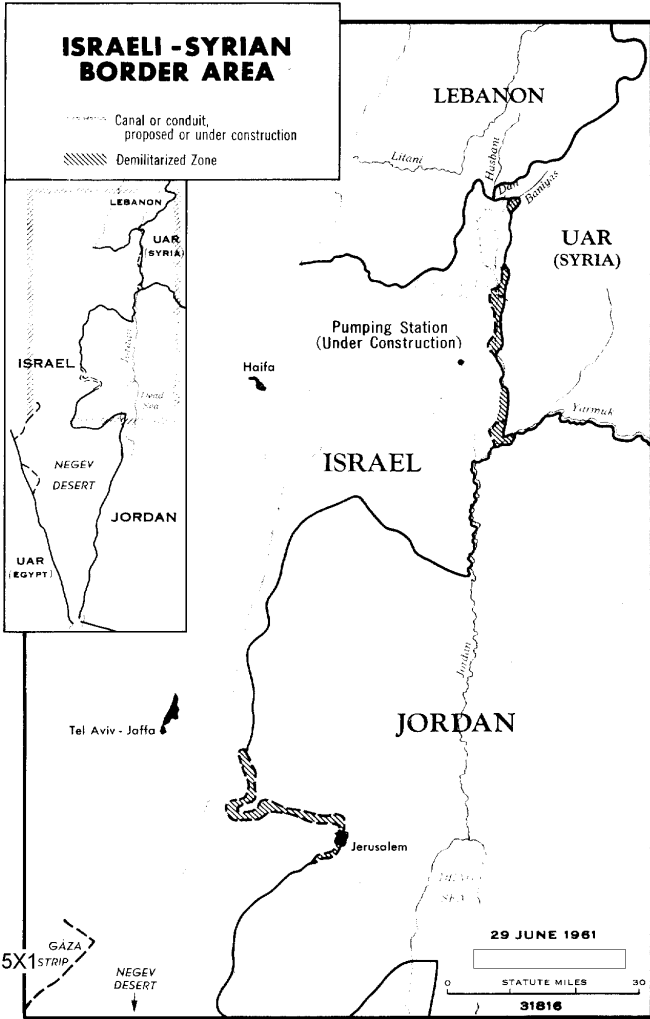
be conditioned by the election campaign now under way in Israel. Ben-Gurion probably could enhance his Mapai party's election prospects by ordering vigorous retaliation against Syrian "attacks."

Israeli road construction immediately adjacent to the northernmost demilitarized zone apparently precipitated the exchanges of fire on 19 and 20 June. Four of the recent incidents occurred in that vicinity and five were in the vicinity of the central zone north of Lake Tiberias.

In one of the latter incidents, an Israeli watchman was killed and another was wounded at a work camp near the pumping station the Israelis are building as part of their Jordan River diversion project. The project, which has aroused the hostility of all Arab states, has stimulated new efforts on the part of the Arabs to coordinate their military plans and operations.

Earlier this month the Arab League's Defense Council, consisting of the foreign and defense ministers of member states, met in Cairo to consider a UAR proposal for a joint command. The establishment of such a command was one of the features of the 1950 Arab collective security agreement; it has not been realized because of inter-Arab differences which have frustrated most attempts to achieve effective Arab unity.

Reports since the recent Cairo meeting indicate that agreement on the principle of forming a joint command was reconfirmed. Unanimity will be much more difficult to achieve on actual arrangements to make the joint command structure an effective mechanism.



and more serious trouble along the border. Sporadic firing has continued.

Israel has informed the UN Security Council of its concern over recent Syrian actions. The UN chairman of the Israeli-Syrian Mixed Armistice Commission believes personnel in Syrian border posts now are taking a tougher line toward Israeli activities in and near the demilitarized zones.

Israel's attitude toward the border situation may well

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**NATO DIFFERENCES ON STRATEGY**

Current NATO discussions of long-term strategic planning point up the divergence between Britain's growing concern with defense costs and the German and Turkish emphasis on military problems. There is general endorsement of a build-up of conventional forces, but agreement has not been reached on the role of nuclear weapons. Efforts to secure agreement before the annual NATO ministerial meeting in December appear likely to focus more attention on methods of sharing defense costs.

British representatives to the North Atlantic Council (NAC) contend that in view of the alliance's limited resources, the council should make the essentially political judgment of what kind of Soviet attack is most likely and then instruct the military authorities to plan accordingly. The British stated on 23 June that an attack involving from three to five Soviet or satellite divisions seemed most probable. For any Soviet attack that conventional forces cannot contain, London wants NATO first to use only tactical nuclear weapons and to resort to strategic weapons --expected to signal general war--only if these prove inadequate.

Britain's economic difficulties govern its interest in limited nuclear war. With the conscription call-up ended, London is not prepared to supply

the men for larger conventional forces. Chancellor of the Exchequer Selwyn Lloyd warned on 22 June that Britain must reduce overseas military expenditures. NATO Secretary General Stikker believes that London's position stems largely from its desire to get the Germans to offset the drain on Britain's balance of payments incurred in maintaining British forces in Germany.

Many of the allies are uneasy at the concept of limited war. West Germany and Turkey, as the most geographically exposed, are pressing their long-standing campaign for a forward strategy based primarily on military rather than economic considerations. Bonn's representative told the NAC on 23 June that NATO's deterrent, to be credible, must be ready for anything, since the attacker can decide priorities. His specific points dealt largely with strengthening the nuclear aspects of NATO's program.

The Turkish representative agreed with the Germans that NATO must be ready for the worst possible Soviet attack and must base strategy on such facts as geography and Soviet military dispositions rather than on questionable estimates of Soviet intentions. He urged obtaining NATO military commanders' ideas on these matters, but he cautioned that the results might show that Turkey needed more aid from its allies.

**ARGENTINA**

President Frondizi and his Intransigent Radical party (UCRI) are taking steps to obtain Peronista support in the March 1962 elections, in which half of the Chamber of Deputies will be renewed and provincial officials elected. These elections will vitally affect Fron-

dizi's ability to continue his economic stabilization program and will influence the presidential contest in 1964. His need for additional electoral support is underlined by the unpopularity of economic measures, like his recent railroad reform program which will cut

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some 75,000 workers from the payroll.

development program of the government."

Influencing the UCRI bid may be the Peronistas' policy decision on 5 May to drop their blank-vote tactic and bargain with other parties. Their support in the elections in a small town on 4 June brought victory to a pro-Communist and pro-Castro faction of the Socialist party. Since the Socialist party won the February elections in the federal capital with strong although unofficial Peronista support, both Peronista and anti-Peronista leaders have voiced concern about the growth of pro-Castro sentiment among the split Peronistas and about Communist infiltration of the several neo-Peronista parties.

Peron's orders to his followers to support the UCRI in 1958 helped give Frondizi his landslide victory. Not all of Peron's instructions have been obeyed by his followers in the past, but his endorsement of a qualified candidate could be decisive, as it was in 1958.

An official UCRI communiqué on 21 June appeared intended to attract Peronistas as well as others. The communiqué belatedly endorsed Frondizi's 1959 suggestion that political parties broaden their organizations "to permit the election of men from all sectors who want to collaborate in the

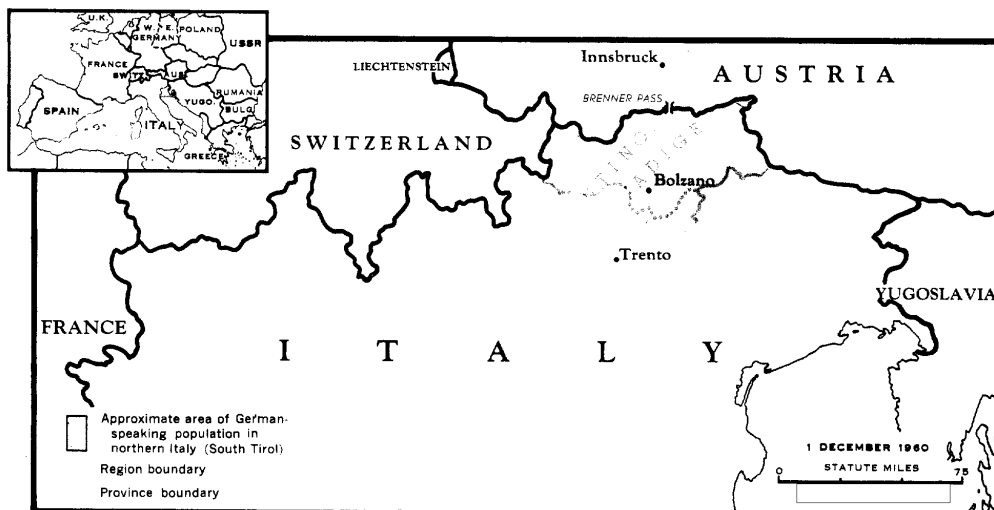
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**SOUTH TIROL**

Violence broke out again this month in the predominantly German-speaking South Tirol province of Italy, with damage estimated at over \$4,000,000 to power lines and other installations. Talks between the Italian and Austrian foreign ministers over the Tirolese demand for greater autonomy broke down on 24 June, and a new Austrian appeal to the UN is in prospect.

In the five-day conference between Italian and Austrian experts which preceded the foreign ministers' talks, it was evident that the Austrians considered Italian offers of greater administrative autonomy unacceptable without greater legislative autonomy. According to the Austrian press, radical elements apparently made gains at the

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recent conference of the South Tirol People's party.

Some Italian officials believe that Austrian officials have been encouraging the extremists and even participating in the planning and implementation of their activities; however, it seems more likely that the disturbances have been instigated by Austrian terrorist societies and pan-Germanic groups. The Austrian press has generally condemned the recent violence as inimical to the best interests of the South Tirol.

The Italians have long favored bringing the South Tirol issue before the International Court of Justice (ICJ), while Austria has pressed for UN action. Last year Vienna brought the matter to the General As-

sembly, which recommended bilateral negotiations.

The head of the Austrian delegation to the preparatory conference of experts told the US Embassy in Vienna on 27 June that the outlook for a solution seemed "hopeless." He said his government was under "almost irresistible" pressure from the extremists and would have no choice but recourse to the UN if the Italians insisted on resort to the ICJ.

Tension remains high in the South Tirol, and further unrest is likely. Italian rightists, who have long distrusted Premier Fanfani for his views on various domestic issues, might try to use such outbreaks as a means of overthrowing his minority government.

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**FRENCH FARM AGITATION**

The agricultural disturbances which spread rapidly in mid-June from Brittany through central and southern France are, like the labor agitation last spring, aspects

of the underlying social unrest hitherto held in check by De Gaulle's prestige and his pleas for national unity. The discontent led to outbreaks partly because, under the Fifth Republic,

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parliament and the political parties are no longer adequate channels for airing popular grievances. Parliament's frustration over its inability to influence government policy led it to defeat the government on two minor issues on 27 June.

While touched off by a drop in certain commodity prices, the unrest appears to be based on economic difficulties of a structural nature. Agricultural production is still far from modernized, and farm income has been kept low by an antiquated marketing system, competition from farmers outside France, and a policy of relatively low agricultural price supports. Especially in Brittany, farm association leaders feel that farmers have not had an equitable share of France's economic growth under De Gaulle.

The government's remedial program has hitherto centered on marketing reforms and other long-range improvements. A meeting between government and farm leaders planned for 29 June may result in some limited government concessions, but there is no indication that the government will meet farmer demands for broader relief now. The farm agitation is likely,

however, to stiffen French demands that the agricultural provisions of the European Economic Community treaty be put into effect in order to facilitate the movement of surplus French production to the other members of the EEC.

At least in the initial instances, the roadblocks and protest meetings were directed by younger farm elements, and officials of the traditional agricultural organizations were hesitant about backing the agitation. Attempts by both Communists and extreme rightists--including some associated with the Organization of the Secret Army in Algeria--to exploit the movement seem to have been unsuccessful.

The government, however, has [redacted] not ruled out the hypothesis that the demonstrations are part of a plan to weaken De Gaulle's political position and tie down security forces in areas remote from Paris. Security forces in France are considered barely adequate for normal coverage, and government spokesmen have in the past voiced alarm when police units have been temporarily transferred to Algeria.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****COMMUNIST BLOC AGRICULTURAL PROBLEMS**

Recent farm problems in the Communist bloc have pointed up the sharp disparity between the agricultural situation in the United States and that in the Communist countries. With an agricultural labor force about one seventh the size of that in the Soviet Union, the United States produces one-third more. During the last decade US agricultural output increased 25 percent and production per person employed in agriculture rose two thirds; Soviet agricultural output, stagnant under Stalin, increased 50 percent between 1953 and 1958 under the stimulus of Khrushchev's programs and good weather but has not grown since. Severe agricultural problems in Communist China have led to widespread malnutrition and the use of scarce foreign exchange for unprecedented imports of farm commodities from the West.

**The USSR**

In a speech to the party central committee plenum held last January to discuss agricultural problems, Khrushchev described agriculture as "out of step" with industry and the demands of the consumer and called for organizational changes, an increase in agricultural investment, and the introduction of new material incentives for improving the quality and quantity of farm production. An extensive shake-up of Soviet officials at all levels has since occurred, and charges of corruption, inefficiency, and falsification of agricultural reports have been leveled.

Among major organizational changes now being implemented,

the Ministry of Agriculture, heretofore in charge of the entire agricultural operation, has been restricted to the much smaller responsibility of controlling practical agricultural research work and disseminating the results of such work. An elaborate new national organization--an "all-union association"--has been created to supply farms with equipment, spare parts, fertilizers, and other production needs; to coordinate production plans for these items with the State Planning Commission (Gosplan), the factories, and the farms; and to control the repair and testing of farm equipment.

A State Committee for Procurements was also established to control collection of agricultural products through a system of contracts with collective and state farms. It also was given the duty of checking on individual farm performance and informing responsible officials of shortcomings. These are only the latest in a series of major innovations in Soviet agriculture introduced by Khrushchev in an attempt to raise output and labor productivity.

Stalin, who gave overwhelming priority to industrial expansion, depended mainly on compulsion for the direction of agriculture, whereas Khrushchev has relied more on incentives and increased investment. Prices paid by the state for agricultural products have several times been raised and farm taxes have been reduced; attempts have been made to establish a real link between individual income and production; and collective farms have

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****COMPARATIVE AGRICULTURAL STATISTICS**  
( PRELIMINARY DATA ON 1960 OUTPUT )

	Grain (million metric tons)	Meat (million metric tons)	Milk (1,000 metric tons)	Cotton (1,000 metric tons)
UNITED STATES	193	12.2	57,152	3,115.5
SOVIET UNION	100	5.9	54,100	1,470.0
COMMUNIST CHINA	155	5.2	negligible	1,800.0
EUROPEAN SATELLITES	43	3.2	26,700	28

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been allowed to buy their own machinery--previously owned and operated by the Machine Tractor Stations.

In addition, during 1954-56, nearly 90,000,000 acres of idle land (primarily in northern Kazakh SSR, western Siberia, and the Volga-Ural grain region) were brought into cultivation. To support a planned expansion of the livestock industry, a program for a large increase in the area planted to corn was inaugurated in 1955.

As a result of these and other changes, there has been --except during the past two years--a gradual improvement in the Soviet diet, which in terms of calories and general health requirements is now probably adequate. It is still, however, a predominantly "bread and potatoes" diet, with limited quantities of such "quality" foods as meat and vegetable oils. The failure to improve the diet in 1959 and 1960 probably is a source of great chagrin to Khrushchev, who only a few years ago promised that the Soviet Union would soon surpass the US in per capita production of meat and milk.

In Kazakhstan last week Khrushchev promised the Soviet

people the highest standard of living in the world as an objective of the long-range economic plans to be presented at the 22nd party congress in October; however, he did not use this opportunity to repeat his boast about overtaking the United States in meat and milk output.

**Communist China**

One of China's primary problems for many years has been to feed a rapidly expanding population--now estimated at 700,000,000, increasing at a rate of 2 to 2.5 percent per year. Even under normal conditions the average Chinese diet is marginal, not only in quality but frequently even in quantity. In a year of low food production, when certain areas are particularly hard hit by natural calamities, sharp regional differences in diet result from the inability of the transportation network to distribute food supplies evenly.

Peiping's program for economic development has been based on the belief that China could be industrialized rapidly, despite technological backwardness and the unfavorable ratio of population to arable land. Modernization of agriculture was to await industrial development--i.e., until industry could provide both the resources for further industrial growth and for increased investment in agriculture. Such a program involved a deliberate gamble that the thin margin between food production and the minimum needs of the population could be maintained.

In 1958 Peiping inaugurated a series of "leap forward" policies to strengthen agriculture and industry. Peasants, organized into communes, were driven

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to carry out a series of innovations called Mao's "eight-point charter." Extraordinary efforts were made to build irrigation projects and to improve the soil, but results were minimal; the new measures were hastily and unscientifically applied, ignored practical experience, and could not be quickly assimilated under varying local conditions. Inflated agricultural production figures were announced as part of the "leap forward" fanfare, but an official reassessment in the fall of 1959 sharply reduced some of the earlier fantastic claims for 1958.

There have been persistent food shortages in Communist China since 1959. Grain output in 1960 was probably near the 1957 level, when there were 50,000,000 fewer people to feed. As a result, rations were cut to a slow-starvation level over large areas, and rations of such foods as meat, vegetables, and cooking oil were severely limited throughout the country; although now apparently brought under control, malnutrition and related health problems were widespread for a time. Perhaps the best indicator of the severity of the shortage was Peiping's decision to purchase from the West 5,000,000 tons of grain for delivery in 1961.

Elsewhere in the Bloc

In the satellite countries, agriculture continues to give the economic planners the most trouble. In Eastern Europe, long-term planned rates of growth for industry have been achieved or exceeded, but no major plan for agricultural output has ever been fulfilled. The 1955-59 average gross value of agricultural production was still below the prewar average in East Germany, Czechoslovakia,

and Poland--compared with an average increase of 27 percent for Western Europe. In the Far Eastern satellites, agriculture remains a serious problem; food shortages were recently reported in North Vietnam.

Reasons for Farm Problems

The typical Soviet response to agricultural troubles has been to blame organizations and officials; the Chinese prefer to blame the weather. There is some validity to these assessments, but they do not tell the whole story.

Priorities: The leaders of all the bloc countries have deliberately given agriculture a low priority in relation to the sector of the economy most directly related to over-all economic growth and national power--e.g., heavy industry. Among the major results of this policy are inadequate mechanization of agriculture and the shortage of fertilizer.

The Soviets have almost completely mechanized the major field operations of plowing, seeding, and grain harvesting, but they have only one third as much tractor horsepower per plowed acre as do US farmers, and only one half as much grain-combine capacity per acre of small grain. Many important farm operations, such as the cleaning of grain and the handling of livestock, are still performed in a relatively primitive fashion. Because of the shortage of machinery--and the lack of spare parts and repair facilities--the Soviets are frequently unable to get their plowing and harvesting done on time, and thus sometimes suffer excessive crop losses.

The Soviets plan to triple production of mineral fertilizer during the current Seven-

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Year Plan, but they are unlikely to accomplish their goal.

While his income has been raised substantially by Khrushchev's programs, the Soviet farmer remains low man on the totem pole, with only very limited economic rewards as an incentive. As a consequence, and despite the fact that the Soviets are training large numbers of agricultural specialists, the farm labor force is heavily weighted with the least economically productive--the old, the very young, and the least educated.

Chinese agriculture has scarcely been affected by modern machinery; only 5 to 6 percent of the land is cultivated by mechanical means. The minimal investment made in farm implements has been mainly in hand tools. The Chinese have announced varying plans for increasing mineral fertilizer production, but there is no possibility that their needs can be met by domestic production for many years to come.

Natural Causes: Both the USSR and Communist China suffer from severe natural restrictions in their attempts to increase agricultural output. Although only about 10 percent of the land in the USSR is cultivated (as compared with 20 percent in the United States, there are no readily available large areas of uncultivated land suitable for production. Much of the land newly plowed in recent years is of such marginal productivity that it would not be cultivated at all in the United States. The growing season is short over most of the USSR; moreover, those areas with the most favorable growing temperatures are generally those with the least adequate precipitation.

The limitations of topography and climate on Chinese

agriculture are revealed by the fact that, despite the pressure of population over centuries, the cultivated area--concentrated in the eastern third of the country--still comprises only about 11 percent of the land area. There is little potential for any rapid increase in this figure. The cultivated area in the US exceeds that in China by about 75 percent; on a per capita basis the US figure is over six times that for China. As a result of the intensive use of land through multiple cropping, however, the sown area somewhat exceeds that in the United States.

Doctrine: Communist agriculture suffers seriously from the ideological biases of its directors. A prejudice for gigantism has made the Soviet farms and the Chinese communes too large to be efficient economic units; a prejudice against the use of prices for the detailed guidance of farm managers makes it extremely difficult to give appropriate instructions and incentives; and an apparent failure to understand the nature of agriculture as a biological industry, with inherent uncontrollable elements, has led to premature attempts to establish factory-type methods and organizations.

A basic distrust of individual initiative and enterprise has made it impossible to decentralize decision making effectively. A totalitarian party authority has repeatedly sought to impose on agriculture a variety of ill-considered and untested panaceas.

Collectivization: The degree to which collectivization per se has affected agricultural production is difficult to assess for the bloc as a whole.

In the Soviet Union, collectivization--essentially completed before World War II--was

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introduced forcibly at a terrible cost of lives and resulted in a major setback to production. Even today, however, there remains a noncollectivized sector--small private plots and livestock maintained by individual peasant families on both the collective and state farms. In the aggregate, this subsidiary agriculture provides an important share of the food for the Soviet consumer, and Khrushchev's attitude toward it has been to exercise moderate but persistent pressure toward its eventual abolition.

Collectivization took several forms in Communist China. The most notable was the much-publicized commune system introduced in 1958. This form of organization has not proved a success, either in organizing production or in forwarding communal living, and has disintegrated to the point where the commune is hardly more than a federation of collective farms.

Rapid progress in collectivization in Eastern Europe has been accompanied by disorganization of production and passive resistance by the peasants. Poland, the one satellite which has not pushed collectivization, has shown the largest rise in agricultural production in recent years.

Yugoslavia offers an interesting case study in agricultural collectivization. Since abandoning this form of agricultural organization in 1953 and subsequently adopting more liberal policies favoring agriculture, Belgrade has increased gross agricultural output by a faster rate than any of the European satellites.

Statistical Falsification: Statistical malpractices by officials at practically all administrative levels throughout the Communist bloc present problems to the economic planners; to the extent that falsifications cannot be accounted for and adjustments made, the operation of the economy suffers.

In the USSR, unusual distortions in agricultural data apparently had been on the in-

crease in recent years and had reached the point where the regime felt impelled to take massive action. In January, Khrushchev soundly condemned falsification with the statement that one cannot "eat statistics." Since then, numerous "cases" of falsification have been exposed in the press, and on 24 May the Kremlin decreed that padding of production reports would be punishable by imprisonment of up to three years.

The exaggeration of agricultural statistics has also been a serious problem in China. It is not clear, however, to what extent exaggerations are the result of manipulations by central authorities or, as apparently is the case in the USSR, the result of efforts by local officials to cover up poor performances.

Outlook

The various bloc regimes apparently are now facing up to the fact that agriculture should be accorded a higher priority with increased rates of investment. More realism is discernible in other areas as well: the Chinese have backed off somewhat from the excesses of their commune experiment, and the Soviets have at least given lip service to the need for permitting agricultural experts to make technological decisions, free from political interference.

In the long run, in spite of natural limitations, the rational application of scientific methods offers the Communist countries the possibility of an efficient and productive agriculture. In the next few years they should be able to increase agricultural output faster than population growth and thus to raise living standards or export agricultural products. Even with advanced technology, however, agriculture will remain essentially different from most industrial activities, and to be efficient will require a large degree of decentralized decision making. It is not clear whether the Communists have sufficient flexibility to operate such a system effectively.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## POLITICAL IMPLICATIONS OF A BRITISH ACCESSION TO COMMON MARKET

Far-reaching consequences are implicit in Britain's moves toward membership in the European Common Market (EEC). While there is still skepticism regarding London's bona fides toward the European movement, responsible British officials have said that EEC affiliation would mean wholehearted British participation in Europe's economic and political unification. Should this prove to be true, fresh impetus would be given a process already making notable strides; major readjustments in the pattern of intra-European and Atlantic relationships would almost certainly follow; and a new component might eventually be added to the balance of world power.

Institutional Changes

Even without major changes in the Common Market treaty, Britain's accession would imply substantial modification of the political basis of the EEC. In part this would be a matter of adapting institutions, the most important of which are the Parliamentary Assembly, the Commission, and the Council of Ministers.

In the assembly, Britain could not hope to obtain more than parity of representation with France, West Germany, and Italy. This would appear to involve no insoluble problems, however, nor would Britain's participation in the Commission--the EEC's independent administrative and executive body. At present, no more than two of the nine commissioners may be nationals of the same state, however, and their appointment--by agreement among the member countries--would become a more delicate process than before.

Like the founding members, Britain would be represented by a cabinet-level minister on the EEC Council, and here the most

difficult problem would be adjustment of the voting rules. Many council decisions require unanimity, but the treaty provides for gradual curtailment of veto rights as the community develops. In the present six-member council, four votes constitute a majority in some instances, but provision is also made for "prescribed majorities" in which the national votes are weighted. Such procedures would be difficult to change--even in the case of a simple majority, it will make material difference to the community's future whether four votes continue to constitute a majority in a council enlarged to seven members, or whether the required number is increased to five.

Institutional Operations

These seeming technicalities gain additional significance because of the institutional issues which have long troubled the EEC.

Although the Common Market was federalist inspired, true supranationalism was realized only to a comparatively limited degree--and that not so much in the powers of the independent executive or the assembly as in the application of the majority principle to the council, where decisions are ultimately made. As a practical matter, the EEC's hybrid institutions have functioned comparatively well, although their defects have become increasingly apparent in recent months. Nevertheless, efforts of the federalists over the past three years to strengthen the Commission and make the assembly a true parliament have been regularly contravened by the nationalists, led by France.

It is by no means certain on which side of this issue Britain's weight would ultimately fall. London has regularly

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EUROPEAN COMMUNITY INSTITUTIONS			
	EUROPEAN ECONOMIC COMMUNITY (EEC OR COMMON MARKET)	COAL-STEEL COMMUNITY (CSC)	EURATOM
GENERAL PURPOSE	EXISTING MAJOR INSTITUTIONS*	PRESENT FUNCTIONS	ORGANIZATIONAL CHANGES UNDER CONSIDERATION
<b>PARLIAMENTARY CONTROL</b>	EUROPEAN PARLIAMENTARY ASSEMBLY  142 members chosen by national parliaments of 6 member countries.	Reviews and debates annual reports of the three communities. May compel executive commissions and CSC High Authority to resign.	1. Pending draft convention would increase membership to 426, two-thirds to be elected by universal popular suffrage. 2. New assembly would retain present powers of review and debate, but early acquisition of legislative authority seems unlikely.
	EEC COUNCIL OF MINISTERS  EURATOM COUNCIL OF MINISTERS	Formulate general community policies and harmonize related national policies. Majority principle tends to replace unanimity as treaties are implemented.	1. De Gaulle's confederation plan calls for periodic meetings of heads of state and their principal ministers, organized by permanent secretariat. 2. Ostensibly designed to coordinate and concert foreign and domestic policies of the member states.
<b>POLICY FORMATION, COORDINATION, &amp; EXECUTION</b>	One cabinet-level representative of each state, usually foreign or economic ministers.		1. Three executives would be fused into single, enlarged commission. 2. Enlarged commission would probably retain existing powers of its predecessors. 3. Federalists wish to extend these powers--subject to Assembly review--but fear new confederation agencies would gradually assume direction of community affairs.
	EEC COMMISSION  EURATOM COMMISSION	Generally supervise application of the three treaties. Recommend community policies--in some cases councils must be unanimous to overrule.	
<b>JUDICIAL CONTROL</b>	COURT OF JUSTICE  7 judges and 2 advocates appointed by agreement among the member states.	Interprets and reviews legal application of the three community treaties.	No early change in prospect.

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\*Several other community agencies exercise important advisory or operational functions.

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cited the Common Market's supranationalism as an obstacle to British entry, and it has been generally assumed that London shares De Gaulle's distaste for the bureaucracy at Brussels. Lately, however, Foreign Office officials have said that Britain is prepared to accept not only the EEC institutions as they stand, but also the fact that they make decisions normally reserved to sovereign states.

Such statements may reflect no more than belated appreciation that the EEC is perhaps less supranational than Britain had initially supposed, but they may also reflect a realization that the Commission and assembly play an important role, albeit a subordinate one. That role would likely increase in importance as Britain's accession added to the diversity of the community and to the complexity of the issues it confronts. Thus London might quickly feel the need to contribute its "political genius" to devising institutions capable of mediating national interests while fostering a community point of view.

**Balance of Power**

The uncertainty surrounding such issues is due in part to the unpredictable impact the addition of another large power to the EEC would have on the present pattern of intra-European relationships. The continued cohesion of the six nations which founded the Coal-Steel Community in 1952 has reflected their common traditions and objectives--some of which Britain does not share. Many observers believe, however, that the community would have collapsed by now but for: the French-German entente; the tacit if reluctant acceptance of French leadership; and De Gaulle's conversion to the community--not per se, but as a vehicle for the advancing French hegemony in Europe.

There is no way of telling how these political "facts" would adjust to Britain's participation, but they would almost certainly be changed. On many specific issues of commercial and military policy Bonn and London are close together, and Vice Chancellor Erhard has constantly favored a broader

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European framework to include Britain. Conceivably, this could provide the basis for an Anglo-German amity tending to isolate the French.

De Gaulle for obvious reasons has made no secret of his distaste for Britain's overtures to the EEC. As the only other European capital retaining world-wide interests and responsibilities, London would clearly expect to share Europe's leadership with Paris. It is possible that if De Gaulle were unable to find sufficient excuse for excluding Britain altogether, Anglo-French rivalry would carry over and prove highly troublesome in an enlarged community.

Some observers, however, feel that Britain's membership would correct a political imbalance which is an increasing obstacle to early achievement of the ultimate goals of the EEC. Some of the smaller countries resent "Franco-German domination"; they question that French political leadership alone would continue to contain Germany in the post-Adenauer period, and they see the British as an additional measure of security. The Hague, for example, has stubbornly insisted that Dutch acquiescence in the loose European confederation which De Gaulle has been advocating is contingent on either independent institutions or British participation.

Broader European Unity

Moreover, the argument has been made that an EEC accommodation with Britain would restore to the European movement the harmony it has increasingly lacked since the collapse in 1958 of Britain's efforts to form a broad free trade area of 18 European countries, including the EEC. Even though there was widespread recognition at the time that the free trade area was probably unworkable and posed grave risks for the EEC, the reluctance of many in the Common Market to

see the "division" of Europe progressively widened has been a brake on the EEC.

The divisive effect of the seven-nation European Free Trade Association (EFTA) would be ended by Britain's joining the EEC. Denmark has already said it would follow Britain into the EEC, and Norway would probably eventually do likewise. A similar solution is feasible for Portugal, the remaining NATO member of EFTA, but for economic and possibly political reasons Lisbon's ties to the EEC would probably have to be looser--on the model, perhaps, of the Greek-EEC convention.

Far more difficult are the problems of EFTA's neutrals--Switzerland, Sweden, and Austria--and of Finland, which is associated with it. The Swedes, like the Swiss, think of neutrality as "a way of life," and would be loath to abandon it for membership in an organization with the objectives of economic and political union. Looser associative ties, which seem a more feasible alternative, have the major disadvantage of linking the economic future of those who seek them to an organization in which their influence over policy would at best be peripheral. Such status has been compared, for example, to a "cheap seat at the theater from which one can scarcely see the stage."

For Austria, as for Finland, the problem is complicated by fear of Soviet retaliation. While the neutrality provisions of its constitution state only that Austria may not join alliances or have foreign military bases on its soil, Vienna has interpreted this as precluding membership in any organization composed predominantly of NATO members. Moreover, Vienna has been deeply committed by Foreign Minister Kreisky to the interpretation that the provision of the State Treaty prohibiting union of Austria with Germany precludes Austrian accession to an organization of which West Germany is a leading member.

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Perhaps the answer to Vienna's problem lies in taking whatever action Bern and Stockholm decide on. Switzerland in particular has a good bargaining position with the EEC, and it might be possible for Austria to follow the Swiss example as a model of neutrality.

Commonwealth Considerations

While a major reappraisal of European policies would result from Britain's signature of the EEC treaty, further repercussions would also follow, extra-European in scope. London's prolonged hesitation on the brink of a "European plunge" has reflected in large part the uncertain implications for the Commonwealth.

The small tariff preferences granted by one Commonwealth country to another are of declining economic importance to most members, but their elimination would remove one of the few tangible benefits of that loose association. This in turn would accelerate present tendencies of Commonwealth members to seek the most favorable economic, military, and political arrangements, with little regard for the historic ties with Britain. For this reason, the Macmillan government will seek to retain a remnant of the preferences through protocols to the EEC treaty.

Britain's turn toward Europe, however, comes easier now than it would have a few years ago. The proliferation of new Commonwealth members, their evident disregard for British views on important international questions, the continued tendency of Canada, Australia, and New Zealand to look toward the United States for military protection, and the withdrawal of South Africa this spring have all decreased the Commonwealth's importance to each member and have removed some of its emotional appeal to the British public. Parliamentary discussion of possible Common Market entry has often focused less on Commonwealth ties than on obligations to other Europeans--Britain's EFTA associates.

The Macmillan government nevertheless has no intention of "abandoning" the Commonwealth. If Britain were to lose a fragment of its identity to Europe, it might stress remaining Commonwealth ties even more to distinguish itself from its new partners.

Fortunately for Britain, the economic blow would fall hardest on the old Commonwealth members--Canada, Australia, and New Zealand--whose British ties are sturdiest. The New Zealand Federation of Labor's recent warning that British association with the EEC might mean an "end to the Commonwealth" might have been taken more seriously if it had come from a new Asian or African member. New Commonwealth members have indicated more interest in aid than trade, and as long as other Commonwealth members continue to receive increasing amounts of economic assistance from London, they are unlikely to discard their membership lightly.

With Commonwealth preferences eliminated, London would be obliged increasingly to emphasize to its Commonwealth partners the less tangible benefits of being in that club through the variety of consultative

The Spectator, 2 June 1961



'He's gone off to join the Common Market.'

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institutions and practices capped by the prime ministers' meetings. However, such consultations might in turn convince the more ardent European integrationists that London is still trying to maintain a special world-wide influence and is unwilling to participate wholeheartedly in the drive toward European unity.

The Atlantic Community

London's claim to a special relationship with the United States would shrink to the extent that it submerged its economic and political future in the EEC. In practice, however, no British political leader in either major party is prepared to relinquish this claim. Some British advocates of the EEC link argue that London might even improve its position with Washington by being able to speak, at least in part, for the EEC partners. British efforts to retain the historic special position would be certain to complicate the intricate personal relationships with Continental leaders, present and future, and would constitute a major factor impeding the development of a broader European unity.

For NATO, perhaps the most immediate consequences of British membership in the EEC would be an end to the Six-Seven controversy and the establishment of a new forum where intra-European differences could be worked out. Some of the staunchest NATO supporters anticipate that with Britain in the EEC, more effective pressure might be brought to bear to secure De Gaulle's cooperation in NATO. Others foresee a healthier trans-Atlantic partnership if the present EEC countries and Britain, by pooling their resources, are more nearly able to balance American power than at present.

There is implicit in such thinking at least an element of latent "European nationalism"--as there has been in the integration movement from the beginning. Thus, some of those who have most ardently urged the restoration of European power through collective action have felt that Europe could not then be "ignored by Washington" and that it could even go its own

way. Such nationalist-neutralist-isolationist advocates appear a distinct minority, however, in comparison with those who see Europe and North America drawn into an even closer relationship.

Some of the latter group are already elaborating a concept of an Atlantic Community, of which NATO and the new Organization for Economic Cooperation and Development are the first manifestations. Jean Monnet, who perhaps more than anyone else has influenced the course of the European movement, is publicly predicting the eventual emergence of supranational Atlantic institutions.

Conclusions

While the prospect of a more efficient utilization of free-world resources is implicit in the prospect of a "better ordering" of Western Europe, there are few illusions that this potential will be either quickly or easily realized. Well over a decade has elapsed since the first moves toward European unity, and each step has encountered major difficulties. London's negotiations with the EEC will be difficult. They are not certain to succeed, nor is it assured that the British electorate would approve such a basic reorientation of Britain's future. In any case, the achievement of a viable European unity will inevitably be a process in which the revising and signing of treaties are only the formalities.

The process will be difficult primarily because the stakes are so large. As it exists today, the Common Market --a community of some 170,000,000 people--has achieved rates of economic growth currently envied in the Anglo-Saxon countries, and it is increasingly a dynamic economic and political force throughout the world. There is no reason why this momentum should not at least continue in a community half again as large, nor is there any reason why a unified Europe could not rank with the USSR, Communist China, and the United States among the formidable powers of the future.

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