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CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****WEEKLY REVIEW****NUCLEAR TEST BAN NEGOTIATIONS**

The USSR's agreement to resume negotiations in Geneva on 28 November appears primarily intended to offset the adverse nonbloc reaction to the recent Soviet test series, and to enable Moscow to charge that continuation of the US testing program is responsible for any intensification of the nuclear armaments race. The Soviet note drew attention to Khrushchev's remarks during the 7 November Kremlin reception, at which he warned that "there will be more Soviet tests if the West goes on testing." The USSR may propose that the new round of negotiations be accompanied by a moratorium on all nuclear testing. There is no evidence that Moscow intends to change its position on the terms for a test ban agreement when negotiations are resumed.

The Soviet leaders' decision to accept the US-UK proposal for an immediate resumption of the Geneva talks probably was based on the assumption that this would provide the most effective forum for exploiting any US decision to undertake atmospheric testing and for counteracting the damaging effects of the Soviet test series on the USSR's image abroad. The TASS statement of 5 November, in response to President Kennedy's 2 November statement regarding preparations for US atmospheric testing in the event such measures become necessary, charged

that the US "is preparing to resume nuclear weapons tests in the atmosphere."

The USSR may also believe that the resumption of test talks will enhance its recent moves to impress the West with a more flexible Soviet approach to negotiations on Berlin and Germany.

The Soviet note marks some retreat from the position the USSR has maintained since the Vienna meeting between Khrushchev and President Kennedy in June, at which the Soviet premier contended that the questions of a test ban and general disarmament should be solved "interdependently." Subsequent Soviet pronouncements implied that the nuclear testing issue could be considered only in the context of general and complete disarmament. Although Moscow has now agreed to resume separate negotiations on testing, the Soviet note sought to retain the link with general disarmament by observing that the US, Britain, and the USSR have all "proclaimed as their common goal universal and complete disarmament." It also stated that the USSR's agreement to return to the Geneva talks rests on the assumption that the UN General Assembly in the near future will "adopt a decision on the resumption of negotiations on the whole complex of questions pertaining to general

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and complete disarmament and on the setting up of an organ in which such negotiations can be conducted."

The Soviet decision to return to the test ban talks is probably aimed at impressing UN members with the USSR's "reasonableness" and attracting UN support for a compromise solution to the question of membership in the new disarmament forum. The USSR is on record with a call for a "troika" forum--five Western, five bloc, and five neutral representatives. In private conversations with various UN delegates, Soviet delegates have urged agreement to add three neutral countries to the original tenation committee. The Soviet news agency TASS on 17 November criticized the US proposal for a committee of 20 representatives. TASS claimed the US was rejecting the principle of "equitable representation" of the three main groups of states.

In an obvious attempt to counter adverse nonbloc reaction to the recent test series, the Soviet note to the US and Britain was read by Deputy Foreign Minister Firyubin to representatives of the countries which participated in the Belgrade conference of nonaligned powers, as well as a Finnish representative. These representatives were called to a

meeting at the Foreign Ministry at approximately the time the notes were delivered to the US and British embassies. The US Embassy reports that there was apparently no discussion of the subject matter or any explanation of the choice of countries to receive the special briefing. While the Belgrade conference did not go on record with a sharp condemnation of the resumption of Soviet tests, several of the participants in private conversations denounced the Soviet action. During the recent test series Khrushchev deemed it necessary to respond to letters from leading personalities from Western and neutralist countries, including Nkrumah. These letters criticized the Soviet test resumption.

While the Soviet leaders have found it expedient to resume separate talks on a test ban treaty, they probably will take the position that no final agreement can be concluded unless progress is made in the general disarmament field. This position was implied in the TASS statement of 5 November which reaffirmed the USSR's readiness to sign a general disarmament treaty, "on the basis of which nuclear weapons tests would also be discontinued once and for all...."

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET-FINNISH RELATIONS**

Moscow continues to insist on the formal consultations it requested in its note to Finland on 30 October. Following President Kekkonen's action in dissolving parliament and calling for new elections in February, Soviet Deputy Foreign Minister Kuznetsov on 16 November called in Finnish Ambassador Wuori and left no doubt that the USSR regarded Kekkonen's actions as an attempt to evade the Soviet proposals. Kuznetsov told him that these moves were not sufficient guarantees of continued Finnish neutrality, and that the USSR expected a "qualified" Finnish delegation to come to Moscow as soon as possible. Although he did not insist that military officials be included in the delegation, the Soviets are clearly pressing for consultations under the 1948 mutual defense treaty.

Kuznetsov contended that the situation in the Baltic and Northern Europe had deteriorated since the 30 October Soviet note and that as a result there was an "immediate" threat from West Germany to the security of the USSR and Finland. In support of these claims Kuznetsov cited the visit by Bonn's Defense Minister Strauss to Oslo, so-called NATO maneuvers in the Baltic area, and press reports of an early agreement between Denmark and West Germany on a joint naval command in the Baltic.

Finnish Reactions

The cumulative effect of the crisis in Finnish-Soviet relations has demoralized the non-Communist Finns. Following Ambassador Wuori's return to Helsinki to report on Kuznetsov's demarche, the Finnish cabinet on 18 November issued a communiqué announcing that the government had proposed a meeting between President Kekkonen and Khrushchev. Soviet Ambassador Zhakarov informed the Finnish Foreign Ministry that Khrushchev would receive Kek-

konen on 24 November in Novosibirsk. In a background discussion with the press, officials of the ministry explained that Kekkonen's talks with Khrushchev would not constitute the consultation requested by Kuznetsov and that the visit was a Finnish initiative not prompted by a Soviet request.

Moscow's Next Moves

Moscow is not likely to accept the Kekkonen-Khrushchev talks as a substitute for formal consultation, but it has been deliberately vague concerning the demands for political guarantees from Helsinki. In response to a Finnish inquiry, the Soviet ambassador stated that the Finns should make an offer and define their terms and Moscow would decide whether their position was acceptable. It seems likely that one of Moscow's primary demands will be for strong Finnish support of the Soviet stand on Germany, including Finnish participation in any peace treaty signed between the bloc and East Germany. The Soviet insistence that the formal consultations proceed as proposed also suggests that the USSR would regard Finnish agreement to consult as the first step toward an unqualified endorsement of the Soviet viewpoint on the dangers from West German militarism and the consequent necessity of a peace treaty.

If consultations are held, the USSR may press Finland for some specific action in the military sphere which would demonstrate its concern over the threat from West Germany. Some Finnish officials are apprehensive that Moscow might request Finland to raise the level of its armed forces and might offer military aid to accomplish this. The Soviets may offer to supply early-warning radar and MIG jet fighters.

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In view of the previous Finnish interest in acquiring surface-to-air guided missiles, Moscow now may offer these weapons; the USSR has agreed to provide such missiles to at least three underdeveloped countries. Finally Moscow may insist that Helsinki utilize the remainder of a \$25,000,000 arms credit extended in 1959.

The Finnish Communists

A further Soviet objective appears to be a strengthening of the Finnish Communists. Some diplomats in Moscow speculate that the Kremlin intends to have the Communist-front Finnish People's Democratic League (SKDL) included in the next government. Gromyko's criticism of instability of the present minority government implied such a goal.

The Finnish Communists are displaying considerable arrogance. Their press has demanded that upper army echelons be purged of "unreliable elements" and that the activities of "right-wing organizations and the right-wing press" be curtailed.

There is already speculation in Finland that the new government will consist of the Agrarians, the Opposition Social Democrats, the SKDL, and the pro-Kekkonen minority within the Swedish People's party. Such a coalition would on the basis of present party representation command a majority in parliament.

Scandinavian Reactions

The Soviets are also obviously exploiting the pressure on Finland to create an atmosphere of anxiety in Scandinavia. The new demarche to Finland, coming three days before the arrival of Norwegian Foreign Minister Lange in Mos-

cow, provides an opportunity for intensification of Soviet pressure in Northern Europe, aimed at driving a wedge between West Germany and Norway and Denmark. The four Scandinavian Communist parties have issued a joint statement calling for Denmark and Norway to leave NATO.

The Danish and Norwegian governments have not replied directly to the Soviet accusations regarding their cooperation with a rearmed and allegedly revanchist Germany in the 30 October note to Finland. Denmark has assured its allies that it intends to fulfill such NATO commitments as negotiations with West Germany for a joint Baltic Command, but it can be expected to defer action until tension in Northern Europe has abated somewhat. Prime Minister Kampmann has also publicly reiterated Danish opposition to having atomic weapons on Danish soil.

Lange, still in the USSR (his visit was scheduled before the eruption of the present situation), will try to convince Soviet officials that Norway's association with NATO does not cloak any aggressive or unfriendly intentions toward the USSR. Lange is currently touring the USSR and will go to Helsinki before seeing Khrushchev in Moscow in early December.

The possibility of an erosion of Finland's neutrality has probably caused Sweden to reassess its political and military position. However, nothing less than an actual Soviet military move against Finland would be likely to cause Sweden to abandon its alliance-free foreign policy in favor of closer association with the West. Furthermore, the continued domination of Sweden's foreign policy by Foreign Minister Uden rules out any change unless there is a threat of direct action by the Soviet Union against Sweden itself. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SINO-SOVIET RELATIONS**

The deterioration in Sino-Soviet relations set in motion by Khrushchev's actions at the 22nd Soviet party congress has picked up momentum. Pravda on 16 November published a speech by Italian Communist party leader Togliatti in which he noted during the course of an attack on the Albanians that they were in part supported by the Chinese and in which he characterized Chou En-lai's rebuke of Khrushchev at the Soviet 22nd party congress as "unjustified." This is the first time that criticism of a Chinese leader by name has appeared in the Soviet press.

Pravda has taken advantage of Togliatti's speech to reveal more clearly in the USSR the extent of Chinese Communist involvement with Albania. Although the Soviet public could have guessed from the speeches at the 22nd congress that the Albanian affair involved the much larger issue of Soviet-Chinese relations, nothing that has appeared in Soviet published material in the past few years has so explicitly indicated concrete disagreement between Peiping and Moscow as these passages from Togliatti's speech.

Since the congress the Soviet press has not made much of the anti-Albanian campaign, which figured so heavily in the speeches from the rostrum. Moscow relied primarily on reprinting comments from foreign Communists, particularly the satellite leaders, suggesting that for the time being the Soviet Union was content to allow the satellites to take the lead in attacking Albania. The use of Togliatti's speech falls into this pattern, but broadens the target to include Communist

China, makes clear the extent and seriousness of the deterioration of Sino-Soviet relations, and implies that the pace of charges and counter-charges is likely to quicken. On 20 November, for example, in Moscow's first original reaction to Hoxha's counterattacks since the congress, Pravda editorialized that the Albanian leaders have "taken the road of deepening their errors."

The satellite regimes continue to give heavy play to Albania's "errors." Comment in some of the satellites now also includes the same kind of criticism of the Chinese stand as did Pravda. The official Polish newspaper Trybuna Ludu followed Moscow's lead in publishing Togliatti's statement. In Czechoslovakia, however, party boss Novotny struck out on his own and in a speech to his central committee reporting on the 22nd party congress made a point of noting that Czechoslovakia could not agree with the "reservations entered in the name of the Chinese party by Chou En-lai."

Although it now appears that the meeting of the Political Consultative Committee of the Warsaw Pact may not take place as early as was reported, it appears more likely that when it does meet, action will be taken to oust Albania from membership in the pact. In his speech Novotny claimed that the actions of the Albanian leaders since the congress indicated that they were intent on severing relations with the "socialist camp."

The Chinese also stepped up the tempo of the dispute by publishing on 17 November in People's Daily the complete text

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of Enver Hoxha's 7 November diatribe against Khrushchev. This act flaunted Peiping's opposition to Khrushchev more openly than anything carried in the Chinese press since the 20th party congress in 1956. Not even the barest summaries of the speech, which referred to Khrushchev in such abusive terms as anti-Marxist, revisionist, and "horned devil," have appeared in any other bloc country.

Peiping itself deliberated over a week before publishing the speech. During this period, North Vietnam's Ho Chi Minh may have been attempting to play the role of "honest broker," first in Moscow and then in Peiping, in order to relieve the pressures now directed at him. If so, his self-imposed role was a failure; Peiping printed the speech on the day after Ho left the Chinese capital. Publication of the speech could also have been timed as a reply to the 16 November issue of Pravda, which printed the Togliatti speech.

The Chinese feel the need to display their firmness on the issue of Albania, aware that anything less would be construed as a sign of weakness in the face of Moscow's challenge. At the same time, Peiping is continuing to present both sides of the dispute. The day before it published Hoxha's speech, People's Daily devoted two pages to a roundup of statements by Communist leaders critical of the Albanians. The Chinese, moreover, have not yet offered any editorial comment of their own. Originally, this pose of standing away from the debate

may have been calculated to promote China's interest in averting a head-on clash with Khrushchev while appealing to the sympathies of the many Communists who preferred a "principled" review of the Albanian issue. This pose of restraint now is somewhat tortured, however, as Peiping's commitment to Tirana becomes increasingly manifest.

One of the latest signs of this commitment was the arrival in Peiping on 17 November of an Albanian mission to discuss next year's trade and economic relations. The Albanians probably will request extensive Chinese support to counter Moscow's economic pressures. Since early last year the Chinese have sent Albania large quantities of grain, limited quantities of other products, some technicians, and foreign exchange to finance a few of Tirana's limited purchases in the West--where the Albanians now are making efforts to increase trade. This year the Chinese extended a \$125,000,000 long-term credit to finance equipment and technical assistance for Albanian economic development. The talks currently getting under way in Peiping probably will focus on steps to carry out this program and possibly will lead to further Chinese aid.

Peiping radio has started transmitting an Albanian program to North America, which Tirana itself cannot do because of the low power of its transmitters. Until September, when they were canceled for "technical reasons," these transmissions originated in Bulgaria.

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CHINESE COMMUNIST TRADE PROBES IN THE WEST

Communist China's foreign trade activities in recent months strongly suggest that Peiping is seeking to protect itself against further cut-backs in economic support from the Soviet bloc. Recent Chinese trade queries in Western industrial countries have involved types of manufactured goods, industrial equipment--including some complete plants--and transport aircraft formerly imported solely from the bloc.

Individually, most of these transactions can be rationalized on the basis of superior technology, better prices, or availability. A further sharpening of Sino-Soviet disagreements probably would prompt Peiping to increase these contacts.

For the first time since 1958 and 1959, when China's "leap forward" required supplementary orders of certain Western industrial goods, Chinese commercial missions have been visiting Western Europe. In Great Britain, where they have been most active, Chinese representatives have visited electronic and aircraft industries, ostensibly as observers but probably with a view to trade possibilities. British trade officials feel the Chinese also are interested in purchasing materials suitable for light industry--synthetic fibers and

metals. In addition, the Chinese missions now are displaying a willingness to deal with firms not associated with the Communist-front Council for the Promotion of International Trade.

The British officials have stated that they consider China's credit performance very good.

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The most important Chinese purchases in the West so far include a modern cement plant from

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Denmark, two power plants from Sweden, and a textile plant from Italy.

The most advanced negotiations involve the purchase of up to 20 new British Viscount turboprop transport aircraft. The talks have been under way since last March and apparently are nearing completion.

Sino-Japanese trade, which probably would expand rapidly if Peiping abandoned its insistence on political concessions, shows some signs of emerging from the doldrums of the past three years. Recent reports of important new trade deals with Japan, however, like those with the West, probably reflect exploratory or precautionary moves by the Chinese rather than an

all-out trade promotion campaign.

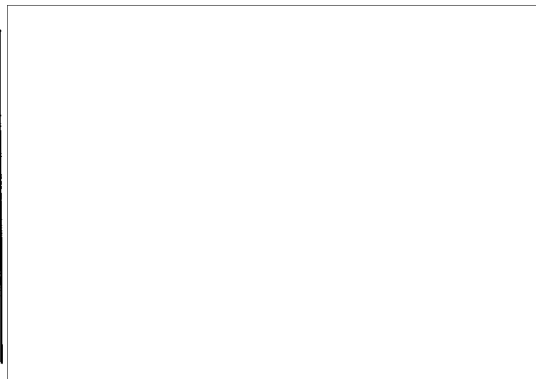
Even though the scope of Chinese economic relations with the bloc has been sharply reduced, Moscow and the European satellites remain the primary sources for China's imports of machinery and equipment, petroleum, and other industrial goods. Prior to 1960, the bloc supplied all Peiping's imports of complete plants and more than 90 percent of its imports of machinery and equipment. Long-term Chinese economic agreements with the bloc signed prior to the onset of the Sino-Soviet dispute in 1960 indicate that Peiping had at that time intended to continue to rely predominantly on bloc suppliers.

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EAST - WEST GERMAN TRADE

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The East Germans have stepped up their campaign to convince West German businessmen of the merits of interzonal trade (IZT). The Communist regime now appears confident that trade with West Germany will continue and is basing 1962 plans on that assumption.



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many is most dependent on Western suppliers.

It is estimated that about 25 percent of the electrical sheet and plate, 15 percent of the hot- and cold-rolled strip steel, and 25 percent of the tubular products used in East Germany in 1960 were supplied by NATO countries. However, West German shipments of iron and steel (mostly steel) dropped to about 71 percent of total NATO exports of these items to East Germany in 1960, compared with 87 percent in 1959, while NATO countries other than West Germany increased their shipments of iron and steel to East Germany in this period--a trend which will probably continue.

The improved prospects for interzonal trade, however, do not signify any letup in East Germany's contingency planning against the possibility of a Western embargo. While it seems that pressure to achieve economic invulnerability by 1 December has eased considerably, economic independence of the West is still an important goal for 1962.

The East German Trading Office for Steels and Metals (DIA/DSM) has already indicated that it "definitely intends" to purchase bright steel from West Germany and has stated unofficially that it will not quibble over terms. DIA/DSM could obtain only one sixth of its 1962 requirements for this steel in the bloc. It reportedly has already used surplus funds remaining after 1961 purchases were completed to buy West German strip steel, tubing, wire, and sectional steel needed during the first quarter of 1962 for delivery before 31 December 1961. These products are those for which East Ger-

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German economic circles seem to be drawing up contingency plans on the basis of a possible NATO-wide embargo; planning against a West German embargo presumably was well advanced by last summer.	25X1

(Prepared by ORR)

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NORTH VIETNAMESE GENERAL WRITES ON GUERRILLA WARFARE

People's war, long-term war, guerrilla warfare developing step by step into mobile warfare--such are the most valuable lessons of the war of liberation in Vietnam.--General Vo Nguyen Giap

Next to Mao Tse-tung, North Vietnam's General Vo Nguyen Giap is probably the leading Communist authority on guerrilla warfare. Giap, a ranking member of Hanoi's politburo and commander in chief of North Vietnam's armed forces, led Ho Chi Minh's ragged army through eight years of jungle warfare and into the French defenses at Dien Bien Phu. Recently compiled in book form as People's War, People's Army, Giap's writings provide a manual for conquest in South Vietnam.

War, to General Giap, is a battle for people, not territory. When you have captured a popular following, you have captured the ground, Giap points out. Therefore, the first task of a Communist guerrilla is to win popular support, particularly in the base areas that are vital to continuation of the war. In his book, Giap describes some of the techniques used to gain popular support during the war against the French. These included formation of a united front with non-Communists, land distribution, and rent reduction. Some of these measures now are being implemented by Communist guerrillas in South Vietnam.

Again and again Giap stresses that there is no quick and easy victory in a war against an established regime. Following in Mao's footsteps, Giap describes this long campaign of attrition as a war divided into three phases: the first or defensive stage when the fighting force is weak in strength and conducting a war of delay and harassment; the second when growing Communist strength in the countryside brings a relative power balance; and the third, or offensive stage, when

a regular army assumes the offensive.

Giap makes a distinction between the tactics to be used in these phases. Early in the war, the military emphasis is on guerrilla warfare, a form of combat Giap describes as "avoiding the enemy when he is stronger and attacking him when he is weaker, now scattering, now regrouping." The objective, Giap states, is to kill as many of the enemy as possible and force him to disperse his forces in static defense positions.

When forays by company-size guerrilla units have the enemy tied down guarding bridges and depots and, as Giap puts it, "scattered all over the place," then the transition from purely guerrilla harassment to mobile war can begin. As described by Giap, the appearance of battalion-size units marks this transition. By this standard, Communist guerrilla operations in South Vietnam are entering the stage of mobile warfare.

Mobile warfare is defined by Giap as "a form of fighting in which principles of regular warfare gradually appear and develop." There is still a "guerrilla character" in mobile warfare, but a regular army is being built and, as this grows, "relatively big forces are regrouped and operating on a relatively vast battlefield." As regular units progress in size from battalion to regiment and division, they are to engage enemy regular forces, "wipe out more and more enemy manpower, liberate larger and larger localities, and eventually arrive at destroying the whole enemy armed forces and liberating our whole country."

Just as Communist China played a decisive role in supporting the North Vietnamese drive for final victory above the 17th parallel, Giap points out, North Vietnam now constitutes a secure base for the "struggle to achieve national unification."

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH VIETNAM**

Communist activity reported during the week ending 16 November was substantially above the previous week's level, particularly in the southern part of the country. [REDACTED]

the Communists now are attempting to broaden War Zone D--their base area northeast of Saigon--to extend it westward to link up with War Zone C--northwest of Saigon near the Cambodian border--and northward through forested area toward central Vietnam. In addition, the Communists reportedly have plans to disrupt road traffic north of Saigon on the main highway entering Cambodia; on two successive days recently, travelers on the road between Saigon and the coastal town of Cap Saint-Jacques were halted by a force of about 300 Viet Cong guerrillas and lectured on the deficiencies of the Diem government.

The striking increase in the number of government casualties reported during the past two months indicates that total government losses this year may be almost double the total of 6,703 reported in 1960. While the increase may in part reflect more accurate reporting, it could affect the morale of the armed forces and lead to a further deterioration of civilian morale.

The situation in Saigon is described by US officials as momentarily stabilized in the anticipation of increased US support, but still highly volatile in the absence of any significant successes over the Viet Cong. Criticism of Diem

is growing, particularly among persons in or close to the government. At the same time, there is increasingly open talk of possible reforms, including some press discussion of the idea of a supreme war council which, although nominally under the President, would assume much of his present authority. Some opponents of Diem have privately alleged that his national emergency declaration was designed to circumvent pressure for reforms.

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The bill to cut salaries of government officials has been withdrawn from the National Assembly as too sweeping, but a bill to raise the pay of lower ranks in the security forces is still under consideration. Prices in Saigon remain high; efforts are being made both to import additional rice stocks and to get the maximum harvest from the delta by means of guarantees to rice dealers and use of army, navy, and civil guard forces to keep the rice out of Viet Cong hands.

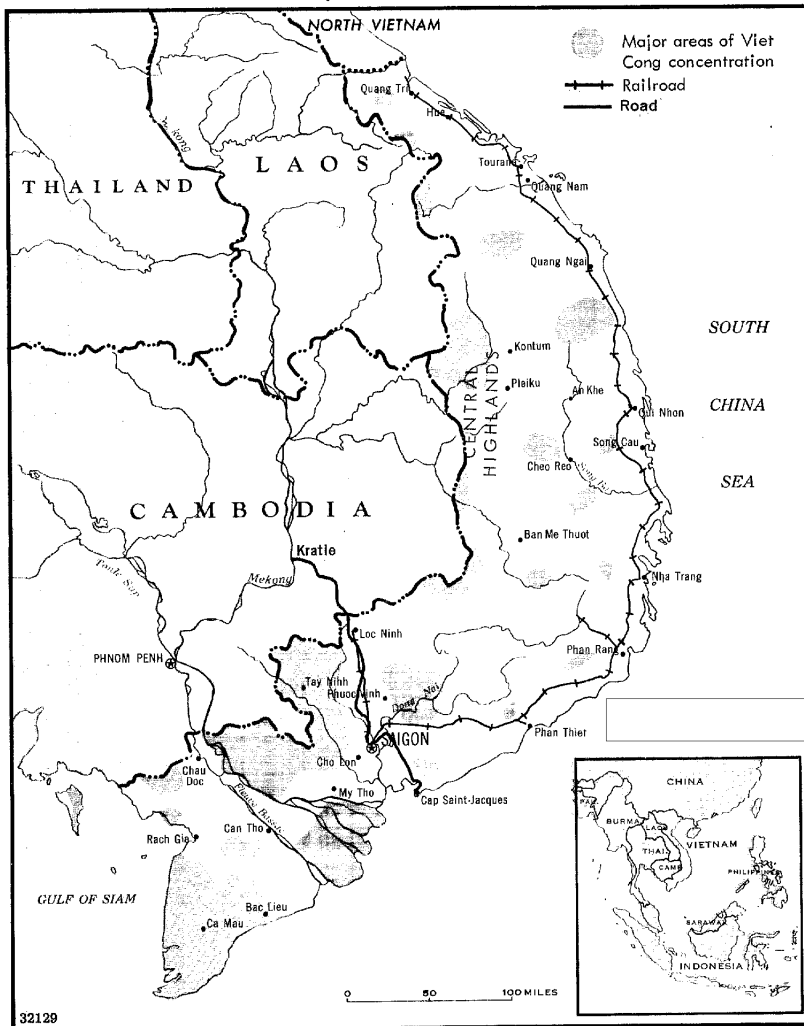
In the face of a Communist bloc propaganda barrage alleging South Vietnamese violations of the 1954 Geneva accords, Saigon, in a letter to the International Control Commission (ICC) on 10 November, reiterated that its policy remains that of effective cooperation with the

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Communist Guerrilla Activity in South Vietnam



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ICC. A government-inspired employee strike against the Polish delegation has ended, and the commission was scheduled to take up this week South Vietnam's documented charges of

subversion by North Vietnam. A ranking Indian official, Ambassador Parthasarathi, has recently been designated interim ICC chairman in South Vietnam.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****LAOS**

Boun Oum, Souphannouvong, and Souvanna have agreed to meet at Vientiane for further negotiations toward the establishment of a coalition government. The acceptance by Souvanna and Souphannouvong of Vientiane as the site for the meetings, scheduled to be held from 24 to 27 November, was unexpected in view of their previous insistence on the Plaine des Jarres. Souvanna's yielding on this issue might foreshadow a willingness to make substantive concessions at Vientiane but may be merely a move to bring General Phoumi to the bargaining table.

Security arrangements for the conference have been under discussion by representatives of the three factions. Mutual suspicion has been a complicating factor. This suspicion, in addition to the basic political differences, will also present a serious obstacle to successful negotiations at Vientiane.

The major task to be accomplished at Vientiane will be the distribution of posts in the coalition cabinet. Souvanna has indicated that he wants to retain the ministries of defense and interior for his "neutralist" center group. Phoumi, who is minister of defense in the Boun Oum government, will try to get the same position in the coalition government. It is possible, however, that Phoumi will permit Souvanna to control both these ministries if Souvanna will agree to the enlargement of the center bloc through the addition of several strong non - Xieng Khouang neutralists. It is unlikely that Phoumi will

support any coalition which in his view is not adequately safeguarded against the possibility of a Communist take-over.

The antigovernment forces have initiated scattered probing actions in northern Vientiane Province, while Laotian Army clearing operations have continued in the extreme northern and southern provinces of Laos; more limited sweeps in Vientiane Province have ended. Further evidence of the presence of North Vietnamese troops in Laos was disclosed by a recent attack on a South Vietnamese reconnaissance unit by a Communist force claiming to be part of "Ho Chi Minh's army."

Western representatives at Geneva are studying Soviet delegate Pushkin's latest drafts on the voting and investigations procedures for the International Control Commission (ICC) presented at a 15 November meeting with the UK delegate. Pushkin also submitted new drafts on the functions of the ICC with regard to the introduction of armaments into Laos and the time limit on the withdrawal of foreign military personnel from Laos. These drafts represented a small movement in the direction of the Western position. Other issues of the conference still to be resolved include the matter of the demobilization of "private armies" and unification of the Laotian Army. The Communists have consistently maintained that these are solely internal Laotian affairs and fall outside the conference's authority and responsibility.

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CONGO

Secretary General Thant has ordered the UN command in the Congo to "seal off" Kindu, disarm the Congo Army units there, and start inquiries into

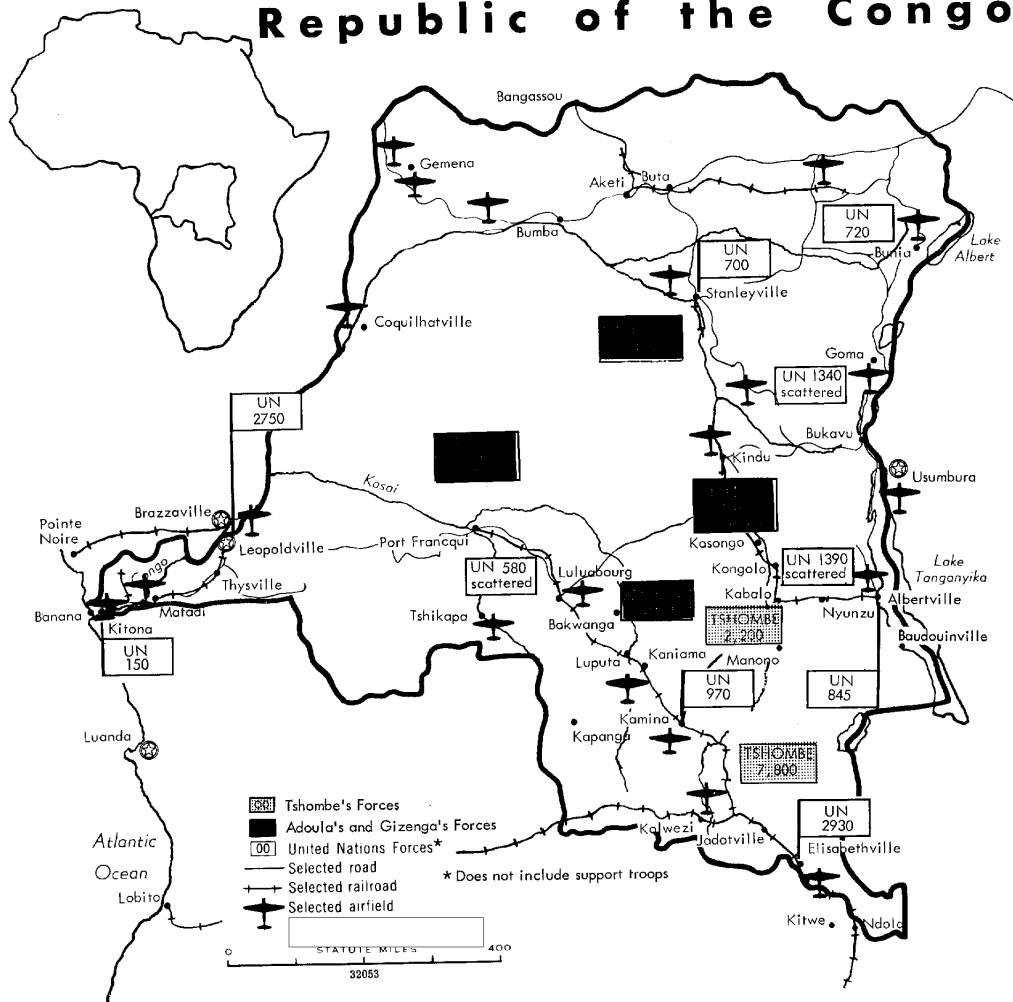
the massacre of the 13 Italian airmen; an undisclosed number of UN troops have been moved to Kindu. UN officials have denied reports from Elisabethville and

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Republic of the Congo



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Stanleyville that UN planes have bombed the Congo troops but indicate that relations between UN and Congo Army units in Kivu Province are tense.

The president of the Leopoldville provincial government, pro-Gizengist Cleophas Kamitatu, told Ambassador Gullion on 16 November it would be "criminal" if the UN used force at Kindu and that he intended to tell Adoula that if the UN

did so without comparable measures against Katanga, the "nationalist" group would withdraw its support of Adoula. General Mobutu has remarked that without complete "political, military, and financial" unity between the Stanleyville and Leopoldville forces, it would be impossible to defeat Katanga. Press reports indicate that Adoula is stalling on his investigation of the Kindu incident.

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Ambassador Gullion reports that it is difficult to establish whether Gizenga was actually responsible for the Kindu incident, although his presence and inflammatory propaganda against the UN over a long period created the atmosphere for it. Gizenga's objective in going to Kindu was probably to demonstrate that it was he who was actively pushing the invasion of Katanga rather than Leopoldville or General Lundula.

Gizenga's present whereabouts is unknown. Interior Minister Gbenye, recently returned from Kindu, advised the Adoula cabinet on 20 November that Gizenga was not in Kindu at the time of the atrocities. He may turn up in Stanleyville for a belated rump convention of his Lumumbist party, which he had called for 18 November. Gizenga's rivals, although not opposed to the formation of a new single national party, are opposed to his heading it. On 20 November, the Leopoldville cabinet reportedly decided to make another attempt to bring Gizenga back to the capital, and three nominal Gizengist sympathizers were to be sent to Stanleyville to try to locate him.

Leopoldville's failure to date to control Tshombé either by negotiation or force has created strong pressures on Adoula. The "nationalists," who apparently hold the UN and not the Congolese military responsi-

ble for the action in Kindu, are growing impatient and reportedly intend henceforth to take a rigid line with the premier on both the Katanga problem and on Congo's neutralism. They are pressing to have the Soviet bloc representative in Leopoldville accredited soon and assert that both Soviet and American presence is necessary to ensure the neutrality of the UN. They also want to be able to "weigh" Soviet and American offers of aid.

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[redacted] a Soviet offer of military and economic aid. The offer reportedly included transport and military aircraft, arms, agricultural and road-construction machinery, and a financial subsidy. Foreign Minister Bomboko previously told US officials that the Soviets in negotiating for the re-establishment of relations had offered "all aid" to the Adoula government.

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Tshombé has not changed his demands that Adoula recognize Katanga's virtual autonomy, which he knows Adoula cannot accept and remain in power.

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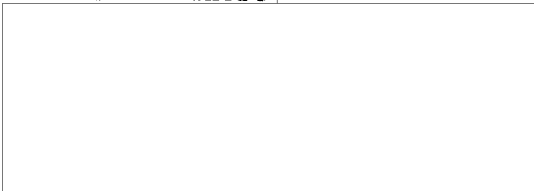
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CURRENT INTELLIGENCE WEEKLY SUMMARY

FRANCE-ALGERIA

The compromise agreement which brought an end to rebel vice premier Ben Bella's hunger strike and the report that he is about to be released from prison probably have renewed prospects for the opening of formal negotiations between the French and the provisional Algerian government (PAG). The added publicity and prestige the strike has brought to Ben Bella may have produced strains within the rebel leadership and may delay agreement in negotiations with the French. The concessions made by the French are certain to lead the Secret Army Organization (OAS) to intensify its plotting against the government, particularly in Algeria.

Ben Bella and four other rebel leaders are to be transferred to a convalescent home near Paris where



the rebels will remain under French guard.

A member of Premier Debré's cabinet told a US official on 17 November that secret talks with the PAG were progressing favorably, and had not been affected by Ben Bella's hunger strike. The PAG, whose spokesman on 16 November emphasized Ben Bella's statement that there was no conflict between him and the PAG, will probably be content to drop the matter. A French Ministry official, however, said last week that Ben Bella's status has been

so enhanced internationally and among rebel militants that the entire rebel structure would have to be reorganized in a time-consuming process before a final settlement could be reached. Minister for Algerian Affairs Joxe told a US Embassy officer on 16 November that the PAG was "furious" at being compelled to support Ben Bella and his companions, and added that, "like all politicians, they are fighting among themselves."

At the time of his capture in 1956, Ben Bella was probably the most widely known figure in the rebel movement. Although he has been an honorary vice premier of the PAG since its formation in 1958, his imprisonment may have reduced his power within the rebel hierarchy. The attention he has gained from the hunger strike --coupled with continuing reports of almost open disregard for the PAG by the rebel fighting units within Algeria with whom Ben Bella has always been popular--has probably put him in a position where he cannot be shunted aside, and his clear association with a negotiated settlement may be necessary to obtain compliance from the rebel fighters.



In order to counter opposition claims that it has been derelict in its support of the Algerian struggle for independence, the Moroccan Government continues to claim credit for

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the successful resolution of the Ben Bella affair. King Hassan II, fearful that the installation of a radical regime in Algeria would be hostile to the Moroccan monarchy, is anxious that an Algerian compromise be reached with Paris and that French influence remain strong in Algeria.

The degree to which the OAS might be able to upset any agreement between De Gaulle and the PAG remains an open question. Paris appears to be operating as much against the OAS as against the rebels. A new wave of arrests of OAS supporters in France has been announced, and the civil security forces in Algeria, demoralized by a series of OAS murders of their leaders, are being reinforced by metropolitan police. In the National Assembly a so-called "Salan amendment" looking toward revival of settler home-defense units in Algeria was supported by a bloc of 80 deputies.

The director of political affairs at the Delegation General told the American consul general at Algiers that the OAS has split into two factions, one advocating a French-Algeria and the other aiming at a partition which would set up independent European enclaves. The latter idea is arousing interest among European settlers who had previously not considered anything but remaining French.

Meanwhile, De Gaulle was scheduled to climax efforts to re-establish better relations with the armed services through a major speech in Strasbourg on 23 November. The initial reaction of French officers to De Gaulle's efforts to divert them from their preoccupation with Algeria has been described by the US army attaché in Paris as "disappointing."

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DOMINICAN REPUBLIC

In the two days immediately following his victory over the Trujillo family on 19 November, Dominican President Balaguer concentrated on military affairs, acting in his newly assumed constitutional role as commander in chief of the armed forces. By late on 20 November, he felt able to assure the American consul general that the newly appointed military leaders acting under his orders were in control of the situation.

The only remaining centers of pro-Trujillo resistance on 20 November were in two provincial army garrisons commanded by generals with particularly notorious reputations for brutality. These generals, Alcantara and Oliva, are high on the list of pro-Trujillo officers whom the opposition insists be ousted, a demand now being made also by leading air force officers. Balaguer said on 20 November that he intends to remove the two as

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soon as possible. He is hampered, however, by the mutual suspicions and apparent rivalries among the top military officers and appears to be moving cautiously in instituting military changes despite the fact that public opinion is impatient for rapid and dramatic change.

Balaguer told the consul general on 20 November that he is considering further changes in top military posts. He said he may appoint Brigadier General Felix Hermida, Jr., whom he had named air force chief of staff on 19 November, to the cabinet post of secretary of state for the armed forces. This post, usually held by a nonentity, now becomes the highest and potentially the most influential post for a military officer, since the President now is commander in chief in fact as well as in theory. The incumbent is constitutionally first in line of succession to the presidency when, as at present, there is no vice president. If he names General Hermida to the post, Balaguer would be selecting an officer with an excellent reputation both among his colleagues and among leaders of the moderate opposition.

Brigadier General Rafael Rodriguez Echevarria, the air force commander who led the brief military action on 19 November against the Trujillo brothers, also seems to be in a particularly strong position. The 37-year-old Rodriguez has been described by the US military liaison officer as "alert, aggressive, ambitious, capable, and mercurial," a rarity among Dominican generals who were usually selected for stolid, unimaginative loyalty to the

Trujillos. President Balaguer told the consul general that he is considering the appointment of Rodriguez as chief of staff of the air force, and opposition leaders have recognized him as an acceptable candidate. His contacts during the recent crisis with leaders of the largest opposition group, the National Civic Union, suggest the possibility of political ambitions also, although there is as yet little evidence that Rodriguez may be a threat to the Balaguer government.

The return of leading opposition figures to the Dominican Republic on 21 November after a brief absence in the US is likely to lead to a new round of discussions on the formation of a coalition government. The departure of Ramfis and other members of the Trujillo family, whose presence was the main deterrent to an earlier coalition agreement, leads to hope for a successful outcome in the new talks. Success, however, will be dependent on the ability of moderate opposition leaders to resist the pressures for more rapid changes which have apparently built up in opposition ranks since the events of 19 November.

President Balaguer expressed apprehension on 20 November over the sudden appearance of subversive broadcasts by a "revolutionary" radio station in Cuba and seeks to take energetic action to prevent any threat from pro-Castro elements. He said that pro-Castro leader Lopez Molina is being deported and that he wants to maintain tight control to prevent the entry of extremists who attempt to return from exile.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PROGRESS OF DE-STALINIZATION IN THE USSR**

The issue of de-Stalinization continues to dominate the Soviet domestic political scene. Local party meetings now being held throughout the Soviet Union to discuss the results of the 22nd party congress have focused greater attention on explaining the "cult of Stalin" resolutions than on the new party program or party statutes. There have been indications of considerable confusion among the people and disapproval of the wholesale removal of the Stalin symbol. In the Georgian Republic, where Stalin has long been revered as the outstanding native son, Moscow is particularly concerned with public reaction and is proceeding with unusual caution.

The renaming of Stalingrad appears to have aroused more resentment than the removal of Stalin's body from the mausoleum. Virtually all Soviet citizens with whom US Embassy personnel have come in contact have expressed disapproval of this step, and many, fully aware of the complexities of the problem, have raised embarrassing questions such as whether the military medals issued for the Stalingrad campaign now are to be recalled and changed. The eradication of the name Stalingrad, despite adverse public opinion, is to be complete. The Battle of Stalingrad now is officially referred to as the Battle of Volgograd.

Other major cities renamed include Stalino (now Donetsk) in the Ukraine; Stalinabad (now

Dushambe), capital of the Tadzhik Republic; and Stalinsk (now Novokuznetsk) in the Russian Republic.

The removal of statues and portraits of Stalin and the renaming of towns, streets, and landmarks have been undertaken everywhere except in the Georgian Republic. Moscow, apparently fearing a recurrence of the riots which took place in Georgia following the condemnation of Stalin at the 1956 party congress, may plan to wage an indoctrination campaign among the Georgian people before taking any action to erase the symbol completely.

The Georgians were permitted to accord Stalin traditional honors at the 7 November celebration in Tbilisi, their republic's capital. His statues were decorated with fresh flowers, and pictures of him were prominently displayed. Towns and streets in the republic still bear his name.

The first official effort in Georgia to broach the issue of de-Stalinization was made by republic party boss Mzhavanadze in a speech on 18 November to the Tbilisi party organization. Clearly reflecting official awareness and concern with Georgian sensitivity, Mzhavanadze remarked that while Georgians, like citizens of any other nation, were justly proud of their outstanding leaders of the past, they could not pass over the exceptionally cruel repressions which took

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place under Stalin. "We cannot," he added, "have any different view of the cult of Stalin simply because he was a Georgian."

Another possible indication of Moscow's concern is a

rumor reaching the US Embassy that the house of the Georgian premier, who seconded the proposal at the party congress to remove Stalin's body, has been placed under heavy police protection. [redacted]

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THE HUNGARIAN PARTY

For several months the Kadar regime in Hungary has been making a special effort to bring all local party units under firmer central control and to provide a more effective party leadership. Personnel changes and recent pronouncements by regime leaders have been aimed against active party members who have been reluctant to accept Kadar's relatively liberal and flexible program. Kadar apparently hopes to use the renewed attacks on Stalin to reinforce the campaign against party dogmatists in Hungary which started last summer.

The major reshuffle of government and party personnel announced on 13 September streamlined the regime's administration of economic affairs and put younger party men, presumably loyal to Kadar, in important party posts. Several of the changes also weakened hard-line influence in the central government. One outstanding example was the demotion of Karoly Kiss, the veteran Stalinist in the party leadership.

[redacted] these personnel changes have assumed the proportions of a major purge.

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A central committee resolution of 19 November discussing the Soviet party congress and its meaning for the Hungarian party includes a strong denunciation of "slaves of sectarian views" and any group which aims at disrupting party unity. Even those who consider "harmful leftism a tolerable and forgivable mistake" must be liquidated. Although the resolution includes a warning to "the right-wing revisionist elements who think that now that there is more talk about leftist deviationism they can act with greater freedom," the major problem of the Hungarian party appears to be the "remnants of past sectarian elements" --i.e., supporters of former Premier Rakosi.

Kadar's major concern, nevertheless, is with the party apparatus in the provinces. The collectivization of agriculture alienated the people from the party and its policies and

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revealed a marked lack of talent and leadership qualities at local levels.

An article last July in the official party monthly criticized party activists on the collective farms for dealing with the peasants in an inflexible and arrogant manner, and for misunderstanding or disregarding directives. Succeeding issues of that magazine denounced personal adventurism, conceit, highhandedness, and deviations from the party line by local party officials. Party Second Secretary Gyorgy Marosan on 17 September called on the 17,000 basic party units in Hungary to use the local party elections being held from 15 October to 20 December as the occasion for self-criticism and for an improvement in party leadership, while a central committee resolution of 21 September urged party units to choose a leadership which was both professionally and politically able and which had the support of both party and non-party people.

In his recent speeches Kadar has emphasized the need for a more flexible and capable leadership to convince and direct the population to contribute to the "building of socialism." In Moscow on 31 October he said, "The leaders may elaborate the best political line, the best plan, but

it can only be implemented by all the people in agreement with the leaders." Referring to the harsh and arbitrary methods of control in the past which had resulted in the alienation of the people from the goals of socialism, he appeared to use the attacks against the anti-party group in the Soviet Union to support actions against the "undisciplined" elements in his own party, who do not understand the importance of persuasion and patience in their role as the nation's leaders.

Kadar has been concerned since he took power in 1956 with gaining popular acceptance of his regime. He has increasingly played the role of a "folksy" politician, speaking in the popular idiom instead of the stiff doctrinaire prose of his predecessors and often using the techniques of a grass-roots politician. Having established his control of the central party apparatus and geared the government administration to accomplish the national economic goals, Kadar now seems to be devoting his attention to using the basic party cells to overcome apathy and hostility to the regime. The local party elections are apparently his tool for an attempt to reorganize and revitalize the party base.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PHILIPPINE POST-ELECTION DEVELOPMENTS**

Liberal party members claim to have information that President Garcia's reluctance to concede the Philippine election of 14 November to Vice President Macapagal and his public statement of 18 November challenging the unofficial telegraphic count are part of a broad effort to block Macapagal's investiture in the presidency.

returns. The Liberals are attempting to forestall such efforts by giving widespread publicity to rumors of Garcia's machinations, which they claim could provoke "revolution."

Garcia's present course appears to be a trial balloon; he is not likely to persist in his challenge in the face of vocal public and press opposition. There is no indication that he has widespread Nacionalista support in this endeavor; his running-mate, Senator Puyat, has formally conceded the election to the Liberals. Garcia appears to be influenced by unscrupulous cohorts such as Cabangbang who fear prosecution if the new administration carries out its threats to clean house. The drafters of the memorandum sent to Garcia are identified with the pro-Communist National Progress Movement, which supplied the Nacionalista party some of its more questionable campaign themes and which may aim to generate public doubt in the elections and in Macapagal.

Official returns announced by the Philippine Commission on Elections have borne out the unofficial tally giving Macapagal a sizable margin. Garcia may nevertheless point to errors in some returns, said to have been officially noted by the election commission, as a basis for refusing to accept the validity of the entire vote. He has argued that the Nacionalista victory in the House of Representatives--where the Nacionalistas lost some seats but returned a high proportion of incumbents--reflects a nationwide Nacionalista trend, and he may hope through control of Congress to prevent certification of the presidential

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPANISH INTEREST IN THE EUROPEAN COMMON MARKET**

There is growing sentiment in Spanish business circles and some elements of the government for early affiliation with the European Common Market (EEC). These groups see this as a way of furthering the liberalization of the Spanish economy and speeding its growth; they consider such association inevitable in the long run and the difficulties of adjustment certain to be increased by delay.

The great majority of Spanish industrial, commercial, and financial interests, although supporting Franco's regime as a guarantee of internal stability, are irked by its multiplicity of controls which hamper day-to-day operations and tend to inhibit modernization and expansion. Many of these interests see affiliation with the EEC as a way of helping to free the Spanish economy of these restrictions and forcing it to move toward greater efficiency and improved living standards.

Agricultural export interests are particularly strong supporters of EEC ties because agricultural products make up most of the 39 percent of total Spanish exports which goes to the EEC countries. They fear that much of Spain's market, in Britain, which takes 20 percent of Spain's total agricultural exports, will go to Italy when London completes negotiations with the EEC.

Commerce Minister Ullastres is the chief governmental exponent of association with the European integration movement. In August he took the public position that a customs union without full EEC membership would

be adequate for the time being to protect Spain's foreign outlets for agricultural products, but in September he visited Rome, reportedly to seek assurances that Spain would not be barred from the EEC if it decided later to seek entry. On 8 November he urged negotiating with the EEC to reduce tariffs on Spanish agricultural products, and stated that he regarded such negotiations as a steppingstone to eventual Spanish participation in the EEC.

Leaders of the government-controlled labor syndicates also support participation in the EEC as necessary to reduce the ever-widening gap between the economies of Spain and other Western European countries. Continued pressure from this source may oblige the government to give it some consideration.

Franco, however, fears that economic liberalization would stimulate political agitation and will probably continue opposed to any EEC ties till convinced that the Spanish economy is in real danger.

On the EEC side, a Spanish application would raise political difficulties, since the Franco regime is still regarded with distaste by influential sectors of European opinion, particularly the trade unions. However, Spanish membership in the OECD has been accepted without major difficulty, and many would hold that association with the EEC would have a liberalizing effect on all aspects of Spanish life.

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SPECIAL ARTICLES

ECONOMIC FEATURES OF NEW SOVIET PARTY PROGRAM

The 20-year Soviet party program (1961-80) published on 2 November indicates Moscow's intention to continue the economic pattern and rate of development of the past decade. The primary emphasis is on the development of a heavy industrial base second to none to provide for the further extension of Soviet power as well as to advertise the Soviet "miracle" of rapid growth.

For the consumer, the program includes distant objectives which in some parts of the world probably seem grandiose. The stress on heavy industry, however, makes it dubious that the economy will be reoriented to the extent required to achieve consumer goals.

The final version of the program differs little from the draft issued on 30 July. Khrushchev's speech delivered to the party congress on 18 October elaborated on the basic information and added some details on specific economic targets. However, it did not alter the impression that Soviet economists have developed only the broadest long-range concepts for the 20-year period.

Industry

Soviet industrial production is scheduled to increase by an annual average of 9 to 10 percent throughout the 1961-80 period. This is approximately the rate actually achieved in recent years but is slightly above that called for in the Seven-Year Plan (1959-65). The continued high priority for heavy industry is clearly indicated by the

specific commodity goals contained in the program. Electric power production planned for 1980 would require the addition in that year alone of as much new capacity as is planned for the entire Seven-Year Plan. If crude steel production in 1980 reached the planned 250,000,000 tons, it would be nearly equal to total world production last year.

While the Soviet Union has sufficient raw material resources to support such an effort in industry, substantially increased capabilities on the part of the construction industry and the producers of equipment would be required, in addition to a sharp rise in labor productivity and a massive investment effort.

Labor Productivity

Industrial labor productivity is scheduled to increase at about 7 percent annually up to 1970, with a speed-up to nearly 8 percent during the second ten years. On the basis of past performance--6.5 percent during the previous five years--these goals probably are over-optimistic, but shortfalls could be made up by increasing employment above plan--particularly at the expense of the economic sectors which provide services to the consumer.

Implicit in several of the announced long-term goals are major but somewhat improbable changes in the distribution of the labor force. Employment in health, education, and other services, for example, is scheduled to almost triple during the next two decades, and industrial employment will have to increase almost 80

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****KHRUSHCHEV'S 20-YEAR ECONOMIC FORECASTS**

	1980 Level in Percent of 1960	Average Annual Percentage Increase
Gross Industrial Production	Not less than 600	9-10
Gross Agricultural Production	About 350	6.5
Output in Industry		
"Group A" (goods for production)	680-700	10.1
"Group B" (goods for consumption)	500-520	8.5
Industrial Productivity	400-420	7.3

SELECTED COMMODITIES

	1960 Output	Forecast		Average Annual Percentage Increase	
		1970	1980	20-yr Plan (1961-80)	7-yr Plan (1959-65)
Electric Power (billion kilowatt-hours)	292	900	2,700-3,000	12.1	11.8
Crude Steel (million metric tons)	65	145	250	6.9	6.6-7.4
Petroleum (million metric tons)	148	390	690-710	8.1	11.1
Gas (billion cubic meters)	47	310-325	680-720	14.5	26.2
Coal (million metric tons)	513	686-700	1,180-1,200	4.3	2.7
Machine Building and Metalworking (value in billion rubles)	34	115	334-375	12.4	15.7*
Mineral Fertilizers (million metric tons)	13.9	77	125-135	11.8	16
Artificial and Synthetic Fibers (million metric tons)	.211	1.35	3.1-3.3	14.6	21-22
Cement (million metric tons)	45.5	122	233-235	8.5	14.3
Leather Footwear (million pairs)	419	825	900	4.0	5.5

* 1960 annual percentage increase over 1950

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percent if production and productivity goals are to be met. Agriculture goals indicate no drop in employment during 1961-70 but a drop from 51 million to 30-35 million during 1971-80. Such a drastic decline in farm employment could be accomplished without hindering production goals only if agricultural productivity is markedly increased. In view of the poor management of agriculture in the past, it is very unlikely that so many workers will be shifted off the farm.

One of the most impressive and important features of the

20-year program is the plan for education--on which prospects for approaching the productivity goals depend heavily. Improved training of the labor force has been an important factor in the growth of the economy in the past and will be even more so in the future. According to Khrushchev, the plan is to "implement" during the next decade an 11-year, general polytechnical education for all children coming of school age and at least an eight-year education for all youths now at work. Enrollment in higher educational institutions is to triple by 1980. These are formidable tasks: less than one third of

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Soviet children of high school age now are in school, and the educational attainment of the labor force averages only about 6 years of schooling.

Investment

Investment during the next 20 years--Khrushchev indicated that it would be 2 trillion rubles--appears likely to be adequate and can be achieved by continuing the rapid rate of growth of investment of the past few years. However, much depends on major improvements in the use of capital through better planning, production relationships, and equipment utilization. If these improvements are not realized, investment in industry well above the volume planned would be required.

Two important aspects of the investment program--machine building and construction--were given considerable attention at the congress. An estimated 13-percent annual increase in equipment will be required, only slightly below the rate achieved during the last decade.

A rapid rate growth for the construction program during the next two decades is apparently scheduled, but the focus of the congress in this field was on current difficulties. Khrushchev repeatedly emphasized that the construction program is plagued with serious shortcomings, primarily the result of poor planning and the failure of the building materials and equipment industries to keep up with the rapid pace of building. Essentially, the problem is one of dispersion of limited investment resources among too many construction projects. Projects generally run substantially beyond their scheduled completion dates, and a large volume

of resources is tied up in unfinished work. At the core of the problem is the lack of adequate incentives to encourage managers to make the best decisions as to when and where to start new construction and to encourage prompt completion of the project once it has been started.

Some improvement has taken place in recent years through such measures as assigning priority to certain projects, but progress apparently continues to be too slow. To remedy the problem Khrushchev "suggested" a moratorium on new starts in construction, "perhaps for a year," with exceptions subject to the decision of the central government only for especially important projects.

Deputy Chairman Kosygin also proposed some specific measures to attack the problem. In the future new construction must be closely linked with the provision of supplies of materials and equipment; new projects will be allowed only when similar projects, already under way, are assured of sufficient resources for their completion. Incentive awards will be tied to the completion of projects rather than simply the volume of construction under way. Payment for equipment will be withheld until it is actually placed in operation. He also suggested as an "experiment" a transition from budgetary financing of capital investment to long-term credits. Funds could thus be firmly earmarked for specific construction projects rather than parceled out in annual plans.

Agriculture

A large part of the economic portion of the party program is devoted to plans

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for agriculture, which Khrushchev called the "main task" of the party. Agricultural production is to increase 6-7 percent annually during the next 20 years, while grain production is to be doubled. Similar large increases are planned for other farm commodities.

Increased investment in agriculture, together with new technology, could bring substantial increases in output in the next two decades, but results probably will fall far short of Soviet ambitions. The goals in general are completely unrealistic, representing increases unprecedented for any major agricultural area in the world over such an extended period, much less for the USSR, where agriculture has traditionally been treated as the stepchild of industry.

Although agriculture ultimately is to receive a higher priority than in the past, Khrushchev's speech strongly implied a continuation of the "bootstrap" approach: organizational juggling and experimentation with new crops and methods in the hopes of getting high returns from low expenditures.

A tenfold increase over 1961 in production of mineral fertilizer and a fourfold increase in irrigated area is planned for 1980. The goal for mineral fertilizer appears to be much too high, but emphasis on irrigation may yield results and could mean that cotton production, of all farm commodities, will come closest to reaching the 1980 goal.

Consumer Program

The consumer goods industry by 1980 is to increase to five

times the current level, whereas industry as a whole will grow sixfold. This means that both light industry, which produces most of the consumer goods, and heavy industry are expected to grow at approximately the rates claimed in recent years--8 and 10-11 percent respectively. Although Khrushchev implied that by 1980 the consumer would be receiving a greater share of total industrial production than at present, the share actually will decrease. In general, the goals set for light goods and consumer durables are fairly realistic as measured by the "scientific norms" for consumption which were announced in 1958 and which are roughly equivalent to US production in 1957.

In support of the program's claim to "solve" the housing problem, Khrushchev promises three times as much housing by 1980, implying about 120-130 square feet per capita. If this level is achieved, it would be a welcome improvement for Soviet citizens, although it would still be far behind present US standards. As scheduled, the program for housing is feasible but will place an increasingly heavy burden on construction during the second decade. Housing will remain a serious problem in the Soviet Union for many years to come.

The party program--replete with offers of "free goods and services"--promises a utopian future, Communist style, to the Soviet citizen and the achievement of "a standard of living higher than in any capitalist country." Even this remote promise is not quite backed by the specific goals in the program. The promised 350-percent increase in real income, for example, would bring the USSR barely to the 1960 US level. In reality, the Soviet citizen

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can look forward to Spartan existence by Western standards. The prospective "free" items now cost the consumer relatively little in direct outlays--slightly more than 10 percent of total consumer expenditures in 1960; the balance of the cost of the goods and services is paid primarily through indirect taxes. Whether the consumer pays directly or indirectly for such services is mainly a bookkeeping problem and has no effect, as such, on his standard of living.

Increases in agricultural production will provide some improvement in the Soviet diet, long on potatoes and short on meat, but improvements will be far short of the levels implied by the program's goals. Light industry, hampered by shortages of agricultural materials, will provide sufficient clothing but of limited and perhaps poor quality and style. Small, poorly constructed apartments will be sparsely furnished and, in spite of promises of wide introduction of "cheap household machines," the Soviet citizen will likely be expected to share these with other occupants of his apartment building.

The average citizen will work shorter hours, but the demands on his leisure time will be increased for "voluntary" work without compensation for the party's "common good." Everyone, including women, will be expected to work, and the availability of "free" nurseries and communal dining will make it difficult to avoid this obligation.

Although the average Soviet individual will be better off in 1980 in terms of having additional goods, these may well not be the goods of his choice. The "new" Soviet man will have to learn to be satisfied with a "reasonable" standard of living as defined by the party. Some will think the time period for implementing the "benefits" far too long and will view certain of the program's objectives as postponements of benefits they expected earlier; achievement of the goal for production of meat, for example, in the remote possibility that it should be met, would come ten years later than Khrushchev

promised on an earlier occasion. Failure of the program to be more specific on production of consumer goods as well as the warning that it may be necessary to increase defense spending may dampen public expectations of a sharp improvement in standard of living.

International Implications

The Soviet party program has several international aims peripheral to its central one of presenting a strong and confident image to the world abroad. Khrushchev stressed the importance of receptiveness to foreign ideas, especially in regard to advancing technology. Trade is an implicit feature of the program, both from the point of view of its usefulness in strengthening the Soviet economy and of its value in "peaceful competition."

Khrushchev explicitly stated that "the Soviet Union in the near future will take such a position in the world market that Messrs Imperialists will feel how our agriculture is increasing." Although Soviet agriculture is the least likely quarter from which Khrushchev could expect to draw resources for his export program, the statement does illustrate intentions, and the fact remains that each year the USSR is increasingly able to threaten established world market patterns.

In many parts of the world the Soviet claims for the future will be accepted in the light of the rapid industrial advances already made by the USSR. Likewise, the welfare program will have its appeal.

For the West the message remains clear. The outstanding commitment of resources is to industrial growth--that is, investment in heavy industry. Productive capacity is largely committed throughout the 20-year period simply to building more productive capacity. Between the two other major alternatives of a state--consumer welfare or military spending--there is no explicit commitment, but the obvious implication is for a sharp increase in military potential.

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TANGANYIKA

The British-administered UN trust territory of Tanganyika becomes independent on 9 December in an atmosphere of relative political stability and racial harmony, and with the economy showing a slow but steady advance. Under the leadership of Julius Nyerere, its able and pro-Western prime minister, the territory can be expected to pursue a moderate neutralist line in foreign relations and to push for a regional grouping in East Africa. Internally, Nyerere apparently is considering the establishment of a looser version of the monolithic state found in several West African countries in an effort to cut off the nascent opposition to his Tanganyika African National Union (TANU). The Tanganyika government's effectiveness will be hampered by the country's basic weakness and by the inexperience of its leaders.

Background

In some respects, the creation of a unified state was an easier task in Tanganyika than elsewhere in British East and Central Africa. The 9,000,000 Africans are divided into 120 different tribes, none of which was large enough to prevent the development of TANU along supra-tribal lines. Moreover, the uncertainties resulting from Tanganyika's mandate status between World Wars I and II, coupled with the territory's poverty, discouraged European immigration. There are only about 21,000 whites, most of them transient civil servants, managers, and businessmen rather than farmers competing with Africans for the land. As a result there is little of the racial tension so prevalent in Kenya and Southern Rhodesia.

Nyerere began to exploit this favorable climate early in the 1950s. After earning a

master's degree in history and economics from Edinburgh University, Nyerere taught school for a few years following his return to the territory. In 1954 he founded TANU and the next year resigned his teaching job to devote full time to politics. By 1958 and 1959, when the territory's first elections were held, TANU was strong enough to secure the election of its members or supporters--Asian and European as well as African--in every constituency. Subsequently the party, which had begun by limiting its membership to Africans, became officially multiracial and further consolidated its hold on the country; 70 of the 71 members of the legislature are TANU adherents.

As Nyerere and TANU demonstrated their moderation and their hold on the electorate, Britain stepped up the pace of political advance. Nyerere became Tanganyika's first "chief minister" in October 1960 under a constitution which granted substantial internal autonomy and provided an elected majority in the legislature. Following another constitutional revision last March, Tanganyika received virtually complete autonomy. Nyerere was named prime minister in May.

Tanganyika thus is moving into independence with a reputation for stability and moderation. This reputation may be eroded after 9 December as a result of a variety of factors.

Sources of Friction

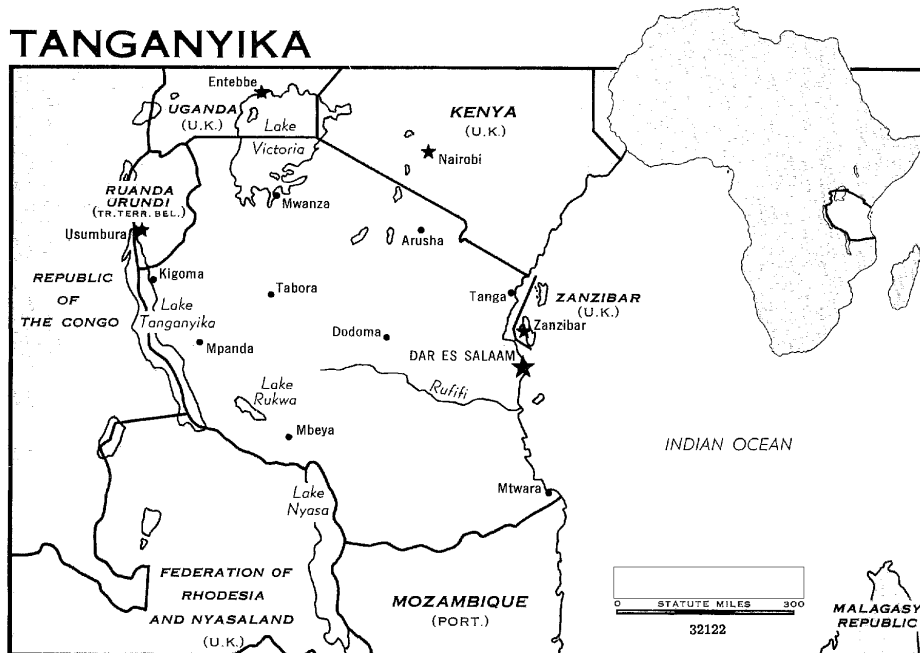
Considerable friction is likely to stem from the disparity in ability and sophistication between Nyerere and his African followers in TANU. One British official described Nyerere as "fifty years ahead" of any other Tanganyika African. He is an excellent parliamentary

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manager who reportedly "handles local extremists in a manner reminiscent of a schoolmaster." Outside the legislature, however, there is little appreciation for Nyerere's sophisticated ideals of multiracialism and East African federation. When Nyerere's reputation as the engineer of independence has faded, his hold on the populace may be challenged by extremists with less farsighted but more easily understood programs.

A nascent and so-far disunited opposition to Nyerere already exists. It centers in a dissident faction in the Tanganyika Federation of Labor (TFL), which Nyerere has been trying to turn into a TANU-controlled organization on the Ghanaian pattern, and in the small but noisily extremist African National Congress (ANC). The union group, headed by Christopher Tumbo, has an assortment of axes to grind: it criticizes the slow rate of "Africanization" in industry and government; opposes Tanganyika's

participation in the East African High Commission, a customs and common services union which Nyerere hopes to use as a nucleus of an East African federation; and condemns the TFL's financial weakness and the willingness of its leaders to subordinate themselves to TANU.

In mid-October, ten legislators led by Tumbo, exploiting the anti-Asian feeling which exists despite Nyerere's efforts to smooth over race relations, presented Nyerere with his first open challenge in the legislative council. The prime minister easily beat down the attack, but American observers believe Tumbo's challenge may presage a rise in African chauvinism, to the detriment both of racial harmony and of Nyerere's authority.

The ANC, whose president is Zuberi Mtemvu but whose real leader reportedly is Michael Sanga, was ineffective until early this year; Mtemvu polled only 67 votes in the September

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1960 elections. Beginning in January 1961, however, the party's stridently anti-Western line began to take effect, and Mtemvu and his associates picked up the popular theme of the slow rate of Africanization. These efforts have won the support of some of the lower ranking African civil servants, and attendance at ANC meetings is in the thousands.

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These two focuses of opposition have so far not merged--Tumbo, in fact, is seeking ICFTU support in his dispute with the TFL and is unlikely to join with the Communist-supported ANC while his case is pending. However, they might do so in time if they felt they could thereby oust Nyerere. They probably would be joined by many TANU opportunists, and the resulting coalition, which almost certainly would be racist and anti-Western, could have considerable strength.

Nyerere

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claims that the problems facing Tanganyika are too great to permit the luxury of dissidence, and the ANC has been harassed by the Tanganyika bureaucracy, which periodically threatens to proscribe it.

In his relations with the opposition and with the trade union movement, Nyerere shows the influence of Ghana. His moves against the TFL, in fact, were taken on the advice of a Ghanaian labor leader, John Tettegah. Nyerere on occasion has defended Nkrumah in emotional terms, asserting that the

Ghanaian President is misunderstood by the West.

Nyerere's Federation Hopes

Nkrumah's pan-African ideals are an obvious inspiration of Nyerere's dream of an East African federation. According to the American consul general in Dar-es-Salaam, the Tanganyika premier is strongly committed to this goal and can be expected to press for it, perhaps even to the extent of endangering his position within Tanganyika. For a time, in fact, Nyerere was willing to delay Tanganyika's accession to independence in hopes that the other candidates for federation--Kenya, Uganda, and Zanzibar--could resolve their constitutional disputes with Britain and all four could become independent together as part of the federation. He was forced to yield to internal pressure for further political advance, however, and now feels that a federation will be impossible for several years after the other territories achieve independence.

Nyerere's preoccupation with federation is the main governing factor in his relations with other African leaders in the area. He recognizes that the prestige of Kenya's Jomo Kenyatta among Africans far outshines that of any other East African leader, including himself; moreover, Kenyatta's party, the Kenya African National Union (KANU), is pushing for the kind of highly centralized state in Kenya which Nyerere would like to bring in the federation. As a result, Nyerere has supported KANU over its rival, the Kenya African Democratic Union, so openly as to give rise to charges of interference in internal Kenya politics.

Economic Aspects

There is a school of thought, led by Tanganyika's British finance

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minister, Sir Ernest Vasey, that in federation Nyerere is pursuing a goal which runs counter to the best economic interest of the territory. Tanganyika has not yet fully recovered from the economic stagnation of the period between the two wars, and its per capita gross domestic product is only about \$56 a year.

Nevertheless, thanks both to Vasey's skill in attracting outside capital and to the territory's fairly well diversified agricultural and mineral production, the balance of trade is favorable and there is often a small budgetary surplus. Investment continues to flow into the territory--notably \$35,700,000 in grants and loans from Britain in support of Tanganyika's three-year development plan. Vasey argues that in a federation, Tanganyika would be underwriting Kenya's trade deficit, and its drawing power for foreign capital would be compromised by the political uncertainty which has led to economic stagnation and capital flight in Kenya.

Although Vasey is Nyerere's most influential adviser in economic matters, the prime minister apparently is letting political considerations rule on the federation question. At any rate, Tanganyika seems likely to retain its economic independence for the next few years, by which time its own economy should be further strengthened.

The principal internal obstacles to economic development are underpopulation and an inadequate capital base. Much of Tanganyika is arid or infested with the tsetse fly, and the population density is only 25 per square mile. The population is concentrated around the edges of the terri-

tory: in the northern and southern highlands, along the Indian Ocean coast, and around the lakes in the northwest and west. These factors have made the construction of communications routes expensive and have greatly hindered economic development. As a result, Tanganyika's principal exports either are produced close to a port--as in the case of sisal and coffee--or they are high-price, low-bulk items such as diamonds. Much of the expenditure of the three-year plan is to be devoted to improving the transportation network.

Foreign Relations

Tanganyika's foreign policy probably will parallel that of Nigeria: associated with the West in general and with Britain in particular, but reserving the right to differ on specific issues, particularly in Africa. As in Nigeria, the existence of an unsophisticated population and of demagogues willing to exploit it will pose a limit to the moderation of the current leaders; they are unlikely to associate themselves with the West when by so doing they would open themselves to challenges from inside the country.

Tanganyika's pro-Western attitude will be further modified by admiration for the economic achievements of the Communist system. Nyerere has been particularly impressed by Yugoslav "controlled capitalism," and he has repeatedly held socialism up as the ideal for African governments. Within this socialistic framework, however, he will continue to welcome private investment, both because of Tanganyika's poverty and because of his own moderate inclinations.

Nyerere has demonstrated some lack of realism with regard

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to Tanganyika's foreign relations. The territory's poverty has led to a determination to keep its diplomatic establishment to the minimum; at one time, in fact, Tanganyika was to be represented only at the UN. There was some sentiment for the exclusion from the territory of all embassies, with the possible exception of Britain's, on grounds that all diplomatic missions are subversive. Subsequently, Nyerere has agreed to permit a few diplomatic establishments in Dar-es-Salaam and reportedly will send ambassadors to the US, Britain, and possibly the UAR and India as well as the UN.

Tanganyika hopes to follow a policy of "independence" on East-West issues. Despite his admiration for Nkrumah, Nyerere's idealism is likely to draw him more toward Nehru and other moderate neutralists who are trying to bridge the gap between the two major blocs. He has a realistic idea of the likely extent of Tanganyika's influence in these areas, however, and is likely to devote most of his attention to matters closer to home.

Like Nigerian Prime Minister Balewa, Nyerere has been strong in his denunciations of South Africa. Prior to the Commonwealth prime ministers' conference last spring, he threatened to refuse to bring Tanganyika into the Commonwealth if South Africa remained a member. He probably will try to maintain correct relations with his European neighbors in Mozambique and the Federation of Rhodesia and Nyasaland, but he and his lieutenants are giving sympathy and aid to African nationalists from those areas. He is a friend and admirer of both Kenneth Kaunda of Northern Rhodesia and Joshua Nkomo of Southern Rhodesia; his attitude toward Nyasaland's Hastings Banda is much more reserved.

Tanganyika has a long border with Mozambique, and the tribes in the area are similar on both sides of the border. TANU, in the person of Tanganyika Education Minister Oscar Kambona, Nyerere's ambitious party lieutenant, has furnished support to the small Mozambique African National Union, and Nyerere persuaded Britain to expel the Portuguese consul in Dar-es-Salaam. Nyerere has tried to limit his support to moderate Mozambique elements, but pressure to extend aid to more radical groups, such as the Communist-supported Mozambique National Democratic Union, is certain to increase after independence.

Outlook

Tanganyika is riding to independence on a wave of euphoria both at home and abroad. In comparison with the difficulties in neighboring areas--racial tension in the Rhodesias, tribal and personal bickering in Kenya, and anarchy in the Congo--Tanganyika's outlook appears advantageous.

Independence will not, however, solve the territory's basic weaknesses: the low level of economic development, the paucity of competent leaders, and Nyerere's own idealism and inexperience in foreign affairs. Once the euphoria has worn off, problems which had been suppressed up to then are likely to assert themselves: the problems of lethargy, corruption, and individual ambition in TANU's monolithic structure, and the question of increasing extremist opposition to Nyerere both inside and outside TANU. The degree to which Nyerere can control these elements will set the limit to the contribution Tanganyika can make as a moderate force. In any case, however, the territory's influence will not be great, particularly in issues outside Africa. 25X1

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