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28 September 1961

CURRENT INTELLIGENCE WEEKLY SUMMARY



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OFFICE OF CURRENT INTELLIGENCE

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T H E W E E K I N B R I E F

EAST-WEST RELATIONS Page 1

The Soviet Union's line on Germany and the Berlin problem continues to combine an attitude of reasonableness on details and procedures with an unyielding stand on certain basic issues. Khrushchev, in his talk with Belgian Foreign Minister Spaak on 19 September, appeared more conciliatory and flexible than at any time since the Vienna meeting with President Kennedy. Gromyko has not yet reflected this line in his talks with Secretary Rusk or with Lord Home, and Moscow has made further moves in the military sphere to impress the West with bloc military strength and combat readiness. Exercises of the Warsaw Pact forces have been announced for October and November. At the UN, the Soviets have continued to advocate the troika, but there are increasing signs that the bloc will eventually compromise on an arrangement for an interim appointment to fill out Hammarskjold's term, plus appointment of three under secretaries to act as advisers.

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CONGO Page 5

UN authorities hope that the cease-fire will lead to talks between Leopoldville and Katanga representatives for a political solution in the Congo. Strong antipathy between the two groups, however, makes an early reconciliation unlikely. The cease-fire itself is tenuous, with both the UN and Katangan forces attempting to improve their military positions. Fears that the Congolese Army may invade Katanga and unrest among the anti-Tshombé Baluba refugees camped near the city add to the tension in Elisabethville.

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LAOS Page 7

A new meeting of Boun Oum, Souvanna, and Souphannouvong has been agreed upon for early October at Hin Heup, 50 miles north of Vientiane. General Phoumi, while appearing more receptive toward Souvanna as premier, expects negotiations on the composition of a coalition government to be protracted, since he intends to make a major issue of which individuals are "truly neutral." Informal negotiations at Geneva have resulted in agreement on several minor points. The military situation has been relatively quiet. Communist forces continue minor attacks in scattered areas, but these appear to be primarily in response to Laotian Army security operations and Meo guerrilla activity.

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SOUTH VIETNAM Page 8

The increase in Communist guerrilla activity throughout South Vietnam this month may foreshadow an intensified military effort by the Viet Cong. Operations by battalion-size units in the central highlands and the northern part

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of South Vietnam indicate the increased ease with which guerrillas are being infiltrated from North Vietnam via Laos. [redacted]

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FRANCE Page 10

De Gaulle, who is seeking a "national unity" agreement in his effort to reach an Algerian settlement by the end of the year, has reduced the likelihood of an early government crisis by announcing that he is about to renounce his special emergency powers and by his efforts to re-establish contacts with party leaders. Nevertheless, the public is becoming impatient over the delay in reaching an Algerian settlement, labor is restive over wages, and new farm demonstrations may occur when the government's agricultural bill is debated shortly after parliament reconvenes on 3 October. [redacted]

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ALGERIA Page 11

The bitterness of European settlers in Algeria, which is being exploited by the rightist Secret Army Organization (OAS), has reached a point where [redacted] another coup attempt is likely unless the OAS leaders are captured soon. The OAS has called for a series of demonstrations against De Gaulle, which could provoke Moslem counterdemonstrations. De Gaulle has described the situation as "explosive," and said he would not be surprised to see new disorders in which "large numbers" of Europeans and Moslems were killed. [redacted]

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AFGHANISTAN-PAKISTAN Page 14

Neither Afghanistan nor Pakistan has shown a willingness to make concessions to help resolve the present impasse. Both countries have continued to strengthen their military positions along the border, but the intent on both sides appears to be defensive. Afghanistan insists that it will not use the Pakistani route for foreign trade until the Pushtoonistan dispute is settled. The resulting disruption of supply lines threatens to force the termination of construction work on major American aid projects in the near future. [redacted]

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GHANA Page 15

Nkrumah's abrupt removal last week of British officers from command positions in Ghana's military forces underscores his progressive estrangement from the West. Nkrumah and his influential left-wing advisers appear more eager than ever to accept aid from the Sino-Soviet bloc following Nkrumah's recent extended visit to nine bloc countries. The expected departure of most of the British officers will remove an important stabilizing factor in Ghana and may encourage some discontented native officers to make common cause with disaffected political elements. [redacted]

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BLOC ECONOMIC OVERTURES TO BRAZZAVILLE GROUP Page 16

The Soviet Union and some of the European satellites have recently reiterated their readiness to provide aid and to expand trade with the 12 African nations associated in the so-called Brazzaville group--all moderate former French territories. This month Soviet officials held discussions in Moscow with an economic delegation from the Congo Republic (Brazzaville). A mission from Niger which visited Poland, Czechoslovakia, Hungary, and Rumania received assurances of bloc aid, largely in the form of technical assistance. [redacted]

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BLOC ECONOMIC RELATIONS WITH INDONESIA Page 17

Soviet military aid has overshadowed bloc economic activities in Indonesia during the past year, but the trade and economic aid program remains important to Soviet policy in the area. Several recent aid agreements with the East European satellites have boosted total bloc economic aid to Indonesia to more than \$600,000,000. The bloc has usually agreed to Djakarta's requests and has come to assume the major foreign assistance role in Indonesia's ambitious eight-year development plan which began this year. The plans now being formulated will eventually involve the bloc in nearly every sector of the Indonesian economy. [redacted]

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MOSCOW SHAKES UP CIVIL POLICE COMMAND Page 18

Kremlin dissatisfaction with the performance of the regular civil police during the current crackdown on economic crimes has led to the dismissal of internal affairs ministers in eight of the Soviet Union's 15 republics. In several instances those ousted have been replaced by officers of the secret police (KGB). Although regular law enforcement is the responsibility of the Internal Affairs Ministry (MVD) in each of the republics, the KGB has been given responsibility for enforcing those new laws which provide the death sentence for embezzlement and speculation. [redacted]

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RURAL REORGANIZATION IN COMMUNIST CHINA Page 20

Peiping is easing controls over farming as one measure to revive agricultural production. The peasants are being allowed greater freedom to engage in side occupations, cultivate private plots, and sell part of their output on free markets. Peiping is returning to an incentive wage system reflecting the amount of work performed rather than the time spent on the job. These measures cannot by themselves, without better weather and more fertilizer, be expected to pull agriculture out of its slump. [redacted]

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SHARPENING CHURCH-STATE CONFLICT IN POLAND Page 21

Recent steps by Poland to assert its control over religious instruction have placed the Roman Catholic Church in open and direct opposition to the regime; the Polish Episcopate has bluntly reaffirmed its intention to continue such instruction without submission to state regulation. The regime is well aware of the powerful public support for Cardinal Wyszynski and may be disposed to compromise the issue temporarily.

[Redacted]

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YUGOSLAVIA Page 23

Belgrade is trying to counteract the negative reaction in the West to Tito's support of Soviet foreign policies at the conference of nonaligned nations. Yugoslav officials have implied to Western diplomats that the speech did not signal a change of policies and that Belgrade still maintains impartial positions.

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[Redacted]

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[Redacted]

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DOMINICAN REPUBLIC Page 24

Opposition leaders are "considering" President Balaguer's offer to include them in a coalition government, but a leader of the largest opposition group has indicated that his group will not accept. The special OAS subcommittee is nearing the end of its stay in the country and is preparing to report on the critical issue of whether conditions now warrant any relaxation of the OAS sanctions against the regime. The opposition would regard any easing of the sanctions as equivalent to US abandonment of the Dominican people to a tyrannical regime. The government, on the other hand, maintains that failure to lift the sanctions promptly would demonstrate the futility of the liberalization program and lead to a military coup.

[Redacted]

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MEXICO Page 25

Recent revolutionary outbreaks in central and southeastern Mexico have led the Lopez Mateos government to take strong action against all suspected antigovernment activity. The administration remains uncertain as to which elements actually organized the outbreaks; it will probably blame certain recently active church-supported rightists, but in so doing will seek to avoid providing political advantage to the leftists. Violent uprisings have been rare in recent decades in Mexico; those this month involved at least 60 deaths.

[Redacted]

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BRAZIL Page 27

President Joao Goulart appears to have strengthened his political position during the past three weeks, despite

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the constitutional amendment of 2 September transferring the executive power in Brazil to a prime minister. Prime Minister Tancredo Neves appears to be working with Goulart rather than competing for power. Goulart's public statements have been cautious and devoid of radicalism; however, he has appointed a Communist as his private secretary, and several of his other appointees have Communist ties. [redacted]

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THE WEST INDIES FEDERATION Page 28

Jamaica's decision to withdraw from the West Indies Federation leaves Trinidad's Premier Eric Williams, often antagonistic toward the United States, the dominant figure in the area. While Trinidad now may follow Jamaica's expected course of seeking separate independence, London considers it possible that Trinidad may join the smaller islands in an Eastern Caribbean federation. Williams may also use the collapse of the Federation as a pretext to seek renegotiation of the defense areas agreement concluded last February with the US. [redacted]

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PROBLEMS OF THE BELGIAN GOVERNMENT Page 29

Recent developments in the Congo, particularly the UN action against Katanga and the exodus of white settlers, will probably stimulate strong right-wing criticism of the Socialist and Social Christian coalition government of Prime Minister Lefevre and Foreign Minister Spaak when parliament reconvenes early next month. The coalition, formed in April after the parliamentary elections, is expected to survive, however, chiefly because there is no practical alternative. [redacted]

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SPECIAL ARTICLES

SINO-SOVIET BLOC AID TO AFRICA Page 1

Africa now accounts for 12 percent of total Sino-Soviet economic assistance extended since 1954. However, of the more than \$500,000,000 in bloc aid thus far extended to African countries, less than 5 percent has actually been delivered. The bloc aid program in Africa (excluding Egypt) began in late 1958 and early 1959 with the provision by Czechoslovakia and Poland of small medium-term credits to Ethiopia and Guinea for hospital and railroad equipment. In mid-1959, the Soviet Union extended relatively large lines of credit to both those African countries for general economic development. In the two years since then, the program--in which all the major bloc countries now are participating--has grown both in size and scope and now includes military as well as economic assistance. More than half the aid extended by the bloc to underdeveloped countries in 1961 was for African countries. [redacted]

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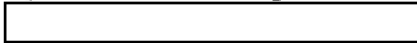
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SUDANESE PRESIDENT ABOUD Page 7

General Ibrahim Abboud, who begins a state visit to the United States on 4 October, has been President of the Sudan since 1958, when he led a successful army coup. Despite initial successes in the economic field, the Abboud regime has never gained broad public support and is under pressure from a group of civilian politicians to restore constitutional government. During his visit to the US, Abboud, in addition to seeking a general increase in American aid, will probably try to obtain a dramatic "impact" project, which he can use to increase his prestige. Personally oriented toward the West, Abboud has nevertheless pursued an official policy of neutralism, designed primarily to keep the Sudan in good standing with Afro-Asian countries.



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WEEKLY REVIEW

EAST-WEST RELATIONS

The position Khrushchev outlined in his statements on Germany and Berlin to Belgian Foreign Minister Spaak on 19 September was more flexible than any he has adopted since he intensified the Berlin crisis after the Vienna meeting with President Kennedy. Khrushchev apparently was seeking to convince Spaak that formal negotiations by the four powers could lead to a compromise solution which would protect the Western position in Berlin but allow the Soviet Union a free hand to proceed with a peace treaty with East Germany. According to Spaak's report to the NATO Council, the Soviet premier contended that he understood Western views on Germany and Berlin and had no desire to impose the Soviet position that a treaty should be signed with both German states.

Khrushchev said the USSR would guarantee East German execution of any agreement on Berlin which the four powers could work out prior to negotiations on the peace treaty. He stated that he was prepared for what he called a compromise--the signing of two treaties which would contain some common clauses, including recognition of present German frontiers; some provision for subsequent study by the two Germanys of formulas for unification; and a four-power accord on Berlin. Such an accord, Khrushchev indicated, could either appear in parallel treaties or be incorporated in a separate East Germany peace treaty concluded by the bloc alone. He claimed that in this way Moscow would guarantee the Berlin accord

without requiring Western recognition of the East German regime.

Khrushchev ruled out any discussion of the status of East Berlin. He also maintained that the West must reach an agreement with East Germany over access arrangements, but at the same time he said, "Berlin is not too important."

As to timing, Khrushchev indicated no sense of urgency and mentioned no final date, provided there were no "long, drawn-out" discussions on Berlin.

Khrushchev's presentation and his focus on the possibility of "compromise" seem tailored to appeal to those within the Western alliance who favor formal negotiations as early as possible. Spaak indicated to the British ambassador in Moscow that he believed he has been invited to Moscow because Khrushchev knew he favored negotiations. In keeping with this general line, Khrushchev's letter to Nehru, released on 22 September, maintained that the USSR was prepared for negotiations "any time, and place, and at any level," and attempted to create the impression that the West opposed "serious negotiations."

Although the idea of two peace treaties--to be concluded by the Western powers with Bonn and by the bloc with East Germany--was included in the aide-memoire given President Kennedy in Vienna and repeated in the Soviet note of 3 August, Khrushchev's explanation of the link between a separate settlement on Berlin and the conclusion of a

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peace treaty is a new aspect, designed to overcome Western objections to a unilateral turnover of controls by maintaining a semblance of the status quo. This alternative, however, would be consistent with Khrushchev's demand that the status of Berlin be "normalized" and with his refusal to agree to perpetuate Western occupation rights. He probably feels that incorporation in an East German treaty of a four-power agreement and a guarantee on access would reduce the risks of concluding a separate peace treaty with East Germany and would constitute at least tacit Western consent to a separate treaty.

Khrushchev's statement that the USSR would be willing to negotiate on a zone of limited or controlled armaments in Europe is calculated to appeal to Spaak and other European leaders who have long held that a security arrangement in Central Europe should be taken up in connection with the German question.

Khrushchev apparently sought to meet Western opposition to negotiating under a threat or ultimatum by playing down any specific deadline and stressing only that the talks should not be protracted. Khrushchev has not mentioned a deadline in recent public statements, and threats of a separate treaty have also been omitted in several of Khrushchev's latest pronouncements.

Despite Khrushchev's more conciliatory line, Foreign Minister Gromyko did not reflect

this approach in his discussions with Secretary Rusk and with Lord Home in New York. In answer to Home's question on the possibility of a Berlin access arrangement which would be written into a separate peace treaty, Gromyko replied with five conditions: respect for East German sovereignty, agreement with the East Germans, end of the occupation status, demilitarization in Central Europe, and recognition of the Oder-Neisse border.

Gromyko, however, was vague in answering Secretary Rusk's question on whether the Soviets excluded a broader approach than that indicated by Gromyko. In this way Gromyko apparently intended to hold the door open to a continuing exchange. Khrushchev told the French ambassador in Moscow that he realized there would have to be some "give and take" in any discussions on Berlin and Germany.

Military Measures

Moscow announced on 25 September that Warsaw Pact forces would conduct exercises in October and November. These exercises are a logical and consistent development of Moscow's extensive efforts over the past two months to impress the West with the strength and combat readiness of the Soviet and bloc forces. The Soviet announcement, which stated the exercises would be held in the "territory of the Warsaw treaty countries," follows the decision at the meeting of the Warsaw

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Pact defense ministers on 8-9 September to work out "practical measures" to strengthen the defense of the bloc countries.

Hammaraskjold's Successor

Although Moscow has continued to advocate the troika plan for replacing the UN secretary general, there is increasing evidence that the Soviet bloc will eventually agree to an interim appointment to fill out Hammaraskjold's term, which expires in 1963. The bloc delegates probably intend to increase their efforts to arrange for the appointment of three under secretaries--one each from the bloc, the West, and the neutral nations--to act as advisers without a veto. In this way Moscow would probably hope to claim growing recognition of the concept of three power blocs in the world and of the necessity to reflect this division in the UN structure. By insisting on the full troika plan as an initial position and indicating opposition to certain candidates, Moscow probably also hopes to induce neutral delegates to put forward a compromise candidate acceptable to the USSR.

Gromyko in his UN speech made only a passing reference to the troika plan, denied that there was any constitutional crisis in the UN, and insisted the question be settled in the Security Council. A member of the Rumanian delegation, commenting on Gromyko's speech, said that what the USSR wanted at this time was a candidate

for temporary secretary general who would be acceptable to the bloc. Permanent Soviet UN representative Zorin is reported to have proposed to the three Western powers that a four-man directorate be selected, with one person to serve as the chief of the secretariat and the other three to act as assistants.

Reaction to President's Address

The bloc has been mildly critical of the President's speech, with most of the criticism directed against his disarmament proposals. Moscow asserts that the proposals fail to provide "either for the abolition of arms and armed forces or for the banning of nuclear weapons, or for the liquidation of military bases. Moscow also criticizes the President for referring to the Laotian situation as a threat to peace while not "saying a word" about Algeria, Angola, or Southwest Africa. The President's remarks on Germany are reported briefly but without direct commentary.

Berlin

During the past week, two incidents have occurred involving East German efforts to control US military personnel traveling on the Berlin-Helmstedt Autobahn. On 21 September police halted two US enlisted men in civilian clothes traveling in a car with military plates, and detained them at Potsdam police headquarters. After six hours, a Soviet officer appeared

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and the men were released. On 25 September, an air force staff sergeant was halted at a roadblock outside Berlin while en route to Helmstedt in a private vehicle with military plates. East German police--who were handing out fines to most of the cars on charges of speeding--ordered the sergeant to produce his identification, refused his request for a Soviet officer, and forced him to return to Berlin. On the second try, he drove through to Helmstedt.

The institution of increased patrolling by US military police after the first incident drew a strong protest from Marshal Konev demanding immediate cessation of the patrols, on grounds that they violated "the agreement pertaining to communications controls, under which the control for communications between the Federal German Republic and West Berlin is placed in the hands of the Soviet command." The broad reference to Soviet retention of communications controls is unusual in that it makes no allowance for existing East German control of West German traffic.

In an effort to maintain pressure on the matter of air access to Berlin, Soviet authorities in the Berlin Air Safety Center (BASC) used an Allied protest against the harassment of a British European Airways plane on 22 September by Soviet fighter planes to transmit the following day a demand that Western flights submit flight plans promptly, that they state the estimated time for crossing

the East German frontier, and that they adhere to the "requirement" of flying under 10,000 feet.

West Germany

Despite official Washington reassurances that US policy on Berlin and Germany remains unchanged, West German spokesmen of the leading political parties have expressed "great uneasiness" over statements attributed to influential American officials about accepting the "reality of the two Germanys." A Foreign Ministry official told US representatives in Bonn that publicity at this time regarding possible Western concessions has "dismayed the German public" and created distrust of the strength of the alliance even before negotiations have begun or any concessions actually been made.

The influential Hamburg newspaper Die Welt asserted on 25 September that various concessions apparently under consideration by the United States such as de facto recognition of East Germany came "dangerously close to Soviet demands." The newspaper also noted that there was quite a difference between offering such concessions at the end of Berlin talks, when they might offer the only chance to keep Berlin free and avoid war, and offering them at the opening phase of negotiations.

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CONGO

The cease-fire in Katanga, which began on 21 September, has generally been observed by both Tshombé and the UN. The first move in the direction of a prisoner exchange took place on 26 September, when two UN officials arrived in Elisabethville to participate in a four-man commission which will oversee the cease-fire.

The cease-fire to date has been highlighted by charges from each side of bad faith and armistice violations by the other. Although the cease-fire provided for a freeze on troop movements in Katanga, each side has taken steps to increase its military strength. The UN has made no secret of its efforts to develop an air capability which would neutralize Tshombé's ubiquitous Fouga jet. The first four of fourteen jet fighters requested by the UN arrived in Leopoldville from Addis Ababa on 27 September.

There are unconfirmed reports that Tshombé has already received the first of ten twin-engine Dornier light transports--equipped with bomb racks and other military equipment--ordered in Europe. A US Air Force officer in Northern Rhodesia reported on 23 September that a Katangan aircraft had arrived in Ndola to pick up eight Rhodesian, Belgian, and South African mercenaries for service in Katanga.

Morale in Tshombé's forces appears to be generally satisfactory. Four African lieutenants defected to the UN on 23 September, but they appear to have been members of a contingent of junior officers who have posed a disciplinary threat to

Tshombé since their return from training in Belgium. The US Consulate reports that the character of the white element in Tshombé's army appears to be changing, with the hitherto dominant Belgian element giving way to Rhodesian and rightist French volunteers.

UN authorities apparently hope that the cease-fire will provide an opportunity for direct talks between Tshombé and the central government. Khiari stated on 26 September that he believed there was a possibility of a reconciliation based on Tshombé's acceptance of a high post--such as minister of defense--in the Leopoldville government. Such hopes ignore the increasingly hostile attitude toward Tshombé in Leopoldville. The Gizenga faction would probably block any move to bring Tshombé into the central government.

Tshombé has reiterated his willingness to negotiate with the central government, but has not backed down on his oft-repeated insistence on Katangan independence and the necessity of a UN withdrawal from Katanga. On 27 September, Tshombé stated that he had urged Adoula to meet him for talks in neutral territory.

Widespread anti-Tshombé sentiment in Leopoldville has prompted Premier Adoula to move two battalions of Congolese Army troops to Luluabourg in preparation for an "invasion" of Katanga if one is required. Rumors of invasion, together with hunger and unrest within the Baluba refugee camps near Elisabethville, have added to the insecurity in Katanga.

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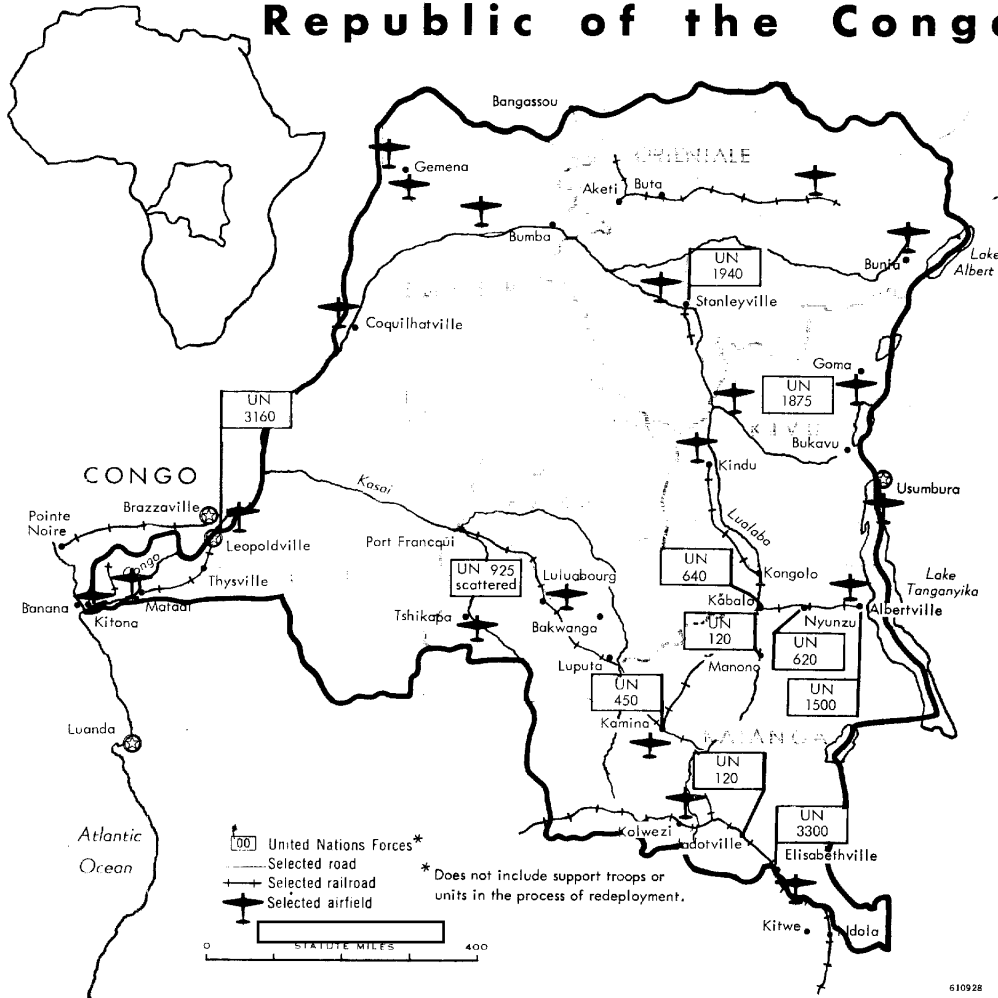
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UN officials in Elisabethville have admitted to a US Embassy officer that they badly underestimated the Katangans' will and ability to resist, but nonetheless persist in their optimism. The embassy official characterized UN authorities as

The Adoula government has rebuffed efforts by bloc and radical African diplomats formerly accredited to the Gizenga regime in Stanleyville to transfer operations to Leopoldville without obtaining new accreditation. A Foreign Ministry bulletin

Republic of the Congo



minimizing the African role in the resistance and blaming the fighting on a few hundred whites. He observed, however, that Katangans, with no support from Europeans, resisted heavy UN attacks on the first day of the fighting, and are as exhilarated as the whites by their "victory" over the UN.

of 23 September, which noted the presence in Leopoldville of diplomats from the USSR, Czechoslovakia, Poland, Mali, and the UAR, stated that these countries could install their missions only after having followed "normal diplomatic procedure."

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LAOS

In their meeting at Namone on 27 September, the Vientiane group and the delegation representing Souvanna and the Pathet Lao agreed on a new meeting of Souvanna, Souphannouvong, and Boun Oum. The site agreed upon--Hin Heup, about 50 miles north of Vientiane--represents a concession by the government, which had been insisting on Luang Prabang. However, the dividing line between the opposing forces runs through Hin Heup, and the timing of the meeting and its precise location within the town apparently remain to be decided.

Phoumi, in conversations with Ambassador Brown on 26 September, appeared to have adopted a more lenient view of Souvanna. While commenting that the depth or sincerity of Phoumi's apparent conversion could not be measured, the ambassador states that Phoumi gave every impression of a sincere desire to reach agreement with Souvanna on a government under Souvanna's leadership. Phoumi did, however, say that negotiations on the government's composition would be protracted, as he would make a major issue of which individuals were "truly neutral."

In earlier talks with Ambassador Harriman--following the Harriman-Souvanna discussions in Rangoon--Phoumi had stressed his belief that Souvanna was too beholden to the Communists to make a suitable premier. Phoumi declared that if a peaceful solution proved impossible and the Vientiane government were attacked, he would defend himself and hoped "in any event" he could count on support from the United States. Ambassador Harriman received the impression that Phoumi had no real intention of pursuing serious negotiations.

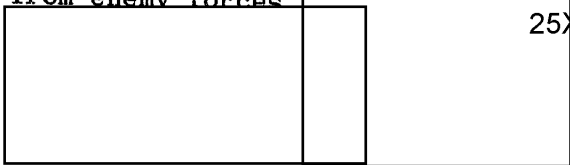
Phoumi's current more receptive attitude could be merely

a tactical maneuver to shift the onus away from himself for the lack of progress toward a political settlement.

King Savang also disclosed his lack of confidence in Souvanna to Ambassador Harriman, but said he would be willing to appoint Souvanna premier if he were the choice of the three princes.

Negotiations continue between Souvanna and Western representatives on a formula for a coalition government balanced between left and right. Souvanna is still insisting on drawing heavily from his supporters in Xieng Khouang for the "moderate center" but has indicated he would consider enlarging this group to include more persons outside his circle.

Meo units in Xieng Khouang Province continue their harassing activities despite enemy efforts to suppress them. Vientiane army units are making sector sweeps in an effort to consolidate their positions but are encountering stiffer resistance from enemy forces.



At a meeting on 26 September the Geneva conference ratified a number of minor points which had been ironed out during discussions between the UK and Soviet delegates as co-chairmen of the conference. Included among these points was a compromise draft dealing with the repatriation of foreign military and civilian prisoners in Laos. The draft provides that all prisoners will be handed over to their respective government representatives "for proceeding to the destination of their choice."

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On 22 September, Soviet delegate Pushkin had refused to hold a scheduled meeting of the conferees, despite his prior agreement to do so. He bitterly criticized the US refusal to accept promptly the Soviet draft on repatriation. The UK delegate has speculated that at the time, the Chinese Communists were probably crit-

ical of Pushkin's decision to proceed with a meeting of the conference without having obtained prior Western acceptance of the Soviet draft.

Communist propaganda continues to charge that the US and Vientiane are preparing for an increase in hostilities.

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SOUTH VIETNAM

The increased scale of Communist guerrilla activity throughout South Vietnam this month may foreshadow an intensified military effort by the Viet Cong. In addition to previously reported attacks by Viet Cong forces estimated at two battalions on outposts in Kontum Province near the Laotian border and on Phuoc Vinh, capital of Phuoc Thanh Province just north of Saigon, a Communist force in similar strength on 18 September overran a small garrison and three villages near the government stronghold at Ban Me Thuot, southern gateway to the minority tribal regions of the central high plateau. Battalion-size units also carried out four separate attacks between 17 and 19 September in the northern provinces of Quang Nam and Quang Ngai, the largest actions in that area to date. Stepped-up activity also continues in areas close to Saigon, including the kidnap-ransom during the past week of an Australian technician.

This acceleration suggests that the Communists are entering a new stage in their subversive efforts, possibly hop-

ing in the near future to erode public confidence in the regime and facilitate another coup attempt. The attacks may be intended in part to keep government forces off balance and divert Diem's troops from the southernmost provinces--still the main Communist stronghold--where South Vietnamese Army sweeps in recent months have caused heavy Viet Cong losses. The activity in the central highlands, and particularly in the north, indicates the increasing ease with which the Communists are infiltrating from North Vietnam through Laos.

One Viet Cong battalion involved in a recent attack in the north was equipped with weapons of US rather than French origin. This fact, plus the reported statement of its captured commander to the effect that the unit made a two-day march from the west, indicates the entire battalion may have entered from Laos. A Viet Cong prisoner captured in Saigon said he had entered by way of Laos and Cambodia in June with a 250-man unit trained in North Vietnam.

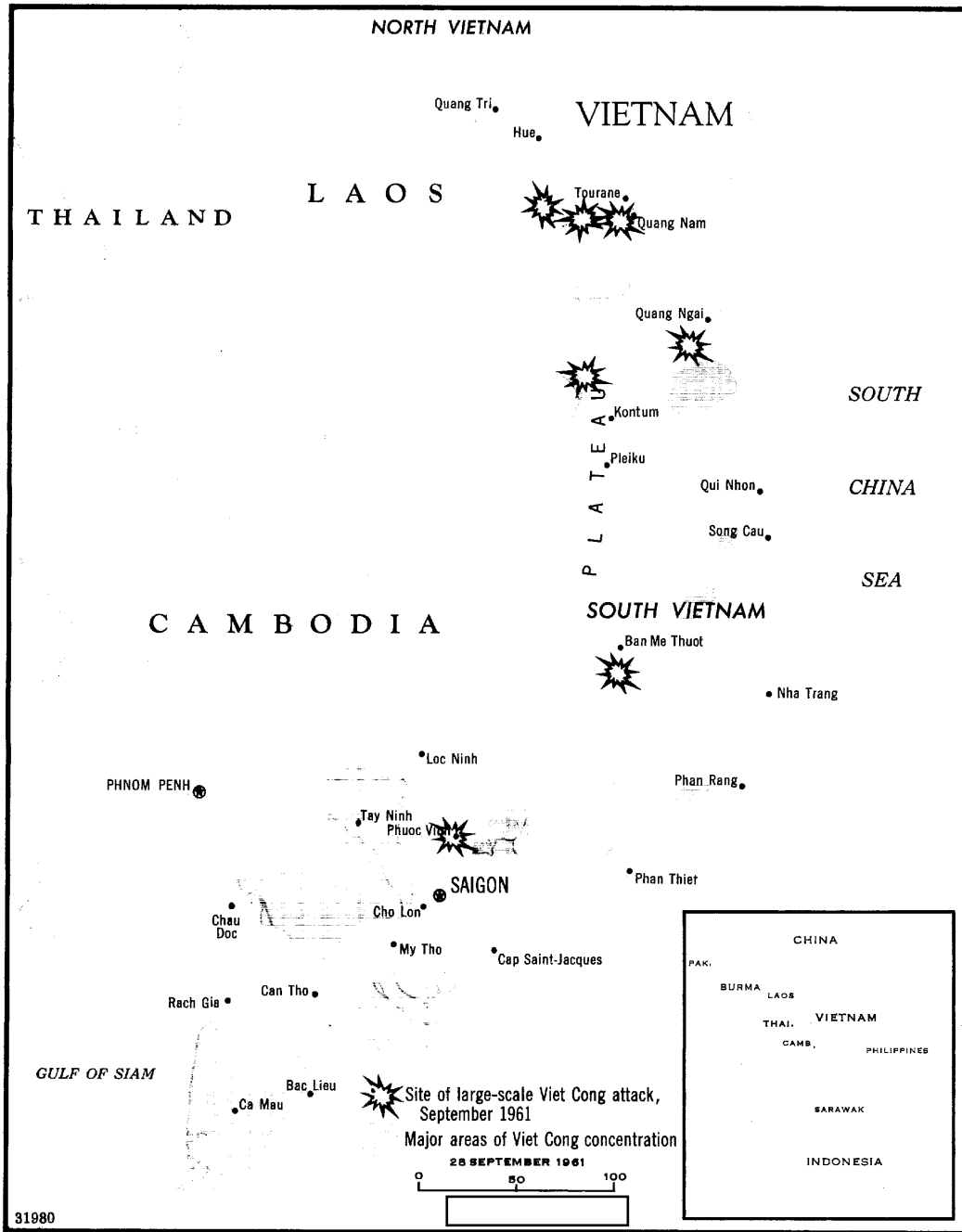
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Communist Guerrilla Activity in South Vietnam



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American Army intelligence estimates Viet Cong strength in South Vietnam at 16,500, of whom about 8,500 are considered well-trained, full-time regulars organized into at least 29 battalions which operate as

elite striking forces. The remaining 8,000 are probably partly trained and equipped guerrilla companies and platoons, operating in their home province or district under full-time cadres.

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FRANCE

De Gaulle, who reportedly is seeking a "national unity" agreement in his effort to reach an Algerian settlement by the end of the year, has reduced the likelihood of an early government crisis by announcing that he is about to renounce his special emergency powers and by efforts to re-establish contacts with party leaders.

By late summer, virtually all the "representatives of the nation"--the parties represented in parliament, labor unions, farmer organizations, and various other groups--appeared strongly dissatisfied with the present government system because they feel they are being deprived of their normal functions. De Gaulle's popularity among the masses, however, was virtually undiminished; the crowds during his 21-24 September tour of south-central France were large and enthusiastic, despite the call by the farm organizations and many local officials for a protest boycott.

When this month's special session of parliament on the farm problem collapsed into a constitutional feud between the National Assembly and the government, De Gaulle's advisers counseled closer contacts between him and the country's political representatives. On 20 September, the President announced his intention of renouncing by the end of the month the special powers which were instituted after the military mutiny in Algeria last April and which have in recent weeks been openly attacked by the deputies. While this concession restores parliament's freedom to

censure the unpopular Premier Debré and overthrow his government, it also restores the President's right to dissolve parliament when it does so.

De Gaulle next initiated a series of talks on 25 and 26 September with the leaders of virtually every political party except the extreme right and extreme left. According to the account put out by the Gaullist Union for the New Republic, he suggested a "national unity agreement" until the end of the year, when he hopes to have some solution for Algeria. While the parties remain critical of the government, they may accept "national unity" for a limited period of time and agree to postpone a censure motion against Debré.

A member of the Socialist delegation said De Gaulle told his group he had no intention of changing his government at this time but intimated that if he achieves an Algerian solution soon, he might dissolve parliament and call new elections for the spring of 1962.

The French people are almost completely behind De Gaulle's policy of withdrawing from Algeria. Minister for Algerian Affairs Louis Joxe commented on 14 September that they would support anything De Gaulle wants. However, they do not understand why it is taking so long to get a settlement. De Gaulle's scheduled nationwide address of 2 October may include major new proposals on Algeria and a new appeal for the united backing of the country.

In addition to political restlessness, France in the next

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few months faces the prospect of potentially serious labor and farm unrest. While the economic situation is generally excellent, income in some sectors--notably agriculture and nationalized services--is substandard. On 27 September there were brief but widely supported strikes by miners and railroad workers. The possibility of labor violence will remain as long as the government restricts wage raises and social benefits while productivity is being increased.

Farmers demanding a return to parity prices, better marketing arrangements, and social security improvements staged demonstrations early in the summer. Tenuous peace was restored

pending passage of new legislation, now scheduled to come before parliament early in the fall session; other concessions, such as higher milk prices, have recently been granted.

Debré stated on 14 September that no solution would satisfy the farmers now because the problem is a structural one and will remain difficult for six or eight years until expanding industrial development absorbs the excess manpower now on the farms. Although many farmers reportedly have a "pathetic faith" that parliament will solve their problems, the two major farm organizations claim they are prepared to resume demonstrations if their demands are not satisfied.

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ALGERIA

The bitterness of European settlers in Algeria, which is being exploited by the rightist Secret Army Organization (OAS), has reached a point where

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another coup attempt is likely unless the OAS leaders are captured soon. The OAS has called upon all opposed to De Gaulle's policies to stage a series of demonstrations, two of which have already produced rioting in Algiers. The climax of these demonstrations is scheduled for 2 October--the day De Gaulle will make a television address on Algeria and other matters.

Violence by Europeans could provoke counterdemonstrations by Moslems. De Gaulle himself reportedly told a Socialist party delegation on 26 September that the situation in Algeria is "explosive" and that he would not be surprised if there were new disorders in which large numbers of Europeans and Moslems were killed.

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[redacted] since the April coup attempt the French Army has been regarded by the Europeans as an occupying force. Conscripts, whose refusal to support the generals was largely responsible for the failure of the April insurrection, are being insulted and ostracized. Some have even been killed by irate Europeans.

Many sources in Algeria feel that a showdown battle between the government and the OAS in Algeria is imminent, and they are not confident that the government will win. Reports indicate that although the OAS penetration of metropolitan France is proceeding slowly, it has made great progress in Algeria. The arrest there of 225 OAS members on the night of 12-13 September does not appear to have reached the leaders; there are indications that ex-Colonel Godard is now in active control of the OAS, with ex-General Salan merely a figurehead.

There are an estimated 35,000 troops and security forces in the greater Algiers area, but one report states that only the gendarmerie and the Republican Security Companies (CRS) are completely loyal to the government. Even the CRS was slow to control Europeans who staged an "Arab hunt" in Algiers on 12 September. Although the officers responsible have reportedly been disciplined, this casts doubt on whether the CRS would fire on rioting Europeans, especially since two thirds of the CRS forces are said to have been born in Algeria. The attitude of the army would be un-

certain if it were called upon to fire on a European crowd.

The bulk of the European population is probably giving at least tacit support to the OAS, even though response to the 25 September order to display the OAS flag was not impressive. Both Salan and Godard have reportedly been seen in Algiers, and Salan is said to move "from army post to army post" while the CRS is "very careful not to catch up with him." Such a situation implies

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The OAS apparently intends ultimately to precipitate mob action that would swamp the security forces, feeling that "you cannot arrest 300,000 people." Although the OAS has issued tracts "deploring" European attacks on Moslems, its hard-core leaders may be inciting intercommunal violence on the premise that the ensuing French repression of the Moslems would be so bloody as to prevent early resumption of negotiations with the provisional Algerian government (PAG).

De Gaulle intimated to the Socialist party delegation that French representatives are in contact with the PAG to set a date and choose a place for new negotiations. De Gaulle reportedly stated, however, that he would want to be sure progress can be made before entering any new talks, and rebel premier Ben Khedda is reported to feel that the PAG cannot politically survive another failure of public negotiations.

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Some French officials are said to fear that an early resumption of talks would have serious effects on the settlers in Algeria and possible repercussions in France unless time is allowed for the inflamed European-Moslem situation in Algeria to calm down. De Gaulle reiterated to the Socialists, however, the idea that some sort of settlement of the Algerian problem--whether partition or the establishment of a provisional executive body--will have been reached "by the end of this year."

The Socialists quoted De Gaulle as envisaging next the establishment of a transitional "central power" supported by a 50,000-man "local" Moslem force. The idea of a "local" police force was first advanced by De Gaulle in a 5 September press conference at which he asserted that the establishment of an Algerian state could "normally" stem only from the process of self-determination--a referendum and elections--which should occur under a "provisional Algerian power" rather than under French authority and which would be supported by its own "local police force." This argument was designed to meet PAG objections to a referendum conducted in the presence--even if only for the purpose of assuring security--of the approximately 400,000 French forces in Algeria.

The actual composition and functions of any "local" force have been a matter of speculation for some time. If personnel of the force were drawn entirely from those Moslems now serving

as regulars in or auxiliaries with the French Army, the PAG would probably object that it was in effect an extension of the French Army and hardly impartial. On the other hand, the French military, who have been concerned for some months over the loyalty of such troops, would almost certainly feel that severing those Moslems from their normal army environment would subject them to rebel propaganda and thus influence the electorate. Even the idea of a mixed French-rebel force was rejected earlier this year by one of De Gaulle's most trusted officers, the then commander-in-chief in Algeria, General Gambiez.

There is little likelihood that the proposed 50,000-man force could handle the internal security situation in Algeria. The disposition of the regular French forces during and after formation of the new force would also pose major problems. If the French forces were retained in Algeria to keep the lid on Moslem and European terrorism during the self-determination period, there would be little or no prospect of PAG cooperation to facilitate the transition of power. If, however, De Gaulle seemed intent on withdrawing large numbers and the present racial tension showed signs of getting out of control, his officers--most of whom already disagree with his Algerian policy--would probably resist him.

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AFGHANISTAN-PAKISTAN

Neither Afghanistan nor Pakistan has shown any willingness to make concessions to help resolve the present impasse. Both countries have continued to strengthen their military positions along the border, but the intent on each side appears to be defensive. Kabul transferred some tank units from the capital to the Khyber Pass area, following the build-up of infantry and artillery units in early September. The Afghans are reportedly calling up a new class of 20,000 draftees and have ordered 2,000 technically trained reservists to report for duty.

The Pakistanis, who depend primarily on the quasi-military Frontier Corps to maintain border security, have apparently deployed parts of two units of the corps closer to the border in Bajaur, north of the Khyber Pass. A group of several hundred Afghan-sponsored tribal irregulars has moved into this region but has engaged only in localized skirmishes.

Afghanistan insists that it will not use the Pakistani transit route for its foreign trade again until the Pushtoon-istan dispute is settled. The disruption of supply lines threatens to force the termination of construction work on major American aid projects in the near future.

Kabul is beginning to make new arrangements to handle trade which normally crosses Pakistan. A Soviet trade representative is in the southern part of the country to buy local commodities, including the fruit harvest, a major export crop usually marketed in India and Pakistan. The Afghans are also

encouraging Western shippers to send trade and aid shipments, which formerly came in through Pakistan, by way of the relatively expensive transit route across Iran as well as via the USSR.

The government of Pakistan has issued a press statement noting that Afghanistan's refusal to accept shipments cross-



ing Pakistan has resulted in congestion in Pakistan's port and railway facilities and has disrupted regular traffic. This may be intended to prepare the way for suspending facilities for shipments to Afghanistan and diverting warehouses and rolling stock to other uses if the border remains closed.

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GHANA

President Nkrumah's abrupt removal last week of British officers from command positions in Ghana's military forces underscores his progressive estrangement from the West. Nkrumah and his pro-Communist advisers--such as Minister for Presidential Affairs Adamafio, who now seems to be the most influential Ghanaian after Nkrumah--appear eager to accept almost any assistance offered by the Sino-Soviet bloc. Nkrumah himself is said to have returned from his recent extended visit to bloc countries apparently convinced that the USSR represents the "wave of the future."

Nkrumah is known to have been sensitive to hints, notably from Nasir, that the British position in the Ghanaian Army would limit Ghana's role in the projected "African high command" of the Casablanca group. The timing of his action, however, appears to have been determined largely by anger over recent actual and presumed British activities in Africa. One focus of this anger has been the objections voiced by Britain to the UN's military intervention in Katanga; the controlled Ghanaian press even accused London of having plotted Hammarskjold's death. In addition, Nkrumah apparently believes that local British commercial interests encouraged the recent wave of strikes in Ghana--a line promoted publicly by Adamafio and other leaders of the regime's left wing. This suggests that other moves aimed at reducing the former colonial power's presence in Ghana may be imminent. British civil servants in the Ghanaian Government and the British-owned firms would be the most likely targets of such moves.

Nkrumah's action will probably have adverse effects on the capabilities of Ghanaian forces if, as seems likely, most of the approximately 230 British officers in Ghana now elect to leave. Relatively few Ghanaians are qualified to hold a rank above that of lieutenant; General Otu

the new chief of staff of the 9,000-man army, has been characterized as an ineffective opportunist who commands little respect from fellow officers or the rank and file. The change-over may eventually lead some of the Ghanaian officers who have expressed unhappiness with Nkrumah's policies to join disaffected political elements.

No matter how many British officers remain, the changes in their status will facilitate Nkrumah's plans to accept bloc military assistance. He can be expected to press ahead with the program--devised during his Soviet visit but vigorously opposed by Alexander and some Ghanaian officers--to send as many as 400 Ghanaian cadets to the USSR for long-term training in all three services. He may accept bloc military advisers--reportedly offered by the Soviet military mission which visited Ghana last winter.

The Ghanaian leader also seems determined to step up implementation of development projects agreed to by the bloc--such as the Bui dam--and to conclude new economic arrangements. A delegation is scheduled to leave for the bloc shortly to discuss specific projects as well as new credits required to finance them. Ghana has received about \$110,000,000 in bloc credits, and Nkrumah reportedly requested additional sums ranging from \$14,000,000 to \$56,000,000 from each of the nine bloc countries he visited.

Recently there have been indications that right-wing leaders--including K. A. Gbedemah, removed on 28 September as minister of health--have been moving toward a showdown over Nkrumah's increasing alignment with the bloc and Adamafio's position. One report suggests that Gbedemah, as of 24 September, was actively soliciting support from the opposition party for a plan aimed at deposing Nkrumah, apparently through parliamentary action. [redacted]

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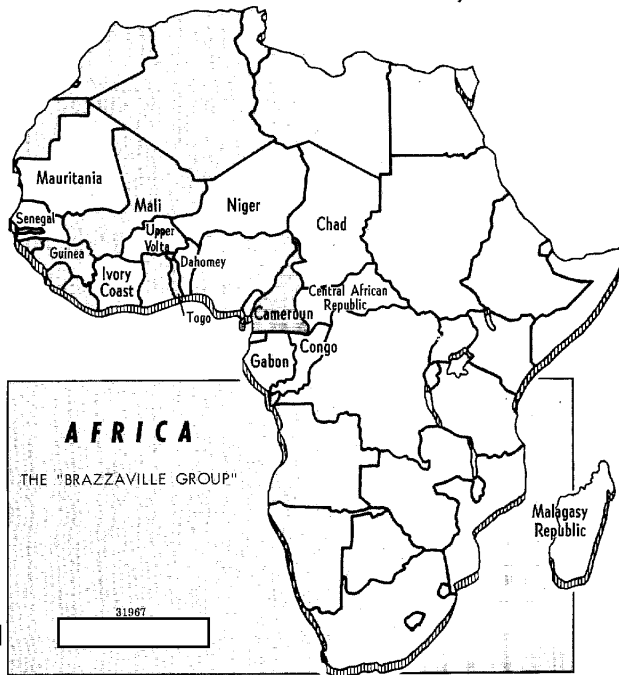
The Soviet Union and some of the European satellites have recently reiterated their readiness to provide aid and to expand trade with the 12 African nations associated in the so-called Brazzaville group--all moderate, former French territories. This month Soviet officials held discussions in Moscow with an economic delegation from the Congo Republic (Brazzaville), and a mission from Niger which visited Poland, Czecho-

(CAR) and the Malagasy Republic, and attempted to discuss trade with several others. The CAR declined Soviet offers to build a railroad from the CAR capital at Bangui to the Chad border; to construct an airfield capable of handling jets, and to provide machinery for the cotton industry of the Central African Republic. The Soviet delegation which visited the Malagasy Republic reportedly offered to build a sardine factory as an aid project but was also rebuffed.

The Congo Republic, by sending a mission to the USSR, has become the first of the Paris-oriented Brazzaville group to display an interest in Moscow's standing aid offer. The mission included the ministers of planning and public works and members of the parliament.

Niger's "good-will" mission, headed by the minister of industry and trade, was promised technical aid from Czechoslovakia and Hungary and was assured that Poland and Hungary would send delegations to Niger to discuss other economic assistance. Rumania offered to send a mission to Niger to establish "concrete" ways of developing economic relations. Communiqués on the Niger mission's visits to these four European satellite countries stated that means of expanding trade had also been discussed.

Two other members of the Brazzaville group, Dahomey and Senegal, recently announced their intention to send delegations into the bloc. Dahomey will send a group led by its vice president to the USSR, Czechoslovakia, Poland, and Communist China, and the prime minister of Senegal is scheduled to go to the USSR next month. [redacted] (Prepared by ORR)



slovakia, Hungary, and Rumania received assurances of bloc aid, largely in the form of technical assistance.

Shortly after these former French colonies achieved independence in 1960, missions from several bloc countries including Communist China visited most of them. The bloc representatives are known to have made preliminary offers of economic aid to the Central African Republic

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BLOC ECONOMIC RELATIONS WITH INDONESIA

Soviet military aid has overshadowed bloc economic activities in Indonesia during the past year, but the trade and aid program remains an equally important arm of the Communist offensive. Several new aid agreements have been signed recently, boosting total bloc economic aid to more than \$600,000,000. Moscow's readiness to supply whatever military equipment Djakarta requests--including guided missiles--is duplicated in the economic sphere, and the bloc has come to assume the major foreign assistance role in Indonesia's ambitious eight-year development plan which began this year. Eventually the bloc will be active in nearly every sector of the Indonesian economy.

Nearly half of the \$117,500,000 in Soviet economic aid extended prior to 1960 has been used, and most of the remainder is committed to projects for the eight-year plan. The Asian Games stadium complex--where the USSR has concentrated its efforts so far--probably will be finished in time for the opening events next year.

Construction of a 400-mile road network on Kalimantan (Borneo) was extremely slow in getting under way; about 100 Soviet technicians are slated for the work. Other Soviet projects being implemented under the old aid agreements include an iron and steel works, a technological institute, a superphosphate plant, and two mechanized farms.

The \$250,000,000 Soviet line of credit extended in early

1960 has been partially allocated for a metallurgical works on Kalimantan, an integrated hydroelectric and aluminum project in north Sumatra, and several smaller undertakings. Work on one of the two atomic reactors the USSR is to set up in Indonesia recently began in Jogjakarta, and a gift hospital is to be started in early 1962.

Following up preliminary negotiations initiated by Indonesia last year, several of the European satellites have offered new aid credits. Bulgaria, Poland, and Hungary have extended a total of about \$65,000,000 in long-term credits this year, and Czechoslovakia has pledged an unspecified amount of aid. These credits will be used for such industrial projects as mining enterprises, ore-processing facilities, and chemical plants, and for deliveries of merchant ships, transport equipment, and other industrial goods. East Germany, which has expressed its willingness to supply a variety of industrial plants, may also extend more aid.

An Indonesian mission headed by the minister of basic industry visited Rumania recently to seek implementation of an accord reached last June envisaging further Rumanian aid, particularly in the petroleum industry. A credit agreement probably was signed during the visit, and Rumania may provide technical assistance in petroleum exploration and in building new oil installations. In its first entry into the Indonesian petroleum field, the USSR has agreed to train 100

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Indonesian oil workers at its Baku oil fields. Other bloc gestures have been made suggesting a readiness to extend massive technical assistance for the Indonesian petroleum industry.

Having patched up its relations with Indonesia, Communist China early this year decided to reopen a \$30,000,000 long-term credit offer which had been suspended since 1959. An agreement signed in April committed Peiping to build a number of textile installations. Work is due to begin this year, and some 120 Indonesians are to be sent to China for training.

The bloc now accounts for about 10 percent of Indonesia's

foreign trade, but its share will increase considerably over the next decade as a result of heavy repayment obligations on both economic and military credits. A concerted effort is under way to boost trade with Indonesia in rubber, copra, hemp, spices, and other tropical products not generally available in the bloc.

A greater bloc interest in Indonesia's mineral and metal resources is indicated by the terms of a recent Czech agreement for aid in mining and processing ores. Repayment is to be in the form of future production from the projects, and Prague will have first choice in purchasing the processed ores and metals for 10 to 15 years after the re-

payment period.
(Prepared by ORR)

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MOSCOW SHAKES UP CIVIL POLICE COMMAND

Moscow's dissatisfaction with the performance of the regular civil police (the militia) during the current crack-down on economic crimes has led to the dismissal of internal affairs ministers in eight of the Soviet Union's 15 republics. In several instances those ousted have been replaced by officers of the secret police (KGB). Although regular law enforcement is the responsibility of the internal affairs ministry (MVD) in each of the republics, the KGB has been given responsibility for enforcing those new laws which provide the death sentence for embezzlement and speculation.

After Beria's purge in 1953, the MVD was stripped of its best-qualified personnel and steadily

declined in power. These moves had an adverse effect on police morale. Furthermore, the abolition of the central Ministry of Internal Affairs in January 1960 left normal police work with less central direction and authority.

This state of affairs, combined with other "liberalizations" effected by Khrushchev since 1953, appears to have brought about a radical change in the attitude of the public toward the MVD militia. Hated and feared in the Stalin era, it now is regarded with indifference or open contempt. Complaints of inefficiency on the part of the militia have been more frequent press themes since the onset of the anticrime drive early this year.

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Such a casual attitude toward the nation's chief organ of normal law enforcement is by no means limited to the ordinary citizenry. In the Kirgiz Republic last year, party leaders gave the Internal Affairs Ministry to Mukhamet Isayev, who had just been fired as an oblast first secretary for "improper leadership." Khrushchev bitterly criticized this situation at the central committee plenum last January; Isayev was immediately removed from his post and thrown out of the party. On 1 September it was belatedly revealed that he had been sentenced to a year in prison for fraud,

Those MVD chiefs who have been dismissed in seven other republics, although not charged with malfeasance, clearly failed to ensure the kind of law enforcement the Kremlin expects. In the Russian Federation (RSFSR), for example, Internal Affairs Minister Nikolay Stakhanov was fired after the apprehension of two gangs of currency speculators in Moscow, two "attacks" on police precinct stations in Vladimir Oblast, and press assertions that the militia was unwilling or unable to eliminate "lawlessness" in Kuybyshev. On 18 September both the MVD chief and the chairman of the Supreme Court in Turkmenistan were dismissed for failing to "deal harshly enough" with major economic crime in that republic.

Stakhanov was succeeded by Vadim Tikunov, who had been

deputy chairman of the Soviet KGB. The new head of the Georgian MVD is also a secret police officer, and in both Kirgizia and Kazakhstan, native ministers of internal affairs have been replaced by Russians apparently brought in from the KGB apparatus.

These moves will further strengthen the hand of the KGB in the war against economic crime. Moscow may not only be trying to bring about a major improvement in the performance of the militia but also implying to those who contemplate the commission of less serious economic crimes that they too may ultimately run afoul of the secret police.

There are signs that the anticrime drive will become even more intense. On 14 September a plenum of the USSR Supreme Court called on all courts throughout the country to "strengthen the application of the decree of 5 May"--the death sentence--and the recent party congress in Azerbaydzhan warned that republic's MVD chief, the state prosecutor, and the Supreme Court that they could expect "urgent corrective measures" if they failed to improve their unsatisfactory work. Still other MVD officials are likely to be removed and new legislative measures taken as Khrushchev seeks by all available means to reduce the embarrassingly high and economically harmful rate of crime in the Soviet Union.

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RURAL REORGANIZATION IN COMMUNIST CHINA

By easing bureaucratic controls over farming as part of the current reorganization of rural life, Peiping hopes to regain some of the ground lost in the ill-advised and poorly managed "leap forward" of 1958-60. Greater freedom is being granted the peasants for side occupations and cultivation of private plots as well as in the development of free markets to handle the resulting products. To boost incentives, a return to a wage system reflecting the amount of work performed rather than the time spent on the job is being stressed. Production units are to set work norms realistically, evaluate wage points according to the importance of the job, and award bonuses and penalties based on performance.

In continuation of the retreat from the centralized authority and bureaucratic excesses of the communes, Peiping is endorsing the "right of self-determination of the production team." An editorial in People's Daily on 8 September argues that the teams best understand "the lessons of production failures during past years" and are most familiar with the farming conditions of their areas. The article states that each team has the right to make its own decision on such matters as location and choice of planting; employment of manpower; schedule of sowing; amount of seeds to be sown; and amount of fertilizer to be applied.

Peiping apparently has come to realize that central direction in routine farming operations contributed to the poor harvest of the past two years. Contradictions between party policy and local conditions were in fact acknowledged by

a recent article in Shanghai's Liberation Daily, which noted that often "policies and tasks formulated by the higher authorities are not suitable to local conditions." As a result, it was admitted, there has been confusion among the party workers over their respective responsibilities "to the party and to the people."

The regime continues in official announcements to retain the three-level concept of rural organization--the commune, the production brigade, and the production team. In general, however, the commune now is an empty concept, the brigade is the basic financial and accounting unit, and the team--comprising 30 to 40 households--is the operational unit in cultivation work. The team is apparently being subdivided into smaller units, called "work squads," which will do the actual farming. The team sets quantitative and qualitative norms for the various tasks, and the individual peasants receive work points according to fulfillment of these norms. Teams are admonished to refrain from "indiscreetly reshuffling" manpower in the squads or changing work and land assignments.

The retreat on the farm front does not mean that Peiping has abandoned hopes for the commune, but the timetable has been drastically altered. The party journal Red Flag stated recently that "a relatively long period" will be needed to consolidate and stabilize the three-level system before there can be a "gradual" movement toward ownership by the communes "in the future." Meanwhile, the brigade will be primarily responsible for ownership and distribution in rural areas, with

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the production team sharing in ownership of some land, animals, and farming implements.

Although individuals are to be permitted land for their private use and will be allowed to follow sideline occupations, Peiping insists that this must not encroach on the collective economy. The products of this private activity may be exchanged at rural markets within limits set by the government.

The loosening of controls, decentralization of authority, and improved incentives are inadequate in themselves to pull the economy out of the agricultural slump, but they are realistic antidotes to the mismanagement and inefficiency spawned by the regime's earlier programs. Over the long

run, however, agriculture needs better weather, an increase in the application of fertilizers, better management, and greater rewards for the labor force.

While the concessions now being granted should help rectify administrative difficulties, it is most unlikely there will be any prompt revival of enthusiasm. Malnutrition has taken its toll during the past year and a half, and considerable time may be required to rebuild the health and restore the morale of the peasantry, especially in view of the fact that the food supply is expected to be no better next winter than last, and may even be worse. [redacted] (Prepared by ORR)

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SHARPENING CHURCH-STATE CONFLICT IN POLAND

Under a regulation issued by the Ministry of Education on 19 August, the Polish Government now claims the right to supervise religious instruction, which is to be conducted at specified locations designated as "catechism points." Classes in religion are to be limited to two hours weekly. Only licensed priests or lay instructors may conduct the courses, and they will be paid by county governments. Members of religious orders are to be barred from teaching, as are priests whom the regime considers "immoral" or who allegedly have used religion classes for "political purposes." Failure to comply with these rules or to register a "catechism point" with the authorities will result in "legal punishment."

This regulation comes a few months after the regime, without any significant opposition from the church, banned the teaching of religion in schools and permitted it only in church buildings and private homes. The regulation opens a new area of conflict between church and state, which for some time have been deadlocked on questions of birth control and taxation.

Cardinal Wyszynski, the Polish primate, declared on 26 August that the church would not accept the controls over religious instruction, which he said violated the 1957 church-state modus vivendi and intruded on the authority of the bishops. His statement was followed by a meeting of Polish

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bishops at Jasna Gora Monastery near Czestochowa in late August to draft a pastoral letter, which was read on 2 September.

The pastoral letter reaffirmed the Episcopate's intention to continue offering religious instruction without submitting to administrative regulations or inspection by the Ministry of Education. It made clear that the church intended to choose its own teachers, including members of religious orders. The assembled bishops issued a private instruction to all priests, monks, and nuns ordering them not to seek a license to teach religion or to accept payments from the state. A few priests apparently had signed contracts embodying the new restrictions, but some of them reportedly retracted their signatures after receiving the bishops' instructions.

Meanwhile, church authorities sent letters of protest to the premier, the marshal of the Sejm (parliament), and the director of the Office for Religious Affairs.

The strength of the church's reaction apparently has had a somewhat moderating effect on regime officials.

Although the Mixed Church-State Commission was scheduled to meet officially for the first time in 16 months during September, no session has been held. There had been hope in church circles that the regime's willingness to participate in such

a meeting indicated a desire to ease the tensions of the past two years between church and state.

Other pressures continue, particularly against the Catholic University at Lublin, which is threatened with extinction by taxation or with becoming essentially a school for clerics --without the participation of its present large numbers of secular students.

Although the regime will not renounce its purpose of controlling religious instruction, it is aware of the possibilities of disturbances and demonstrations if it presses too fast. Since the Episcopate has taken such an openly adamant position on the question of control of religious education, it is possible that a temporary compromise may be reached in the next few weeks. Such a compromise would be embodied in one of the amorphous church-state understandings which have no legal force and do not bind either side to renounce its ultimate goals.

Since March, Cardinal Wyszynski has on several occasions demonstrated the extent of the support he commands among the Polish people. His health, however, reportedly is poor; now 60, he appears to have been incapacitated for short periods at least three times since last December. Wyszynski's death or permanent inability to function as primate could seriously impair the strength and effectiveness of the Episcopate. Moreover, the problem of choosing his successor could aggravate existing divisive tendencies within the Polish church hierarchy which he now keeps under control.

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YUGOSLAVIA

Belgrade is seeking to counteract the negative reaction in the West to Tito's thorough support for Soviet foreign policies in his speech to the conference of nonaligned nations of 3 September. Yugoslav officials have implied to Western diplomats that the speech did not signal a change of policies and that Belgrade still maintains impartial positions.



A well-informed Yugoslav Foreign Ministry official implied to Ambassador Kennan on 19 September that Tito was drafting a letter--soon to be made public--to Khrushchev urging a cessation of nuclear tests.

The Foreign Ministry official added that the conference was a setback for the Soviets, since it had clearly established that the nonaligned states were free of Moscow's control. He also claimed that Tito's interview with Italian newsmen on 10 September was, in effect, a challenge to Soviet control of foreign Communist parties, since Tito had enjoined these parties to espouse the policies laid down at the Belgrade conference.

On 18 September, a Yugoslav trade union official told a US Embassy officer that Yugoslavia had turned down an invitation to attend the recent meeting of the World Federation of Trade Unions in East Germany because attendance would

because attendance would have been inconsistent with Belgrade's nonaligned status.

Yugoslav propaganda organs are contributing to the effort by resuming attacks on bloc states. On 10 September, the authoritative Belgrade daily Borba carried an article from its Moscow correspondent which depreciated the Soviet economic planning apparatus. On 15 September, Belgrade complained bitterly about Soviet publication of a book attacking "Yugoslav revisionism" and asked: "What is the meaning of this systematic activity against Yugoslavia, which only a few days ago was described by the first secretary of the CPSU as a socialist country?"

In a similar vein, East Germany has been criticized for not giving publicity to a visiting Yugoslav ballet troupe, Czechoslovakia for not giving enough coverage to the non-aligned conference, and Bulgaria for coveting Yugoslav Macedonia.

Yugoslavia is engaging in particularly heated propaganda exchanges with the Chinese Communists and Albanians; in sharp contrast to the other bloc states, China and Albania are charging Tito with working for the West at the Belgrade conference. On 19 September, Belgrade concluded a trial of persons accused of plotting to annex to Albania the Albanian minority region of Yugoslavia.



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DOMINICAN REPUBLIC

Political developments in the Dominican Republic are almost at a standstill pending a decision by opposition political groups on President Balaguer's offer of 19 September to accept them in a coalition government. Similarly pending is the report of the special OAS subcommittee now in the country to ascertain whether present conditions warrant any relaxation of OAS sanctions against the regime.

The opposition groups want the sanctions continued, or even intensified, to make the regime restore civil liberties; they would regard any easing of the sanctions under present circumstances as equivalent to US abandonment of the Dominican people to a tyrannical regime. The government maintains that failure to lift the sanctions promptly would demonstrate the futility of Balaguer's liberalization program and lead old-line military officers to seize the government. Government leaders also emphasize the dangers of a deteriorating economic situation with an unemployment rate variously estimated at between 30 and 50 percent of the labor force.

Opposition leaders have agreed with President Balaguer to "consider" his offer to accept them in a coalition government and are negotiating among themselves on the concessions they

would demand. Among the chief obstacles is Ramfis Trujillo's continued control of the basic elements of power in the regime.

Ramfis appears to be grooming a successor--presumably Maj. Gen. Fernando Sanchez. The 33-year-old Sanchez, presently chief of staff of the air force, has been a close companion of Ramfis since childhood. Some officers resent his rapid promotions; he also suffers from army and navy resentment of the air force, toward which Ramfis has shown special favoritism.

Opposition leaders would probably view Sanchez' assumption of Ramfis' job as a shift signifying no real change; they have named several high-ranking officers who would be acceptable to them in the post, but most of these are probably in the category of older officers, many of whom have been retired since May.

Lt. Col. Simmons, US military liaison officer in the Dominican Republic, reports that General Sanchez is actually Ramfis' de facto chief of staff and, although he is nominally head of the air force, his authority extends over the other services. Simmons

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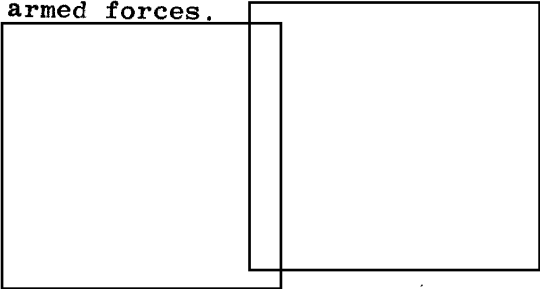
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considers Sanchez "quite capable of engineering an authoritarian coup," and notes the apparent absence of any moderate, progressive leadership among the officers on active duty in the armed forces.

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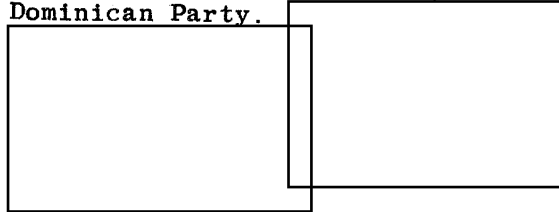
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The military power center is at San Isidro Air Base, the air force headquarters about eight miles outside the capital where the air force ground unit --the country's only significant mobile tactical force--is based. The army, on the other hand, is actually an oversize gendarmerie, fragmented into company-size garrisons throughout the country. The navy is not a cohesive force and would probably count for little in any power struggle.

An additional obstacle to Balaguer's plan for a coalition

is his intention of accepting the opposition groups on an equal footing with the discredited official political machine, the Dominican Party.

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Gangs armed with sticks and lead pipes are making a growing number of attacks on oppositionists. In the past these gangs have been associated with Arismendi Trujillo, Ramfis' ruthless and politically ambitious uncle. Although they were disarmed early last summer at Ramfis' insistence, there have been recent rumors of their renewed activity.



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Balaguer is seriously considering a trip to New York to address the UN General Assembly in an effort to publicize the progress in his democratization program.

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MEXICO

The Lopez Mateos government is taking strong action against all suspected antigovernment activity as a result of a series

of apparently coordinated revolutionary outbreaks in central and southeastern Mexico in mid-September. There is some basis

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in fact for the administration's explanation that economic conditions in rural areas are so bad that ignorant and desperate peasants are susceptible to antigovernment agitation. This official line, however, was belatedly offered after strenuous efforts to minimize the extent of the outbreaks. Violent uprisings have been relatively rare in recent decades in Mexico; those this month involved at least 60 deaths.

When 75-year-old retired General Celestino Gasca was arrested before the uprisings occurred, the administration described him as a nearly harmless chronic revolutionary and intimated that his plot was smashed. After the outbreaks, he was induced to confess responsibility for at least one of them and charged with several other serious crimes. Gasca has had both leftist and rightist ties. He was arrested with arch-conservative Jorge Siegrist, head of Mexico's discredited Sinarquista movement, so the government will probably link Gasca with the rightists, including the moderately conservative party of National Action, chief among Mexico's unimportant opposition parties. The government remains uncertain, however, as to which

elements actually organized the outbreaks.

The most obvious political activity in Mexico recently has been by rightists, backed by the Catholic Church, against Castroite, Communist, and other leftist forces. Although the rabid anticlericalism of the Mexican Revolution has noticeably abated in the past 20 years, the US army attaché reports that resumption of political activity by the church has already resulted in a marked anticlerical reaction. This has helped leftist elements in their efforts to gain political support. The attaché believes that some clerics have contributed to the church's vulnerability by extending their efforts beyond a purely anti-leftist campaign with the evident motive of regaining political power for the church.

The government apparently fears that any crackdown on rightists may help the leftists, led by former President Lazaro Cardenas, to exploit the strong appeal of anticlerical and revolutionary traditions in Mexico. Perhaps as a precautionary measure against such tactics, it reportedly has already arrested several Communist party members in connection with the uprisings [redacted]

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BRAZIL

Brazilian President Joao Goulart appears to have strengthened his political position steadily during the past three weeks, despite the constitutional amendment of 2 September transferring executive power to a prime minister. Prime Minister Tancredo Neves seems to be working with Goulart rather than competing for power. Goulart and his political allies have dropped their campaign for an early plebiscite to rescind the constitutional amendment,

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In the distribution of cabinet posts on 8 September, the President apparently failed to secure the lucrative Public Works Ministry portfolio for a member of his Labor party, but men from his home state of Rio Grande do Sul have been appointed to several key economic posts, including the presidencies of the Bank of Brazil and of the Economic Development Bank. The head of the President's civil "household" -- a post normally reserved for the chief political "fixer" -- is Professor Hermes Lima, who criticizes the US economic system but insists that Brazil must align itself with the United States politically. Pro-US Antonio Balbino, former governor of Bahia, is also acting as political assistant to Goulart. The strongly anti-Communist General Amaury Kruehl has been appointed head of the military "household."

The Brazilian Communist party (PCB) and Peasant Leagues leader Francisco Juliao are reported hopeful of actions and

appointments by the new administration which will allow them to increase their influence. Goulart has appointed Raul Riff, a Communist party member, as his private secretary. The new attorney general, Evandro Lins, who accompanied Goulart on his recent trip to Peiping has a long record of supporting Communist causes, has attended Communist international meetings, and has acted as legal counsel for Communists, although he apparently has not been active in such matters in the past five years. The new chief of police in Brasilia, army Colonel Carlos Cairoli, is also reported to have Communist associations.

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Goulart's initial public statements have been devoid of radicalism. In a message to Congress concerning the economically depressed northeast, for instance, he recommended that the development program for the area include the creation of small, individually owned farms and be free from all political and partisan influence. Goulart's address on 23 September to a large reception, which included a sizable Communist-led student and labor group, was generally cautious, although he did emphasize his association with Getulio Varga -- Brazil's one-time dictator and self-styled "father of the poor."

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THE WEST INDIES FEDERATION

Jamaica's decision in the 19 September referendum to withdraw from the West Indies Federation has occasioned a series of London visits by West Indian leaders--starting with Federal Prime Minister Adams on 25 September--to confer with Colonial Secretary Macleod on future prospects for the area. The vote, which is expected to mean an early move toward separate Jamaican independence, is a severe blow to the prestige of Jamaican Premier Manley, who had campaigned hard for federation. It leaves Trinidad's Premier Eric Williams, who has often shown bitter hostility toward the United States, the dominant figure in the area.

British officials consider the Jamaican voters' decision final and see Trinidad's attitude now as crucial. Williams has said that his country would leave the Federation if Jamaica

did, in which event Britain would be left with three separate groups: Jamaica, Trinidad, and the smaller islands.

London thinks it at least possible, however, that Trinidad might consider joining the smaller islands in an eastern Caribbean federation if that federation's financial and economic position were underwritten by Britain. The American consul in Trinidad reports that Governor Hochoy also believes something along this line might develop, but only if the leaders of the small islands take the approach with Williams that he is in effect "a new Moses leading the people out of the wilderness."

US officials in Trinidad, however, believe it unlikely that Williams would join with the smaller islands in any such grouping, since Trinidad's own interests would prevent its assuming



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the economic burdens of the other units. Williams' silence so far on the referendum result and his refusal to meet with Adams prior to the latter's departure for London has strengthened the impression that he intends to seek Trinidad's independence as soon as possible. As the key figure in the situation now, however, he can afford to bide his time and may continue to avoid taking a public position until after his country's elections scheduled for later this fall.

The collapse of the Federation also comes at a time when Williams has been complaining that Trinidad is being slighted in the implementation of the US-Federation Defense Areas Agreement of February 1961. Although Trinidad remains legally bound by the agreement, Williams now may seize on Jamaica's departure from the Federation as a pretext to seek renegotiation in the hope of securing more favorable arrangements for Trinidad.

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PROBLEMS OF THE BELGIAN GOVERNMENT

Developments in the Congo, particularly the UN's action against Katanga and the reported exodus of white settlers from the area, will stimulate strong right-wing criticism of Belgium's coalition government when parliament reconvenes early next month. Powerful economic groups with business interests in the Congo have criticized Foreign Minister Spaak for cooperating with the UN in reducing Belgian personnel there. Spaak told Ambassador MacArthur on 23 September that he was resisting strong pressure from the press and conservative anti-UN elements in Belgium to blame the UN publicly for the Katanga situation, but that he could not exaggerate the seriousness with which the Belgian Government viewed the recent events.

Fiscal reform and economic expansion are a basic problem, despite the current business boom. The government--a coalition of the Social Christian party, led by Prime Minister Lefevre, and Spaak's Socialist party--is attempting to terminate, or at least reduce,

deficit spending by reforming the tax system and curtailing abuses in social welfare. Fiscal reform is a prerequisite for any program of economic expansion to stimulate the economic growth of the country and to offset the decline of the coal industry in southern Belgium, but for divergent reasons the left wing of the Socialist party and especially the right wing of the Social Christian party have reservations over the government's objectives. The finance minister has recently expressed guarded optimism over the possibility of obtaining parliamentary approval of his proposed reforms, which he hopes will put Belgian public finance in a healthy condition in two or three years.

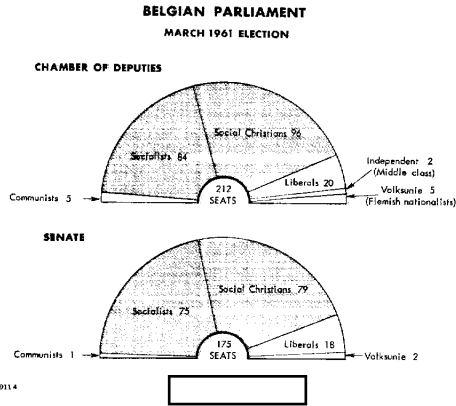
The rivalry of the French-speaking Walloons in southern Belgium and the Dutch-speaking Flemings in the north has become more acute with the increased activity of the Mouvement Populaire Wallon (MPW) a federalist movement under the leadership of André Renard, a radical Socialist and former official of the Socialists'

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central trade union organization, the FGTB. Renard, whose aim is believed to be the formation of a Socialist Walloon republic within a federal state, is seeking to capitalize on the fears of the Walloon population that the Flemish majority will discriminate against the area politically and economically. The Belgian Communist party has already succeeded in infiltrating the MPW.

The government hopes to fix the linguistic frontier between the two language groups and is also considering creating a special commission to study the question of more cultural autonomy. It is also planning new economic development measures to stimulate the economy of southern Belgium. The moderates, however, are subject to pressure from their extremist groups. The growing strength of the MPW, which is



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largely Socialist, has exerted a divisive influence on the Socialist party and on the FGTB.

Despite the many problems facing it, the coalition, formed in April after the parliamentary elections, is expected to survive, chiefly because there is no practical alternative.

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SPECIAL ARTICLES

SINO-SOVIET BLOC AID TO AFRICA*

The Sino-Soviet bloc aid program in Africa began in late 1958 and early 1959 with the provision by Czechoslovakia and Poland of small medium-term credits to Ethiopia and Guinea for hospital and railroad equipment. In mid-1959, the Soviet Union extended relatively large lines of credit to both those African countries for general economic development. In the two years since then, the program--in which all the major bloc countries now are participating--has grown both in size and scope and includes military as well as economic assistance.

More than half the aid extended by the bloc to underdeveloped countries in 1961 was for African countries. Africa now accounts for 12 percent of total bloc economic assistance extended since 1954.

Economic and Military Aid

Over \$500,000,000 in economic credits and grants have been extended to seven African countries by the Sino-Soviet bloc for a wide variety of projects including agriculture and irrigation, health and welfare, mineral exploitation, transportation, and industry. Less than 5 percent of this aid, however, has been delivered, and only in Guinea has the program made significant headway.

As in other underdeveloped areas, the bulk of the aid provided to Africa is from the USSR, with Czechoslovakia a distant second. Communist China has

*The Egyptian region of the UAR is not included for purposes of this article.

extended only two credits in Africa--one to Guinea and one to Ghana--but these are of sufficient value to rank China next to Czechoslovakia in importance. Peiping has also agreed in principle to give aid to Mali.

In addition to economic aid, bloc creditors have given varying amounts of military assistance directly to Mali, Guinea, Morocco, and Sudan and indirectly to the Algerian rebels. This aid has consisted largely of land armaments. Morocco is the only country to have received military aircraft--twelve MIG-17 fighters and two MIG-15 trainers from the USSR. A recent order by Nkrumah to send 400 cadets to the USSR for military training suggests that an arms aid agreement with Moscow may be under negotiation.

Bloc aid to the Algerian rebels has consisted of limited amounts of military equipment from the USSR and Czechoslovakia shipped through Morocco, Tunisia, and Egypt, as well as some financial aid. Communist China in 1959 also granted such aid--some \$12,000,000 in the form of funds and equipment.

Although the bloc supplied some military aid to the Lumumba

SINO-SOVIET BLOC ECONOMIC AID TO AFRICA
(value in million dollars)

	USSR	European Satellites	Communist China	Total
Ethiopia	101.8	11.8	--	113.6
Ghana	53.4	37.1	19.6	110.1
Guinea	58.1	23.3	26.5	107.9
Mali	48.5	12.5	--	61.0
Somali Republic	32.1	3.6	--	35.7
Tunisia	27.5	8.0	--	35.5
Sudan	22.0	--	--	22.0
Total	363.4	98.3	46.1	507.8

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regime in the Congo in mid-1960, its efforts to supply the Gizen-ga forces were unsuccessful. Small amounts of financial assistance, however, reached Stanleyville from Communist China, and possibly from the USSR and the European satellites as well.

Technical aid--always an important part of the bloc economic and military assistance programs--has included the provision of technicians to build, operate, and maintain facilities as well as to train local personnel; the bloc has also provided scholarships for Africans to be trained in the bloc. It is estimated that during the first six months of 1961 there were 1,640 bloc economic technicians in Africa--most of them Soviet nationals in Guinea--and 60 bloc military technicians

in Morocco, Guinea, Sudan, and Mali. Within the bloc an estimated 80 African nationals are in military training programs, 1,115 are in academic institutions, and 155 are receiving on-the-job training. Under recently concluded agreements, the number receiving bloc training is scheduled to increase substantially in the next few years.

Trade

The growth of bloc-African economic ties in the past two years has been accompanied by an increase in trade. Guinea's trade with the bloc now accounts for one third of its total trade. The bloc in 1960 imported from Africa over \$115,000,000 worth of commodities--mostly cocoa beans, palm kernels, rubber, cotton, fertilizer, wool, peanuts, coffee, bananas, and iron ore--and delivered about \$125,000,000 worth of textiles, cement, foodstuffs, petroleum, consumer durables, and other goods. Three commodities--cocoa beans, cotton, and wool--made up more than half of all exports to the bloc in 1960 from independent African countries. Most of the cocoa beans were shipped to the USSR, with the cotton and wool going to both the USSR and China.

Despite the USSR's curtailment of cocoa purchases, its trade with Africa probably will reach a new high this year. Preliminary reports indicate that exports of Sudanese cotton to the bloc will be considerably higher this year than last. In the first half of 1961, the

PRINCIPAL AFRICAN EXPORTS TO BLOC, 1960

Commodity	Exporter	Amount (1,000 metric tons)	Value (million dollars)
Cocoa Beans	Ghana	37.5	22.5
	Nigeria	9.4	5.5
Cotton	Sudan	15.9	20.0
	Nigeria	1.8	1.2
Wool	South Africa	20.6	14.6
Calcium Phosphates	Morocco	48.0	9.5

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PRINCIPAL AFRICAN COUNTRIES TRADING WITH SINO-SOVIET BLOC

	Bloc Trade as % Total Trade	Value of Bloc Trade (million dollars)	
		Exports	Imports
Ghana	5	22.5	15.0
Guinea	33	12.6	22.0
Morocco	5	16.0	22.7
Nigeria	3	9.6	16.7
Sudan	11	23.6	16.7
Tunisia	3	3.9	6.7
South Africa	1	18.9	14.5

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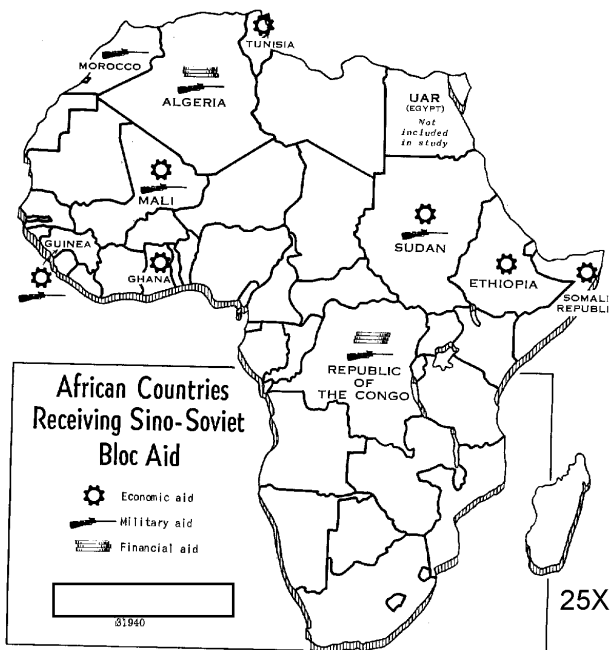
USSR supplied virtually all of Guinea's petroleum imports and unknown quantities to Mali. Peanut exports under Malian contracts with the USSR and Czechoslovakia have also increased.

Under recently negotiated commercial arrangements, this upward trend can be expected to continue. Ghana and the USSR are expected to sign a new trade agreement under which the USSR will promise to take up to 60,000 tons of cocoa by 1965, almost double that purchased in 1960, and China and Ghana have already signed a five-year trade agreement providing for annual exchanges more than five times the level achieved in 1960.

Guinea

Guinea, one of the first African recipients of bloc economic assistance, is the only one in which there has been significant progress in implementing the aid projects. Bloc economic activities there over the past year have increased substantially, and it is expected that over the next, much of the \$108,000,000 in bloc aid extended will be used rapidly. More than half of it is from the USSR, and most of the remainder from Communist China and Czechoslovakia.

Among the more important Soviet projects in Guinea are construction and modernization of railroad, highway, port, and airport facilities, and construction of a large technological institute and of petroleum storage facilities. Other projects range from construction of hotels to establishment



of a large rice plantation. Most of these projects will probably be completed in the next two years. Moscow has also agreed to participate in Guinea's priority Konkouré River development plan, but apparently is not yet committed to build the large dam which the Guineans desire.

The Soviet Union and several of the European satellites are also helping the Guinean Government to establish national service facilities. An airline, Air Guinea, was formed with Czech aid and now is operating with Soviet and Czech-built aircraft. East Germany is setting up a national printing office and, along with Czechoslovakia and the USSR, is constructing three powerful radio transmitting stations for the first Guinean national radio.

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broadcasting facility. Poland and Hungary are also providing small amounts of aid to Guinea-- Poland for a state fishing industry and Hungary for a hydrological survey. The Chinese Communist aid program in Guinea, in addition to a number of agricultural and light industrial projects, calls for the construction of several small dams for electric power and the erection of the national assembly building.

As bloc aid projects in Guinea have progressed to the implementation stage, the number of bloc technicians has increased from about 400 at the end of 1960 to over 1,200 by June 1961--an estimated 430 were from the USSR, 620 from the European satellites, and the remainder from China. Over 135 were working in government ministries, and almost 200 were teachers. About 570 Guineans are receiving military, technical, or academic training within the bacc.

Ghana

The bloc aid program in Ghana has grown rapidly since it was initiated in August 1960. The USSR has announced that it is prepared to supplement the development credit it extended to Ghana last year, and a Soviet-Ghanaian military agreement appears to be in the offing.

To date, five bloc countries have extended a total of \$110,000,000 in aid to Ghana. However, most of the projects enumerated under the various

aid agreements are still in the preliminary planning stage, and virtually none of the development credits has yet been utilized. For the most part, projects will not begin until 1962. The only aid actually drawn by Ghana was some \$10,000,000 of a \$13,700,000 credit from the USSR for purchases of IL-18 transport planes for the national airline.

Projects earmarked for Soviet aid include the construction of a 200,000-kilowatt hydroelectric project at Bui on the Black Volta River, establishment of state farms, construction of fish-processing plants, and development of a housing project in Accra and Tema. Under a separate agreement the USSR has also promised a small nuclear reactor. On 4 September 1961 it was announced that Ghana and the USSR had signed a contract under the credit agreement providing for Soviet delivery of \$2,800,000 worth of tractors and farm implements and for a team of Soviet specialists to investigate the feasibility of constructing a tractor plant and metallurgical enterprises.

A total of \$37,000,000 in credits has been provided to Ghana by Poland, Czechoslovakia, East Germany, and Hungary for construction--in which the four satellites plan to participate--of numerous small light industrial plants. China in August of this year extended a credit of \$19,600,000 to Ghana for unspecified equipment and technical assistance.

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Of a total of 205 bloc technicians estimated to be in Ghana in June 1961, almost all were sent from the USSR for operation and maintenance of aircraft. This number has been increased somewhat in recent months by an influx of technicians for survey work. The number of Ghanaians training in the bloc--some 435 as of June--may increase substantially in the near future. Several recent developments--such as the announcement that about 150 Ghanaians will soon go to Moscow for training as pilots and engineers for civil aircraft and the decision to send a large number of cadets for military training--indicate that progress is being made toward Nkrumah's announced goal of sending 3,000 to the bloc for training.

Ethiopia

Ethiopia was the first African country to receive bloc aid. During the period November 1958 to July 1959, the USSR and Czechoslovakia extended a total of almost \$114,000,000 in aid--more than any other African country has received to date. Since that time, however, the program has been practically at a standstill. Only about \$4,000,000 of the aid extended has been drawn--half in the form of convertible currency from the USSR, and half for Czech hospital equipment and supplies and for construction of a technical school at Baherdar-Giyorgis being given as grant aid by the USSR.

Most of the remaining \$100,000,000 from the USSR and

\$10,000,000 from Czechoslovakia has not even been obligated for specific projects. The few projects mentioned for Soviet aid--an oil refinery at Assab, a geological survey, a metallurgical survey, and a gold ore processing plant at Adola--have not progressed beyond the preliminary planning state.

About 120 bloc economic technicians are in Ethiopia, and about 20 Ethiopian students are studying in the bloc.

Mali

Mali, which received bloc aid only this year, is becoming an increasingly important target in the bloc economic offensive in Africa. In the last seven months it signed aid agreements with Czechoslovakia and the USSR covering some \$57,000,000 in credits for a wide variety of projects including bloc participation. Czechoslovakia has promised to help construct plants for production of flour, textiles, bicycles, and agricultural machinery, as well as to provide hospital equipment. The Soviet Union's \$44,400,000 share of the credit covers mineral prospecting, navigational development of the Niger River, railroad improvements, and construction of a training center, a cement plant, and a stadium. Both Czechoslovakia and the USSR have extended credit for the purchase of civil aircraft.

A Malian mission now is in Peiping, and announcement of an aid agreement with Communist China is expected.

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Other Aid Recipients

Tunisia in November 1960 received an \$8,000,000 credit from Poland, of which \$1,600,000 has been obligated for a metal products factory, and in August 1961 a \$27,500,000 credit from the USSR for the construction of three dams and a technological school. Czech and Bulgarian technicians have been active in Tunisia this year in connection with equipment maintenance and city planning.

The general framework was laid for greater economic ties between the bloc and the Somali Republic this year with the provision by Czechoslovakia and the USSR of credit facilities amounting to about \$56,000,000 for as yet unspecified development projects and commodities. In addition the USSR has promised to build hospitals, a printing plant, a school, and a radio station on a grant basis, and Czechoslovakia will contribute a technical school. A group of Soviet doctors recently arrived in Mogadiscio under these agreements. About 50 Somali students are in bloc academic institutions.

Sudan was given a \$22,000,000 credit by the USSR last July for construction of canning factories, granaries, several technical educational centers, and an agricultural research center. Sudan also has sent a large number of academic students to the bloc.

Several developments indicate that, in addition to bloc military aid, Morocco may soon also receive economic aid. An economic and technical cooperation agreement concluded in

May suggests possible Czech aid for a sugar refinery, textile plants, and a mineral processing plant. Soviet technicians are studying the port areas of Alhucemos and Tangier in connection with a proposed shipyard.

Although Nigeria has not yet received any aid from the bloc, during the Nigerian finance minister's recent tour of the bloc several countries expressed willingness to make aid available.

Outlook

The bloc's intention to continue to expand its participation in African development plans is indicated by the recent overtures to initiate programs in the Congo (Brazzaville) Republic, Niger, Nigeria, and Morocco. As existing aid agreements are implemented, moreover, bloc activities in Africa will be greatly intensified. In the next year a large influx of bloc technicians and increased deliveries of machinery and equipment, particularly to Ghana and Mali, can be expected. Military assistance will probably also increase, not only to those countries which have already received it but to other countries which indicate receptivity.

Bloc-African trade undoubtedly will grow. Bloc exports to African countries will become more diversified and include more machinery and equipment. Also more of Africa's agricultural commodities will probably be sold in the bloc markets, particularly if world market conditions deteriorate.

(Prepared by ORR)

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CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY****SUDANESE PRESIDENT ABOUD**

General Ibrahim Abboud, who begins a state visit to the US on 4 October, has been President of the Sudan since 17 November, 1958, when he and a group of other senior army officers seized control of the government in a bloodless coup. Abboud took full control, retaining his command of the army and assuming three additional positions: president of the newly created Supreme Council of the Armed Forces, prime minister, and minister of defense.

Abboud appears to be a sincere patriot, disgusted by the corruption among the civilian politicians, convinced that nonparty government is best for the country, and aware that the army is one of the few instruments capable of bringing about a change. On assuming power, he was quick to emphasize that the military government was transitional and that its goal was to restore political and economic stability.

At the time of the coup, the Sudan was facing an economic crisis. Unrealistic policies had priced Sudanese cotton out of the world market, and the country had a large stockpile of unsold cotton and a shortage of foreign exchange. The new government brought its cotton prices down and sold off the surplus. It also stepped up a number of important agricultural development projects stalled by the general economic paralysis and took a few steps in the field of industrial development, but has yet to initiate an over-all plan.

Abboud has been critical of the level of American aid to the Sudan, and undoubtedly will seek during his visit to have it raised. In discussing the

trip with the American ambassador, a number of Sudanese officials have emphasized their need to demonstrate to the Sudanese people that the visit has produced tangible benefits. The military regime has never gained broad public support, and Abboud will probably try to obtain some sort of dramatic "impact" project which he can use to increase his prestige.

Background and Personality

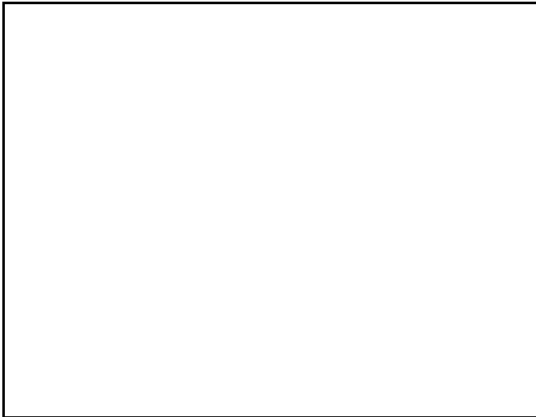
Abboud was born in 1900 in the Red Sea village of Muhammed Qol. He completed his secondary education in 1914 and entered the engineering school of the Gordon Memorial College. In 1917 he entered the military school in Khartoum and a year later was graduated and commissioned second lieutenant in the engineer corps. Abboud first served with the Egyptian Army but transferred to the Sudan Defense Force (SDF) when it was organized in 1925. During World War II he served in the Eritrean and North African campaigns. After the war he rose steadily in rank and in 1948 was placed in charge of the Sudanese Camel Corps. In 1954 he was promoted to major general and made deputy commander of the SDF; in 1956, ^{25X1} he became commander-in-chief.

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Foreign Policy

Abboud is oriented toward the West because of the Sudan's economic and political ties with Britain and his own close association with the British military. He has sought, however, to avoid former Prime Minister Khalil's policy of close alignment and has proclaimed an official policy of "neutralism" for the Sudan. In practice, his has been a policy of "timid neutralism" at best, designed primarily to keep the Sudan in good standing with the Afro-Asian nations, while avoiding any kind of international involvement.

Abboud has particularly tried to improve the Sudan's relations with Egypt. In 1959 the two countries reached an amicable settlement on the question of the distribution of the Nile waters. Nasir, in turn, has indicated both publicly and privately that he regards the Abboud regime as the best that can be hoped for in the Sudan, and his interference in Sudanese politics has decreased markedly since Abboud came to power. In 1960 the two leaders exchanged state visits, and relations between them are cordial.

The military government has given an increasing amount of vocal support to nationalist and independence movements

throughout the world, but has avoided aligning itself with the more radical neutralist states. In the case of the Congo, Abboud, while condemning "imperialist maneuvering," has staunchly supported the UN effort and refused to allow Antoine Gizenga's foreign backers to ship supplies across the Sudan to Stanleyville.

Abboud has generally taken a dim view of the various "neutralist" conferences; he declined invitations to both the Monrovia and Casablanca conferences and accepted a bid to the recent Belgrade meeting only when it appeared that his absence would be conspicuous. After Abboud returned to Khartoum, Ambassador Moose expressed to him dismay at the mild reaction among the Belgrade delegates to the USSR's resumption of nuclear testing. Abboud's reply was, "How could we have reacted strongly to the Soviet action? Our speeches had already been written." Abboud is primarily a military man and seems to have a limited understanding of international affairs. One observer commented that the Sudanese leader tends to be swayed by the "last man through the door."

Abboud has made an effort to even the balance in the Sudan's East-West relations and to stem domestic criticism of pro-Western moves by establishing closer official relations with the Sino-Soviet bloc. In July he made a ten-day state visit to the USSR during which he concluded a \$22,000,000 economic agreement providing for the first Soviet aid to the Sudan. Although he was critical of certain aspects of the trip, it appears that he was genuinely impressed by his red-carpet treatment, and since his return the Sudanese press has been filled with articles praising the USSR.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

Internal Position

Opposition to Abboud's government in recent months has centered among the old civilian politicians seeking to oust the military regime and regain power. Led by Siddiq al-Mahdi, Imam of the influential 1,500,000-member Ansar religious sect, the politicians have presented a series of notes demanding that the military rulers take immediate steps to restore civilian government. The Supreme Council at first ignored the notes, but when the opposition's tactics became increasingly bolder and were threatening to lead to civil disturbances, the government arrested 12 of the opposition leaders. Although the Mahdi was not among those arrested, he was warned to discontinue all political activity.

In a showdown with the government, the Mahdi could probably cause considerable trouble by calling out his Ansar followers, many of whom are armed, albeit primitively. He has, however, been reluctant to give

a signal which could lead to civil strife, and despite urging by a number of his followers that he take more vigorous action in support of his demands, the Mahdi has been attempting to settle his dispute with the government through negotiations. He is reportedly planning to meet with representatives from the government in the near future. Abboud may try to placate him by agreeing to broaden civilian participation in the military government.

As long as Abboud continues to command the support of at least a majority of the army, it is unlikely that the politicians will be able to overthrow him. Moreover, parliamentary rule, which had only a brief history in the Sudan, could count on little more public support than Abboud and would probably break down quickly as the politicians renewed the bitter feuding which marked the pre-Abboud period. Opposition to Abboud can be expected to increase, however, if he fails to make at least a gesture toward re-establishing constitutional government. [redacted] 25X1

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