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1 December 1961

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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DIA review(s) completed.

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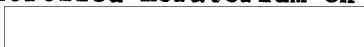
1 December 1961

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

(Information as of 1200 EST 30 Nov)

NUCLEAR TEST BAN TALKS Page 1

The new Soviet proposal for a simple four-point test ban agreement, containing provisions which the USSR has long known are unacceptable to the West, demonstrates the USSR's intention to use the Geneva talks as a propaganda forum for denouncing the continuation of Western testing, particularly any US decision to undertake atmospheric tests. Moscow hopes to use the talks to repair the damage to its image abroad caused by the long Soviet test series. The USSR's "new approach" is also intended to divert the discussions from previous Soviet obstructive demands such as the "troika" scheme in the control system and to exploit the US-UK rejection of a new uncontrolled moratorium on testing during the negotiations.



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SOVIET-FINNISH RELATIONS Page 3

The outcome of the Khrushchev-Kekkonen talks on 24 November in Novosibirsk is strong evidence that Moscow's main objectives were to ensure Kekkonen's re-election and to obtain some form of Finnish endorsement for the Soviet line that West German "militarism" threatens the USSR. The withdrawal of Kekkonen's only serious rival for the presidency practically assures Kekkonen's re-election. While the USSR dropped its demand for bilateral military talks, Kekkonen's statement referring to Soviet "arguments" on the danger of war in Europe as "well-grounded" provides Moscow with nonbloc support for its insistence on the necessity of a German peace treaty to remove this danger. Kekkonen stated that Moscow accepts Finland's neutrality as part of Soviet security policy, which places Helsinki "under obligation to preserve a foreign policy that has the Soviet Union's confidence."



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DOMINICAN REPUBLIC Page 6

The political situation continues unsettled. Efforts by the moderate opposition to force President Balaguer to resign and accept proposals for a coalition regime led to the crippling general strike launched on 28 November, despite the fact that the President and opposition leaders were close to an agreement. Rank-and-file oppositionists threatened to get out of the control of their leaders on 29 November as rioting broke out and popular hostility against the military became manifest. The military, under the strong leadership of General Rafael Rodriguez Echevarria, feels increasingly obliged to assume functions normally those of civil government.



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CONGO Page 7

Tshombé's defiant response to the UN resolution of 24 November--which rejected Katanga's claim to independence and authorized the UN to use force against Tshombé's mercenaries--poses the threat of new clashes between Katangan forces and the UN Command. Although tension is high in Elisabethville, a major move against Tshombé appears unlikely until the UN reinforces its 15,000-man Congo force. The campaign by Gizenga-oriented Congolese Army soldiers to occupy northern Katanga is not opposed by the UN Command and offers some prospect of success.

[Redacted]

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FRANCE-ALGERIA Page 9

Secret talks between France and the provisional Algerian government are still under way, but there is evidence that both sides are coming to realize that any agreement reached would be difficult if not impossible to implement as long as the Secret Army Organization (OAS) commands support from the bulk of the European settlers in Algeria. The OAS already seems to exercise effective control in several areas, a situation which could develop into de facto partition no matter what Paris decides.

[Redacted]

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SOUTH VIETNAM Page 10

The uneasiness in Saigon has been marked by editorial attacks on the US in the government-controlled press. The press attacks apparently were instigated chiefly by President Diem's brother Nhu, whose influence has been a major target of reform-minded critics in official and opposition circles. Several top army officers appear convinced that Diem must be removed from authority before the reforms they believe necessary to defeat the Viet Cong can be accomplished. Despite some drop in Viet Cong activity, the security situation continues to deteriorate.

[Redacted]

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LAOS Page 11

Following the breakdown of talks on security arrangements for the meeting of the three princes at Vientiane, Souvanna has proposed that the meeting be held on 1 December at Hin Heup--site of the previous conference, in early October. Boun Oum's initial response has been negative. Souvanna has recently appeared more flexible on the question of cabinet composition, but negotiations will probably be characterized by tough bargaining by each faction. Military activity during the past week was marked by limited probing actions by both sides. Soviet Ambassador Abramov in Vientiane is still actively seeking the establishment of a "neutral and independent" government. At Geneva the USSR has stepped up its efforts to reach an early compromise agreement.

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ALBANIA'S RELATIONS WITH EAST AND WEST Page 13

Albania has maintained its propaganda offensive against the Moscow leadership in the face of unrelenting Soviet bloc criticism of the Hoxha regime. The Chinese leaders, through their actions and statements of the past week, have left no doubt that they continue to support Albania. Albania's neighbors--Greece and Yugoslavia--are concerned about the outcome of the controversy, although neither evidently plans unilateral action against Albania. Tirana continues efforts to broaden its international contacts; there has been what appears to be another feeler for US diplomatic recognition. [redacted]

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RENEWED DE-STALINIZATION PLAGUES ULBRICHT REGIME Page 15

Khrushchev's renewed attacks on Stalin and the attendant rush among the satellites to fall in line creates a dilemma for the East German regime. Ulbricht's personality cult must be soft-pedaled at the same time that his leadership has to be defended against widespread public and party criticism and complaints that his one-man rule is not in keeping with Khrushchev's revival of de-Stalinization. Ulbricht has echoed the Khrushchev line vigorously, but party leaders are confused and uncertain over how this should be reflected within East Germany. There are some tentative indications of steps to develop a successor for Ulbricht, but a move to replace or downgrade him does not appear imminent. [redacted]

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POLAND AND DE-STALINIZATION Page 16

At the 21-23 November plenum of the Polish party central committee, First Secretary Gomulka attempted to assuage fears in the party that the current de-Stalinization campaign would have serious repercussions in Poland. Since the Soviet 22nd party congress, well-known party and nonparty figures have called for liberalization and more freedom within Poland and within the bloc; some party members, however, fear that liberalization would release uncontrollable public pressures in Poland. In his report to the plenum, Gomulka discussed the disruptive tendencies roused by the Soviet congress and urged the preservation of bloc unity; he apparently feels that in the long term his regime can survive only in a politically stable bloc. [redacted]

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COMMUNIST CHINA'S FOOD PRODUCTION IN 1961. Page 18

For the third successive year food production in Communist China is estimated to have fallen below the level of the previous year. The grain harvest this year will be roughly equal to that of 1955, when there were about 90,000,000 fewer people to feed. This continued poor performance in agriculture will increase the threat of malnutrition and related health problems during the coming winter and spring and further impede the regime's policy of rapid industrialization. Peiping imported 5,500,000 tons of grain this year, and it probably will need more next year to maintain even the low food rations of last winter. [redacted]

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SINO-INDIAN RELATIONS. Page 19

Nehru's release of the government's fifth White Paper on Sino-Indian relations and the resultant Indian indignation over Peiping's alleged actions on the northern frontier compound New Delhi's dilemma in dealing with Peiping. The documents, which attempt to emphasize New Delhi's "firm" diplomacy, also point up the ineffectiveness of its China policy. [redacted] 25X1

BLOC TO STEP UP MERCHANT SHIPPING ACTIVITIES IN ASIA Page 20

Plans are well advanced for a coordinated effort by the bloc to increase its merchant shipping activities in Asia. Soviet, European satellite, and Chinese Communist ships will apparently operate in a common pool coordinated from a headquarters in Bangkok or Rangoon. With an eye toward increasing economic relations with the Asian countries and breaking up the near monopoly of Western shipping interests in the area, the bloc will cut rates and will make regularly scheduled calls at ports regardless of the availability of profitable amounts of cargo. [redacted] 25X1

BLOC ECONOMIC AND MILITARY RELATIONS WITH MALI Page 22

An economic credit of \$7,500,000 extended to Mali by Poland brings total bloc credits to that country to well over \$68,000,000. The recent visit to Moscow by Malian Secretary of State for Defense Diakite and Armed Forces Chief of Staff Soumaré suggests that an additional arms agreement may also be forthcoming. Such an agreement would probably include Soviet assistance in the field of military air transport. The USSR and Czechoslovakia have already achieved a dominant position in Mali's civil aviation through the provision of commercial aircraft, operational and maintenance crews, and an aviation training program for Malian personnel. [redacted] 25X1

EGYPT. Page 23

In the wake of the most serious setback of his career-- Syria's secession two months ago--Nasir has undertaken a series of domestic and foreign policy moves aimed at restoring his prestige and recapturing the dynamism of his socialist, neutralist, pan-Arab programs. The Egyptian leader in the past has demonstrated a remarkable ability to turn short-run defeats into longer range victories, and may succeed in doing so again, although he faces more difficult problems than ever before. [redacted] 25X1

COSTA RICA Page 25

Increasing bitterness among the three major candidates in Costa Rica's presidential elections on 4 February raises the possibility of violence in what is normally the most stable of the Central American republics. The Echandi government, weakened by a deteriorating economic situation and possessing little military strength, may be unable to prevent outbreaks of fighting during the final weeks of the campaign as well as in the immediate post-election period. [redacted]

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SPECIAL ARTICLES

SOVIET EDUCATION IN TRANSITION Page 1

Soviet education, which was geared in the 1930s to preparing a relatively few students for higher education, is being reorganized under the 1958 education law to supply the economy with skilled workers as well as highly trained specialists. The law extended universal compulsory education from seven to eight years but ordered that students in all grades from elementary school through higher education receive "labor training" as well as academic work. Various difficulties have arisen, particularly in the effort to integrate students into factory work, but the reorganization goals have not been modified.

[Redacted]

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GREATER MALAYSIA Page 6

In talks in London from 20 to 23 November, Prime Minister Macmillan and Malaya's Prime Minister Rahman reached general agreement on the "Greater Malaysian Federation" scheme sponsored by Rahman and Prime Minister Lee of Singapore. If this scheme becomes a reality in August 1962, as now appears possible, Malaya, Singapore, and the British Borneo territories will become a new nation in the Commonwealth with a population of almost 10,000,000. The major obstacles to federation--the reluctance of Borneo peoples to join and British desires for unrestricted access to the Singapore military bases--appear to be on the way to solution. A major problem will be the unification of the politically and economically advanced peoples of Singapore with the primitive societies of Borneo.

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

The new Soviet proposal for a simple four-point test ban agreement, containing provisions which the Soviets have long known were unacceptable to the West, underscores the USSR's intention to use the Geneva talks as a propaganda forum for denouncing the continuation of Western testing, particularly any US decision to undertake atmospheric tests. Moscow hopes to use the talks to repair the damage done to its image abroad by the long Soviet test series. The USSR's "new approach" is also intended to divert the discussions from previous Soviet obstructive demands such as the "troika" scheme in the control system and to exploit the US-UK rejection of a new uncontrolled moratorium on testing during the negotiations.

In a move designed to appear responsive to the Western position, the Soviet statement of 27 November recalled the 3 September proposal by President Kennedy and Prime Minister Macmillan for a ban on atmospheric testing, relying on existing means of detection, and proposed that this ban be extended to include outer space and underwater tests. On the crucial and unresolved issue of underground tests, Moscow proposed a moratorium pending agreement on a control system which would be a "composite part" of an international system to supervise a general disarmament agreement.

This new approach raised the possibility that the Soviet Union, despite Khrushchev's 10 September rejection of the US-UK proposal when the Soviet test series was just getting under way, may eventually propose that this Western proposal be

adopted as the basis for an immediate agreement banning atmospheric tests. The Soviets may calculate that such a maneuver could inhibit the US from undertaking atmospheric tests and place the US and UK on the defensive in the talks.

A member of the Soviet delegation, in a conversation with a US delegate on 28 November, feigned surprise over the negative Western reaction to the new Soviet proposal and argued that the Soviet plan in essence went no further than the Western offer to ban atmospheric tests with monitoring left to existing national detection systems. The Soviet representative said the USSR would "emphasize" that the West's negative reaction represents a retreat from the 3 September proposal and insisted that world opinion would not understand this "switch" in position.

A TASS report on the 28 November session of the test ban talks said that the Soviet proposals were rejected by the Western representatives "without even bothering to study them." The report claimed that from the start the Western delegates displayed intractability and insisted on their old positions, while US delegate Dean said that the Western powers would not halt nuclear tests. Soviet delegate Tsarapkin told newsmen after the session that he was "not very happy" about the Western reaction to the Soviet proposals but commented that "after careful study of our proposals, after consideration of our new approach, the West could easily come to an agreement on this basis." Tsarapkin also said that the Soviet Union would

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not negotiate on the basis of "the ancient treaty proposed by the West."

Moscow's current proposal for the first time includes a demand for French participation in the talks and adherence to the agreement, although Moscow began warning last March that French testing while the talks were in progress could make the talks pointless. One of reasons Khrushchev advanced for his 10 September rejection of the US-UK proposal to ban atmospheric tests was its failure to include France. Khrushchev said the USSR would not tolerate such an "impermissible situation."

During the 28 November session Tsarapkin repeated the call for French participation but without making continuation of the talks dependent on fulfillment of this demand. His failure to do so and his mild comment that a pledge to refrain from testing would "facilitate" negotiations suggest that the Soviets are preparing for a long stay at Geneva and will try to place the onus for any breakoff of the talks on the Western powers. A Soviet delegate has already expressed "hope" that the Western delegations would follow the custom of proposing a Christmas recess.

By coming out in favor of an immediate ban on all tests, the Soviet leaders probably hope to convince neutral opinion that the Western desire for further tests is the main obstacle to an early agreement. In this connection Khrushchev explicitly stated in a recent letter to the president of the World Peace Council that if the Western powers conduct tests, "we too shall be obliged to

return to them in order to keep our armed forces at the modern level." In an obvious attempt to attract neutralist support for the "new approach," the Soviet Foreign Ministry immediately passed copies of its latest proposals to the ambassadors of neutral countries. The 21 November Soviet note agreeing to return to the Geneva talks had similarly been distributed promptly to neutralist representatives.

The draft treaty was released by the Soviets on 27 November, the day before the Geneva test ban talks resumed after a recess of almost three months. It marks a further shift from the position taken by Moscow that a test ban agreement could be considered only as part of an agreement on complete and general disarmament. Whereas last spring and summer the Soviet delegation in Geneva insisted that a ban on tests apart from general disarmament would be unacceptable unless the Western powers accepted the "troika" principle for controlling a test agreement, the new Soviet proposal avoids the controversial control issues and pays only lip service to a general disarmament agreement.

The plan in effect calls for a separate, uncontrolled ban on all tests and is a reversion to the position taken in early 1960, when the USSR made a similar proposal for a permanent ban on all tests except small underground explosions, which would have been covered by a voluntary moratorium. That proposal was eventually modified to link the duration of the moratorium to a research program to improve detection and identification.

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techniques; the current plan, however, would extend the moratorium on underground tests until agreement could be reached on a system of controls for such tests, which would form part of an international control system for general disarmament. In this way Moscow would avoid submitting to a system of foreign inspection, which it had earlier claimed was far too extensive for an agreement limited in scope. Moscow would also avoid having to defend the "troika" plan, which it contends would not be necessary under general disarmament.

The Soviet statement accompanying the new draft treaty asserts that it represents a

"new approach" and is intended to "direct" the Geneva talks into a "practical current" in order to exclude the "difficulties and obstacles which stood in the way of an agreement in the past." This line suggests that in the face of widespread criticism of Soviet testing, the Soviet leaders probably felt they could not afford to stand on either of their previous positions of linking a test treaty to agreement on general and complete disarmament, or demanding a "troika" system for controls. The proposal indicates, however, that no international controls over a test ban agreement would be implemented until a disarmament agreement was reached. (Con-
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curred in by OSI)

SOVIET-FINNISH RELATIONS

The outcome of the talks between Khrushchev and Finnish President Kekkonen in Novosibirsk on 24 November is strong evidence that the main objectives of recent Soviet moves regarding Finland were to make certain of Kekkonen's re-election and to obtain some form of endorsement of Moscow's charges against West Germany. Khrushchev's agreement to "postpone for the time being" the military talks originally demanded probably reflects both his desire to enable Kekkonen to claim an important victory in dealing with the USSR and his satisfaction with the results produced thus far by pressure tactics against Finland. Moscow's tactics have led to the withdrawal of Kekkonen's chief rival in the January presidential election, Olavi Honka, thus practically assuring Kekkonen's re-election.

The communiqué issued on 25 November after the talks makes no mention of internal Finnish politics. Khrushchev, in his speech at a luncheon for Kekkonen, made it clear, however, that the USSR would not accept a change in Finnish leadership or policies. Khrushchev warned, "It is not all the same to us what line is pursued by this or that leader and the political forces backing him." He added that the activities of the "right-wing groups" in Finland arouse "our grave concern." After his return Kekkonen called on those of his opponents who have no confidence in the Soviet Union's "friendship" to withdraw from the political arena and be "good losers." Moscow has thus virtually established a claim to decide the acceptability of Finnish political leaders, thereby extending to

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the presidential election its intervention of 1958 against the composition of the government.

According to the communiqué, Khrushchev again emphasized that the Soviet Government felt it necessary to hold military consultations in conformity with the treaty of 1948. As Kekkonen explained it in his radio address of 26 November in Helsinki, this demand presented Finland with two choices: either to accept the Soviet proposal or to strive to meet Soviet security requirements by "political" activity. In taking the latter course Kekkonen apparently agreed to endorse Khrushchev's evaluation of the situation in Northern Europe.

In the communiqué, Kekkonen agreed that "the arguments advanced regarding the possibility of a war's erupting in Europe are well grounded." Since the only "arguments" advanced by Khrushchev were the threat of West German militarism, this statement by the Finnish President goes far in accepting the Soviet thesis. In his 26 November speech, Kekkonen declared that the "Soviet Union's concern over West Germany's rearmament is a fact and is, in the light of history, understandable."

Khrushchev probably believes that these statements, together with his "concession" in postponing military talks, make it extremely difficult for Helsinki to resist future Soviet pressure for Finland's adherence to a bloc peace treaty with East Germany and recognition of the East German regime. The Soviet premier, moreover, can still renew his demand for military consultations if Finland's ac-

tions in the immediate future do not satisfy the USSR.

The communiqué states that Khrushchev "emphasized" the hope of the USSR that Finland will "attentively follow" the developments in Northern Europe and the Baltic and "in case of necessity will bring its considerations on taking appropriate measures to the knowledge of the Soviet Government." Kekkonen subsequently said that this language meant the initiative for proposing military consultations will henceforth come "primarily" from Finland.

While Khrushchev probably has no illusions that Finland would in fact propose such consultations, the Soviets will use this commitment as a lever to maintain pressure on Helsinki for a more pro-Soviet stand on the German question. The Finnish Communists promptly adopted the line that the government now must pursue a more "active policy" in Scandinavia.

As a possible result of the crisis provoked by the Soviet note, the trade talks in Moscow ended with agreement for an increase of approximately 25 percent in Soviet-Finnish trade for next year.

The over-all effect of the Soviet threat to force military consultations will be a substantial increase in Soviet influence over both Finnish domestic and foreign policies. Kekkonen stated that Moscow accepts Finland's neutrality as part of Soviet security policy, which places Helsinki "under obligation to preserve a foreign policy that has the Soviet Union's confidence." Khrushchev and Kekkonen apparently struck an implicit bargain agreeing

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to postpone military consultations in return for a Finnish willingness to provide important nonbloc support for the Soviet position on Germany.

The Communist thesis that neutrality carries an obligation to support a German treaty was recently propounded by East German party leader Ulbricht when he claimed that a "consistent policy of neutrality" as applied to the German and Berlin question "is tantamount to the promotion of the conclusion of a peace treaty" and establishment of "normal relations" with both German states.

Finnish, Scandinavian Reaction

The Finns received the communiqué on the talks with great relief and generally regarded the outcome as a great personal success for President Kekkonen. They are, however, aware of the fact that Finland has assumed the responsibility for taking the initiative in proposing consultations if the frontier of the USSR and Finland needs "safeguarding." This gives the USSR an opening to demand that Finland take a stand on international issues--even if only to state that they do not menace Soviet-Finnish security--rather than remain silent as in the past. Satisfaction in being granted a respite appears, however, to be stronger than concern over future difficulties.

The press and the public have been silent thus far on

the implications of Honka's withdrawal as a presidential candidate because of Soviet displeasure. However, a Social Democratic leader at a meeting of pro-Honka supporters in mid-November--prior to Honka's withdrawal--raised the question as to what would stop the Russians from requesting further assurances regarding Finland's continued neutrality through the election of certain candidates or parties in the parliamentary elections. The top leaders in the Social Democratic party are particularly distrusted by the USSR, and sentiment is developing within the party leadership that several individuals, including Chairman Tanner, must resign.

In the Scandinavian countries, the initial relief over Moscow's postponement of its request for consultations on defense matters is giving way to an awareness that Finland's future may well depend on actions they take in political and defense matters. Nevertheless, the Danish Government apparently hopes by late December to secure parliamentary approval of the widely debated Baltic command proposal, which evisions closer military cooperation between Denmark and West Germany. Commenting on Moscow's sharp attacks against the proposal, a leading Danish newspaper speculates that the Soviet Union may use Denmark's final approval as a pretext to renew pressure on Finland for cooperation in defense matters.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****DOMINICAN REPUBLIC**

Inability of the top leaders of the moderate opposition groups to control their followers was a crucial element in the outbreak of mob violence in the Dominican Republic on 29 November; it also threatened to undo the results of negotiations that had brought President Balaguer and opposition leaders close to agreement on a political solution. Dr. Viriato Fiallo--leader of the National Civic Union (UCN), the largest opposition group--recognized the dangers of the UCN-inspired general strike launched on 28 November, but apparently could not head it off. He evidently felt incapable of opposing the strong emotional tide among UCN members who demanded a quick end to all vestiges of the dictatorship, including the immediate resignation of Balaguer.

While the strike stimulated new attempts to reach an agreement between the President and the opposition, it made an ultimate solution more difficult by creating additional cleavages between the opposition and the military. UCN radios, before they were shut down on 28 November, accused military leaders of siding with "the forces of reaction" remaining in the government. Only a few days earlier the same military officers had been hailed as liberators for ousting the Trujillos. The movement of tanks and troops through the streets of the capital in an effort to main-

tain order on 28 and 29 November increased tension and hostility against the military. The military, on the other hand, considered the strike a breach of faith by the opposition and a "grab for power" by illegal means.

General Rafael Rodriguez Echevarria, ranking cabinet member and constitutionally first in the line of succession, appears to control the armed forces and remains a key but ambiguous figure. Under his direction, the military gave strong support to Balaguer's position during the general strike, and Rodriguez personally disclaims any ambition to become president. Nevertheless, in the absence of an effective civil government with opposition participation, he has felt obliged to take several actions normally reserved for civil government.

Rodriguez appears to exaggerate the Communist issue in domestic developments, giving Communists responsibility for the intransigence of the UCN and the popular unrest. Some members of the OAS group, which concluded its latest visit to the country on 26 November, fear that Rodriguez may be "another Trujillo in the making" who is using the Communist issue to achieve his personal ambitions.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

CONGO

Tshombé's defiant response to the UN resolution of 24 November--which rejected Katanga's claim to independence and authorized the UN to use force in ousting Tshombé's mercenaries--poses the threat of new clashes between Katangan forces and the UN Command. On 26 November, Tshombé charged that war had been brought to the Congo by UN members "utterly ignorant of the Congo," and warned that Katanga would choose "annihilation" rather than capitulate to the UN. The beating of two senior UN officials in Elisabethville by a mob of Katangan soldiers on 28 November probably stemmed in part from Tshombé's efforts to arouse his followers against the UN resolution.

The UN resolution is not directed specifically to the problem of Gizenga's secessionist activities in Kivu and Orientale provinces. In concentrating on Katanga, however, it reflects the prevailing opinion in Leopoldville, where most of Adoula's supporters regard Tshombé rather than Gizenga as the main threat to Congo unity. The Security Council resolution once more confronts Tshombé with the threat of a "two-front war" in which he will have to resist new UN pressure for the evacuation of his white volunteers at the same time that he is confronted with Gizengist incursions from the north.

[redacted] the offensive launched by Gizenga has overrun the towns of Kabalo, Nyunzu, and Albert-

ville in northern Katanga. These forces, moving south from Kivu Province, have been under the command of General Victor Lundula, who has recently aligned himself with Adoula's central government, but they are apparently being directed by Gizenga without any control from Leopoldville. The invading forces appear disposed to bypass rather than attack Kongolo, which with a garrison of an estimated 1,400 Katangan soldiers is Tshombé's main stronghold in the area. Following the massacre of the 13 Italian airmen at Kindu and the pillage of Albertville by the invaders, the UN appears to have assumed some security functions in the towns the Congolese have occupied.

According to a senior UN official in Elisabethville, UN forces there will be unmanned from around 4 to 14 December, while Swedish and Irish battalions are being rotated. The consulate observes that it would appear impossible for the UN Command to take offensive action against Tshombé in the next several weeks, and that the UN may even be pressed to maintain security in the Elisabethville area.

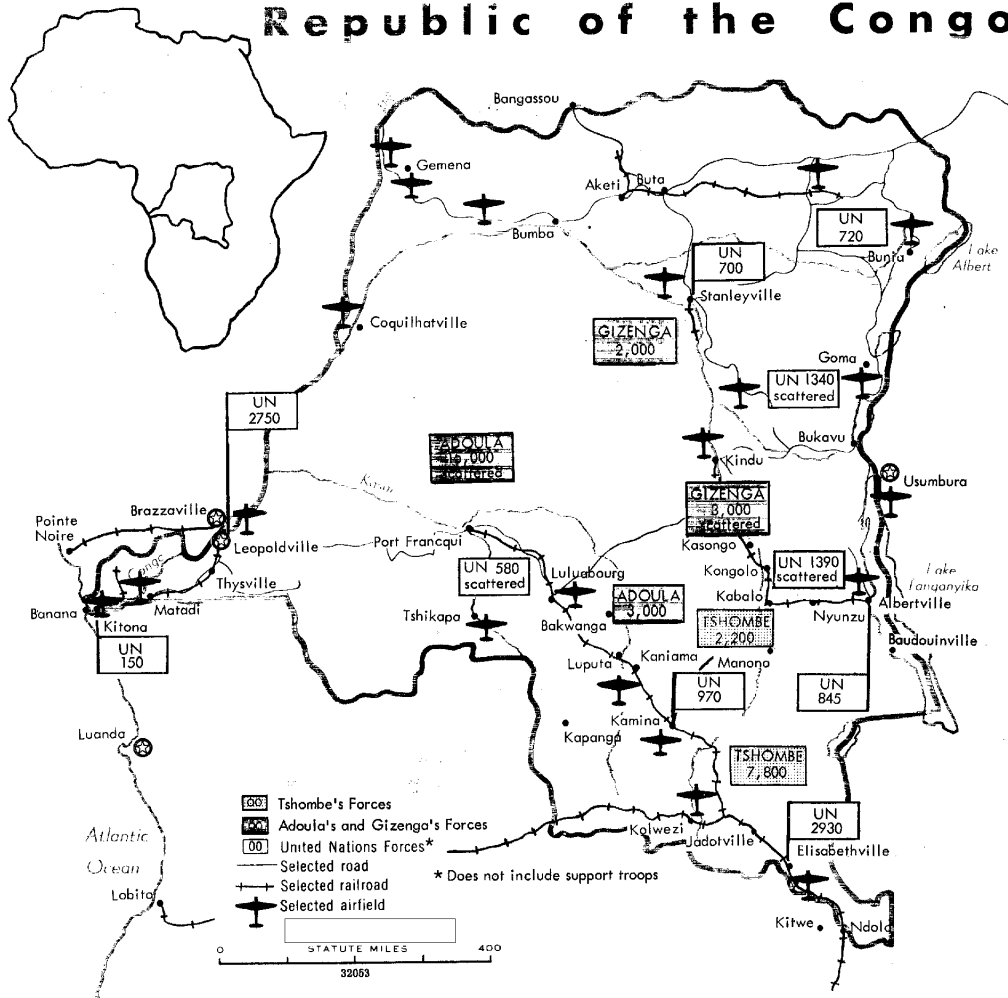
In accordance with its intention of bolstering its 15,000-man Congo force, the UN announced on 22 November that the UN Command would be reinforced by an 800-man Ghanaian battalion. The UN, however, has balked at Ghana's insistence that its contingent not be based anywhere except in Leopoldville without clearance from Accra. Accra's interest in seeing its troops

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Republic of the Congo



based in Leopoldville suggests that the Ghanaian contingent may once again be politically active in support of leftist elements in the Congo.

In Stanleyville, the flooding of the Congo River has posed a threat to public health and has aggravated the province's

long-standing economic dislocations. Public security is also precarious, with Congolese Army soldiers in the area seemingly responsive neither to Gizenga nor to Lundula. An early return to either political or economic stability in the area appears unlikely.

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

Secret talks between France and the provisional Algerian government (PAG) are reported still under way, but there is increasing evidence that both sides are coming to recognize that any agreement reached would be difficult if not impossible to implement as long as the anti-Gaullist Secret Army Organization (OAS) commands support from the bulk of the European settlers in Algeria. The OAS already seems to exercise effective control in several areas, a situation which could develop into de facto partition regardless of what Paris decides.

In a 24 November conversation with US Embassy officers, rebel information minister Yazid said the PAG considers the matter of Ben Bella's hunger strike "settled." Yazid, asserting that the PAG would not demand the outright release of Ben Bella or the other rebel leaders held by the French, said that the PAG now regards the prospects for successful negotiations with the French as excellent. Both French Interior Minister Frey and Socialist leader Guy Mollet reportedly said last week that secret negotiations with the PAG were proceeding satisfactorily.

However, there are indications that the PAG is becoming increasingly convinced that, because of the strength of the OAS and the erosion of Paris' control in Algeria, the PAG has little chance of being actually installed in Algiers in the near future, and that it would therefore be a mistake to follow through on negotiations.

the PAG would still have to fight the OAS before it could rule Algeria. Consequently, Boumendjel reportedly reasons, the PAG should cause the negotiations to fail by

making extreme demands, and then accept partition of Algeria in order to win a base from which to rally the Moslem population to its support and to carry on military action against the remaining Europeans.

Mollet--predicting that the Algerian situation will reach a climax within the next two months--believes that the French Government's security situation in Algeria is untenable and that the PAG realizes it could not take over OAS-controlled Algiers and Oran. 25X1

Meanwhile, the effectiveness of De Gaulle's campaign to rally the support of the French armed forces is not yet clear. The 3,000 or so officers and men from France and abroad whom he addressed at Strasbourg on 23 November gave his plea for national unity on the Algerian issue what initial reports described as a "mixed"

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reception. [REDACTED]

Some quarters have expressed the view that the assembly of so many officers to remind them of their duty may in the long run boomerang so far as public opinion is concerned in providing evidence of the regime's weakness vis-a-vis the military. The publicly expressed opposition to De Gaulle last week

by Marshal Juin and the reserve officers' association will reinforce this view.

Press and military circles are apparently taking seriously rumors that, if negotiations with the PAG are not resumed, Minister for Algerian Affairs Joxe will be replaced by Armed Forces Minister Messmer. It is speculated that the way would then be clear to appoint as defense minister the retired chief of staff for national defense, General Paul Ely, whose prestige might succeed in restoring the unity of the armed forces behind the regime. [REDACTED]

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SOUTH VIETNAM

The uneasy situation prevailing in Saigon has been sharpened by unprecedented editorial attacks on the US in the government-controlled press. The press campaign charges the US with "imperialist" ambitions and stresses South Vietnam's own resources in the fight against the Communists. The campaign is reported to have been largely instigated by Diem's brother and chief political adviser, Ngo Dinh Nhu, whose pervasive influence in the government apparatus has made him the chief target of local critics of the present regime.

Restiveness among the South Vietnamese military command may be reaching a critical stage. Several ranking officers appear convinced that the reforms which they regard as necessary for a victory over the Viet Cong can be brought about only through a coup d'etat. In a conversation with American military representatives on 24 November, the commander of South Vietnam's field forces, Major General Duong Van Minh, and his deputy, Brigadier General Le Van Kim, stressed the continuing inadequacies in command and intelligence operations and stated

that the next few months could be decisive in South Vietnam's "extremely grave" situation. The deputy commander of the Third Corps Zone (the southern part of the country) recently told the US assistant army attaché that plans to bring about changes in the government are nearing completion and that "something" would be done very shortly.

Although there was a decline in reported Viet Cong activity last week and government forces claim some tactical successes, there has been no discernible change in the gradually deteriorating security situation. The military chief of the Mekong delta province of Kien Hoa recently stated that the Viet Cong controls about half his area, commands the loyalty of about half its people, and is able to land up to 300 men almost anywhere along the coast without detection. As evidence of the increasing infiltration of North Vietnamese in his province, he cited the growing brutality of the Viet Cong, a new battle technique of concentrated heavy-weapons firing, and the reinforcement of existing Viet Cong units in the area. [REDACTED]

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Failure of the rival factions to agree on mutually satisfactory security arrangements for the projected meeting of the three princes in Vientiane has led Souvanna Phouma, supported by Souphannouvong, to propose that the talks be held at the site of their last meeting in early October--Hin Heup, a village located at the front lines. Souvanna suggested that the meetings begin on 1 December.

Souvanna Phouma

indicated his willingness to add three non - Xieng Khouang neutralists to his "neutralist center group," but declared that the addition of a fourth would be "difficult." Souvanna expressed general agreement with the view that integration of the armed forces should precede national elections, observing that he was "not going to have elections while the Pathet Lao had armed forces wandering around."

Soviet Ambassador Abramov has had talks with Phoumi, Boun Oum, and Ambassador Brown in Vientiane. He told Phoumi that the USSR desired a "neutral independent" Laos and was prepared to offer substantial economic help to the new government. He remarked that a team of Soviet technicians was in Xieng Khouang in order to establish an electrical plant. Abramov reiterated the USSR's desire to avoid a

resumption of hostilities and stressed that a coalition government headed by Souvanna Phouma was the best possible solution to the Laotian problem. He indicated that he would remain in Vientiane for several days and implied that he would be willing to use his influence with the Xieng Khouang faction to bring about an early agreement on the formation of a coalition government.

Anti-government units have initiated probing actions in the areas surrounding Nam Tha and Luang Prabang as well as farther south in the region northwest of Thakhek. Laotian army forces have continued local clearing sweeps in the northern provinces, and Meo units continue their harassment of enemy activities in the Plaine des Jarres.

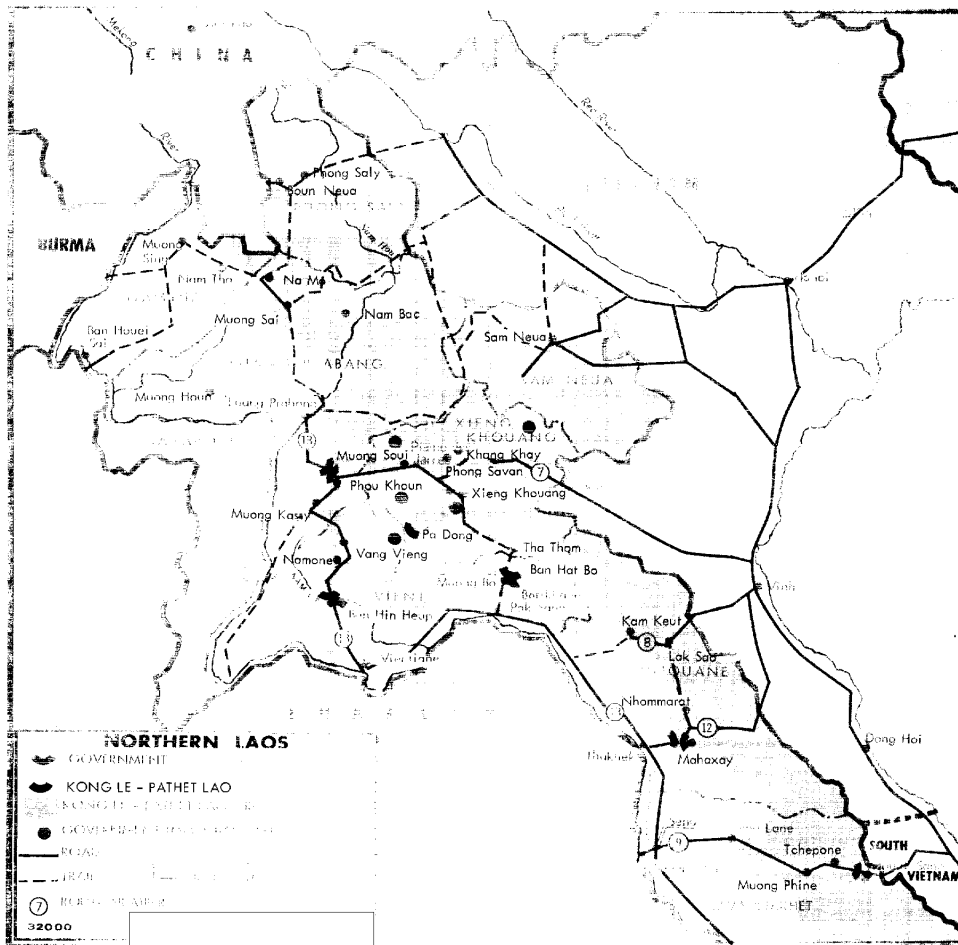
The USSR has stepped up its efforts at Geneva to reach an early compromise agreement. On 21 November Soviet delegate Pushkin proposed that the US, the UK, France, India, the USSR, and Communist China "sit around the conference table" until an agreement is reached. All the unsettled issues are now under specific negotiation at Geneva. Pushkin continued to demand that any conference declaration must take explicit note of the abrogation of the SEATO protocol for Laos.

Although final agreement has almost been reached on the

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language to be used in describing the investigatory and voting functions of the International Control Commission (ICC), Pushkin has consistently opposed Western proposals to enhance the authority of the ICC. He has rejected an amendment to the proposed neutrality declara-

tion which would tie the ICC's role more closely to the overall responsibility of the co-chairmen, claiming that it was obvious that the ICC would have to inform the co-chairmen of any neutrality violation.

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ALBANIA'S RELATIONS WITH EAST AND WEST

Albania took another step in its propaganda offensive against the USSR last week by having its embassy in Moscow distribute to other foreign missions at least four documents bearing on the dispute, including the text of Hoxha's vitriolic 7 November attack on Khrushchev. Recipients included the missions of Canada, Iceland, and the Netherlands, which have no relations with Albania. Distribution of the documents in Moscow appears designed to dramatize Albania's defiance and to gain a world-wide audience for its attempts to set "the facts" straight.

At the Fourth Congress of the Working Youth Union--held in Tirana from 23 to 25 November--renewed attacks were made on Khrushchev by union chief Todi Lubonja and by Hoxha's wife. Madame Hoxha defied "Khrushchev, Mikoyan, and others" and said Albania would show them how it can live without Soviet assistance. The head of the Chinese Communist delegation to the meeting vowed continued support for the Hoxha regime. There were no other bloc delegations. The hall in which the congress was held reportedly was decorated with portraits of Stalin, Marx, Lenin, and, for the first time, Mao Tse-tung.

The Albanians have good reason to pay homage to Mao. Last week, in a strong statement of support for Albania, Mao Tse-tung and other top Chinese Communist leaders sent greetings to the Albanians on the 17th anniversary of their "liberation." In the message, the Chinese extolled the "correct leadership" of Hoxha and his party's "consistent loyalty to Marxism-Leninism" in passages which stood in sharp contrast to Pravda's 28 November charge that the Albanian leaders are embarked upon a "dangerous course." In the face of recent statements by European Communist leaders which im-

plicitly indict Peiping for backing Tirana, the Chinese message insisted that Albania is a "glorious member of the big socialist family" and promised that China's friendship for Albania is "unbreakable."

In addition, People's Daily on 27 November published, along with extracts from Tito's 13 November endorsement of the Soviet attacks on Albania, an article by the authoritative Observer which charged that the "renegade" Tito is pursuing a course of "international opportunism" by scheming to "subvert and annex" Albania. Tito and the Yugoslav revisionists, who have been used in the past by Peiping as a stalking-horse for Khrushchev, were described as "teachers by negative example" who could show true Communists in a "reverse way" what was right or wrong; the implication was that those who found themselves in agreement with Tito on the issue of Albania ought to re-examine their position. In a pointed reference to the "controversies within the socialist camp," Observer implied that Khrushchev's actions in promoting the present disarray in the world Communist movement gave satisfaction only to imperialists, reactionaries, and revisionists.

North Korea and North Vietnam, whose positions in the dispute have been ambiguous since they refused at the Soviet 22nd party congress to join in the concerted attacks on Albania, now have shifted visibly toward the Chinese/Albanian side. Hanoi and Pyongyang have also followed the Chinese lead by sending party greetings to the Albanians on their "liberation" holiday. Mongolia remains alone among the Asian satellites in condemning the Albanian leaders.

The European satellites have maintained their campaign

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against the Hoxha regime. During recently held central committee plenums, Hungarian, Polish, and East German party chiefs set the tone for condemnation of Albania in their countries. Adopting a tactic used by the Soviets, all of them implicitly invited the "Albanian people and party members" to throw out their leadership and abandon their "fatal path." All of them attacked Hoxha and Shehu in terms similar to those employed by Czechoslovak party boss Novotny, who earlier had castigated Tirana before his own central committee.

Radio Moscow's Albanian broadcast on 19 November summarized for the benefit of the Albanian people criticism of the Tirana heresy from Eastern European newspapers. Both Pravda and Izvestia have used Albania's national day as a springboard for new critical comment on Albanian leaders. Always correct on protocol matters, the USSR also sent a message of greeting to Albania, but unlike those from the Far Eastern Communist countries, this message was addressed to the "Albanian people" and contained no expressions of praise for the Albanian party or its leaders.

Poland has refused to deliver a 5,000-ton merchant ship it had built for Albania, and the Albanian crew has had to return home. Albanian ambassadors were recalled from European satellite capitals early in November apparently for consultation and instructions. The ambassadors to Poland, Czechoslovakia, Rumania, and Bulgaria have returned to their posts; there is no information regarding the others-- bloc ambassadors to Tirana evidently remain absent from their posts.

Albania's neighbors-- Greece and Yugoslavia--have been watching developments closely. Ambassador Briggs

believes that Athens fears a Soviet-Yugoslav deal on Albania which would not take Greek territorial claims into account. Interested in maintaining Hoxha "for his nuisance value"--and at the same time in preventing any change inimical to Greek interests--

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Yugoslavia has publicly, although not unequivocally, renounced action against Albania. Ambassador Kennan, while not ruling out Yugoslav subversive efforts, does not believe that either Belgrade or Moscow could overthrow the Hoxha regime. He reports that Yugoslav officials apparently believe Moscow will not intervene militarily in Albania and foresee no change in Hoxha's status "for a considerable time." Kennan has also said, however, that Yugoslavia would probably intervene if the Albanian internal situation deteriorated markedly or if some other state intervened directly.

Albania has sought to broaden its economic ties in the West in recent weeks. It was learned last week that as of 17 October Tirana offered chrome ore, asphalt, and ferro-nickel for immediate delivery to a US firm.

This move was followed on 17 November by what may have been another informal feeler to the US for diplomatic recognition which would facilitate expansion of trade with the US. The newspaper of a Communist-dominated Albanian emigré group in Boston stated that the major obstacle to renewed relations had been removed with Tirana's "declaration of independence" from Moscow. This newspaper was also the medium for an informal feeler last July, when it called for an improvement of Albanian relations with the US and other Western nations.

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RENEWED DE-STALINIZATION PLAGUES ULBRICHT REGIME

Khrushchev's de-Stalinization campaign is continuing to cause difficulties for East German party functionaries, who, beset by party and public criticism of Ulbricht's personality cult, are in some cases themselves hostile toward the regime leadership. Confusion, uncertainty, and caution have been reflected in the party's efforts to dissociate Ulbricht from the charges against Stalin and--in the face of his obvious "dogmatic and sectarian" leanings--to depict him as a great German leader and "creative" Marxist-Leninist theoretician.

While the propaganda campaign to defend Ulbricht opened early in November, the first formal statement issued by the Socialist Unity party (SED) central committee was not published until 12 November, more than three weeks after Khrushchev's initial attacks on Stalin at the Soviet 22nd party congress. The statement claimed that Ulbricht has maintained an anti-Stalinist line ever since the 20th congress in 1956, "proved" that he never was guilty of sectarian or dogmatic practices--let alone revisionist or opportunist deviations--and asserted that he acted in the name of the SED's collective leadership.

The statement nevertheless implicitly admitted that the party had been guilty of "sectarian distortions" in its policy toward the intelligentsia, artisans, and retail traders and cooperative farmers--precisely those groups of East Germans who fled to the West in the greatest numbers prior to the sealing off of West Berlin on 13 August. This admission, in effect, is a criticism of Ulbricht for his inability to win support among the East German population.

Khrushchev's renewed attacks on Stalin have clearly made it incumbent on all the satellites to demonstrate their

concurrence, but the East German regime is attempting to avoid any changes, or any reference to Ulbricht in connection with necessary changes, which could furnish ammunition to anti-Ulbricht elements of the public or within the party.

On 22 November, Neues Deutschland published an article by Minister of Culture Alexander Abusch defending Ulbricht in its first edition, but the article did not appear in later editions. It was replaced with a Pravda article of 21 November which defended Khrushchev's attacks on Stalin against Western charges that the Stalinist experience points up the basic weakness of the Soviet system. Two days later, the Abusch article was revived and given wide publicity as a rebuff to Western criticism of Ulbricht. Abusch relies on copious quotations from Lenin to show that "there can be no persistent class struggle in present-day society without a dozen talented and tested leaders--talents are not born by the hundred."

During the past three weeks Ulbricht has not participated in any public ceremonies, re-appearing only for the central committee plenum, held 23-26 November. Meanwhile, Neues Deutschland carried a succession of articles eulogizing Ulbricht's leadership qualities.

At the central committee plenum, Ulbricht vigorously defended Khrushchev's de-Stalinization policies and, in an apparent effort to instill confidence in SED functionaries, affirmed his intention to "carry out the construction of socialism in our country to victory and then go further along the road of building communism." Revealing, moreover, that Lavrenty Beria had advocated a "soft" line on Germany in 1953, Ulbricht took credit for opposing it. He further implied that Malenkov had espoused less

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hard-line internal policies than Ulbricht's own.

Without making a specific identification with the former Soviet leaders, Ulbricht then sharply attacked his erstwhile rival, Karl Schirdewan, who was purged from the leadership in 1958. Ulbricht charged the "factional and opportunistic" Schirdewan group with "softness" on the German question and on the issue of promoting socialization in East Germany, as well as with encouraging "dogmatic" tendencies.

Despite the effort to whitewash Ulbricht, there are some indications that preparations are being made for a phased retirement. Recent East German references to him emphasize his position as chairman of the State Council, rather than SED first secretary. Moreover, for the past several months

there has been a marked effort to bring younger party figures into top positions to replace older men who have been associated with Ulbricht since his exile during World War II in Moscow. These moves suggest that the leadership is being broadened, with a view to the eventual designation of one of the younger men as party leader, while Ulbricht himself would be confined increasingly to the ceremonial aspects of the State Council post. In the meantime, he appears to be exercising over-all control in his usual authoritative manner.

Moscow probably would be reluctant to sanction any sudden downgrading of Ulbricht, since such a move, in the absence of a designated or even obvious successor, would give rise to strife and confusion within the German party and encourage anti-regime elements among the populace.

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POLAND AND DE-STALINIZATION

At the 21-23 November plenum of the Polish party central committee, First Secretary Gomulka attempted to assuage fears in the party that the renewed de-Stalinization campaign begun at the Soviet 22nd party congress would have serious internal repercussions in Poland. Despite his approval of the public downgrading of Stalin, Gomulka felt it necessary to caution against sweeping attacks on Stalin's memory; the Polish leader may have fears similar to those expressed recently by politburo member Jedrychowski--that the anti-Stalin campaign could lead to uncontrollable public pressures for greater freedom and rein-vigorate revisionist elements within the Polish party.

Gomulka twice indicated that he was not completely satisfied with the Soviet party's

handling of de-Stalinization, although he agreed with the policy. He referred to anxieties and questions which had arisen since the campaign was broached--leading in some parties to dogmatic or revisionist interpretations--but he conceded that the Soviet party had not yet "said everything" concerning the personality cult, because "apparently the time has not yet come for it." Gomulka's speech suggested that he is worried about the effects of the campaign within the bloc, as well as within Poland.

This concern may be well founded. Since the Soviet congress, authoritative articles by well-known party and nonparty Polish figures have called for liberalization and more freedoms within Poland and within the bloc. Politburo

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member Zambrowski has publicly advised the party to allow workers' ("self-government") councils a real role in industrial management. The councils arose in the more liberal days of late 1956 but subsequently were completely subjugated to party control.

Zambrowski also called for greater inner party democracy in a manner reminiscent of Poland's anti-Stalinist struggles in 1955 and 1956. He has been seconded in this by a leading young Communist journalist, who added that the open discussion of problems and ideas should be extended to interparty relations.

A physicist with an international reputation, Leopold Infeld, has called publicly for more personal freedom for citizens of Communist countries. A Polish Catholic parliamentary deputy, writing in the heavily censored Catholic paper *Tygodnik Powszechny*, also urged more personal freedom. A regime-sponsored writer has said that the Soviet 22nd congress meant that writers must adopt "new realism," meaning the "whole truth," even if it should be "severe and absolute." Her qualification that the new writing must be conditioned by an ideological attitude is lost in the call for truth.

In his report to the plenum, Gomulka urged the preservation of as much bloc unity as possible; he apparently feels that in the long run his own regime can survive only in a politically stable bloc. He discarded the idea of polycentrism among Communist parties, recently revived

by segments of the Italian party, as too vague and dangerous because it might lead to dogmatism and revisionism. Earlier, however, the Polish press--unlike the Soviet press--had published the Italian party's proposal in great detail.

Gomulka similarly dismissed Yugoslav revisionism--i.e., national communism outside the bloc--as a disruptive mechanism. Nevertheless, even after the plenum, the Polish party press has continued to praise Yugoslav foreign policies, industry, science, and culture, although it has refrained from lauding the Yugoslav party.

The correct policy of every party, Gomulka told the plenum, should be "formed by creative, undistorted Marxism-Leninism, which takes into consideration the conditions of each country." This statement describes the core of Gomulka's internal policies, which are based on freedom to meet internal problems in a flexible manner, while stressing complete adherence to over-all bloc policies.

Gomulka attacked as unnecessary any idea of establishing central or regional organizations to direct the activities of all parties. His attack suggested that the subject had come under discussion at the Soviet congress in connection with the deviations of Albania and China. In an obvious reference to these divergences, Gomulka defended interparty conferences, such as were held in Bucharest and Moscow last year, as necessary for clear elaboration of the principles and policies of Communist countries. He urged that the decisions of these meetings be binding.

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COMMUNIST CHINA'S FOOD PRODUCTION IN 1961

Food production in Communist China is estimated to have declined for the third successive year. It is estimated that grain production in 1961 will be roughly equal to that produced in 1955, when there were some 90 million fewer people to feed. The effects of this continued poor performance in agriculture will be to increase the threat of malnutrition and related health problems during the coming winter and spring. It will offset Peiping's effort to allay growing public discontent and apathy by raising incentives, and will further impede the regime's policy of rapid industrialization. With the population growing by about 14,000,000 a year, Peiping probably will have to buy considerably more grain in 1962 than the 5,500,000 tons imported in 1961 if it is to maintain even the low food rations of last winter.

Grain production in China has fallen steadily since 1958's bumper harvest, which was estimated at 212,000,000 tons. Peiping's failure to release usable economic statistics for 1960 and 1961--an obvious indicator of serious economic difficulties--makes any precise estimate for 1961 difficult. However, on the basis of acreage and yield data for 1957--the last year of relatively reliable economic data--adjusted for this year's weather and changing crop patterns, grain output for 1961 is judged to be about 175,000,000 tons.

Agricultural production has been adversely affected since 1958 by generally unfavorable weather and widespread mismanagement in rural affairs. Peiping's promptness and apparent frankness in reporting natural calamities reflect an attempt to blame agricultural problems on nature rather than on the regime's errors in rural planning and organization. While Peiping continues to blame agricultural reverses on the weather, the regime has made a major, but little publicized, effort to reverse commune policies which have been reducing agricultural production since 1958.

In its retreat from the centralized authority and bureaucratic excesses of the communes, the regime has experimented with a "new farming system" in which the production teams work out realistic targets with the party cadre and are then

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permitted to keep any excess achieved over the target. When given an option on following this new system, however, some units have rejected the offer because of mistrust of the government's promises. Peiping's recent stress on successful completion of grain procurement and distribution suggests widespread passive resistance to official programs.

[redacted] some production teams have been withholding part of their production for distribution among team members rather than forwarding it to the brigade for central distribution. If this practice is common, the food supply available to Peiping will be even further reduced during the coming winter and spring.

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SINO-INDIAN RELATIONS

Nehru's release of the government's fifth White Paper on Sino-Indian relations and the resultant Indian indignation over allegations of small but continuing Chinese Communist intrusions in Ladakh and Sikkim have compounded New Delhi's dilemma in dealing with the Chinese. In reporting to Parliament, Nehru has sought to demonstrate his government's "firm" diplomacy in dealing with Peiping. At the same time, however, the documents again point up indirectly the ineffectiveness of Nehru's efforts to secure India's northern border and to persuade the Chinese to "vacate" their "aggression."

The latest White Paper contains 108 separate documents, exchanged during the past 13 months. Included are charges and denials of border intrusions and airspace violations, harassment of nationals, Peiping's personal vilification of Nehru, and interference with Tibetan trade.

The report's publication has been followed by renewed

demands in India for an end to diplomatic relations and adoption of a vigorous military policy on the frontier--steps which, in Nehru's eyes, would serve only to aggravate the situation. He apparently prefers to keep the door open for negotiations and rules out recourse to military action because of fears it might broaden into general warfare.

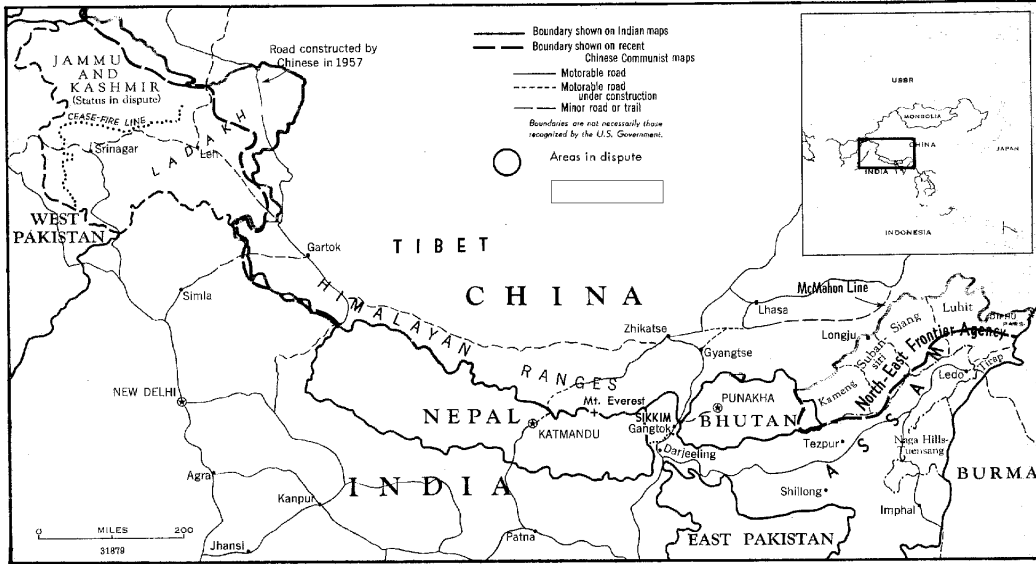
The effect of his policy, however, is to give currency to opposition charges that New Delhi is unwilling to assert itself against Peiping with anything more than denunciations of the Chinese and pledges to continue building India's defense establishment. The prime minister's critics, especially those with an eye on the elections in February and Defense Minister Krishna Menon's scalp, have stressed in Parliament and the press that continued weakness will only encourage Peiping to further "aggression."

New Delhi's charges have not yet drawn a public retort from Peiping. However, Chinese propaganda may try to counter these renewed accusations,

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possibly by reiterating Peiping's willingness to "negotiate" the border dispute. There are reports that Chinese forces in Ladakh continue to consolidate their position, but no specific confirmation of new Chinese outposts. Peiping has argued that the border is undefined and that its troops are justified in operating within Chinese-claimed areas.

Meanwhile, Peiping is continuing its efforts to weaken Indian political ties in the border area.

BLOC TO STEP UP MERCHANT SHIPPING ACTIVITIES IN ASIA

Plans are well advanced for a coordinate effort by the bloc to increase its merchant shipping activities in Asia. Soviet, European satellite, and Chinese Communist ships will apparently operate in a common pool coordinated from a headquarters in Bangkok or Rangoon. The bloc seeks not only to increase economic re-

lations with the Asian countries but to break up the near monopoly of Western shipping interests in the area.

Bloc shipping officials in the past have frequently indicated a desire to establish direct shipping services to the underdeveloped Asian nations, and the bloc's Council for Mutual

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Economic Assistance (CEMA) since 1957 has discussed the possibility of pooling merchant ships under coordinated CEMA control in order to launch such a drive. Until late 1960, however, little positive action was taken along these lines, except for independent moves by the USSR, East Germany, and Poland to increase their shipping services in the area.

In September 1960, the commercial counselor of the Soviet Embassy in Burma called a conference of Sino-Soviet bloc trade representatives in Rangoon to discuss the merging of shipping operations in the area. It was decided that Rangoon should serve as field headquarters for the cartel, and a local shipping firm was asked to act as general agent for the bloc ships. Plans drawn up at this meeting covered the area between the Red Sea and the Far East, with fleets pooled in effect into one bloc line with coordinated schedules. Even ports with uneconomic cargo potential would be served, and freight rates would be cut as necessary. Communist China did not actively participate in establishing the cartel, but reportedly planned to join in January 1961.

During the Rangoon meeting, the East German shipping service began advertising the initiation of regular monthly service between Burma and Europe, including the UK. The German ships began loading substantial cargoes at lower than normal rates, and Western shippers eventually had to lower their rates. The rate was continued until mid-1961, when several of the East German ships were switched to the Cuba run.

In December 1960, a new Soviet commercial counselor--a former employee of the USSR's shipping service--was accredited to Burma, where he had arrived a few months earlier to handle the preparations for establishing

the bloc shipping cartel. Subsequently, Czechoslovak and Rumanian merchant ships made runs to Southeast Asia, and joint shipping companies were formed by Czechoslovakia and Communist China with Cambodia. Polish ships--which had not called at Bangkok for more than a year after the Thai Government closed its ports to ships from bloc nations with which it did not have diplomatic relations--were invited to resume stops at Bangkok; this was a retaliatory move by the Thai Government against the high freight rates of Western shippers. China, which still finds it necessary to use a large number of chartered Western ships for its domestic coastal traffic, put its ships into the international trade on a China-Ceylon run with calls at Indonesian and Burmese ports.

Present planning indicates that the USSR will operate 12 to 15 ships between the Black Sea and Thailand or Singapore, with calls at all Southeast Asia countries as well as Persian Gulf and Red Sea ports. 25X1

China plans eventually to put 15 to 20 ships into the cartel, utilizing the China-Ceylon run as the basis for its operations and adding calls at Cambodia. Ships of the European satellites are to operate on the entire route from China to the European continent, but plans are not firm as to the number of ships to be employed. 25X1

Warsaw is somewhat reluctant to participate in the cartel, but probably will comply if the USSR insists.

Soviet officials continue to plan to make calls on the route regardless of profitable amounts of cargo and to cut rates below those of Western shippers. Moscow hopes to have an agency established in time to put Soviet ships on the run in January 1962. (Prepared by ORR) 25X1

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BLOC ECONOMIC AND MILITARY RELATIONS WITH MALI**

An economic credit of \$75,500,000 extended by Poland to Mali in November brings total bloc assistance to that country to well over \$68,000,000. The recent visit to Moscow by Malian Secretary of State for Defense Diakite and Armed Forces Chief of Staff Soumaré suggests that an additional arms agreement may be forthcoming. Such an agreement would probably include Soviet assistance in the field of military air transport. The USSR and Czechoslovakia have already achieved a dominant position in Mali's civil aviation through the provisions of commercial aircraft, operational and maintenance crews, and an aviation training program for Malian personnel.

The USSR made the first bloc aid commitment to Mali in March 1961 with a \$44,400,000 economic credit. The credit is to be used for mineral prospecting, navigational improvements on the Niger River, establishment of a technical training center, construction of a cement plant, and survey for a railway line linking Bamako with Guinea, where a similar bloc project is under way. The USSR also has provided a variety of commercial aircraft under a separate credit of \$4,000,000.

The Soviet credits were followed by the announcement in June of a Czech credit of \$12,500,000. Most of this credit--\$10,000,000--is to be used for the construction of several small industrial installations including flour mills, a textile manufacturing complex, and assembly plants for agricultural machinery and

bicycles. The remainder was earmarked for the purchase of Czech commercial aircraft and the training of Malian pilots.

No specific projects have been mentioned in connection with the Polish credit, but it is likely that this aid will be used for the construction of such small-scale industrial plants as are included under the Czech agreement.

In addition to these credits, an agreement was signed in September formalizing Peiping's earlier offer of economic and technical cooperation with Mali. No details have yet been announced.

The most significant inroad the bloc has made to date has been in the field of civil aviation. Mali now has acquired two IL-18s, three IL-14s, five AN-2s, four MI-4 helicopters, and ten Czech light transports. A complement of more than 100 Soviet personnel operate and maintain the Soviet planes, and Czechoslovakia has provided crews for the Aero-145s as well as two flight crews for Mali's DC-3s. Approximately 88 Malians are receiving aviation training in the USSR and Czechoslovakia. There appears to be little progress on other Soviet and Czech projects, with the exception of the arrival of Soviet experts who will survey a route for the railway and prepare plans for it.

The bloc is accelerating its efforts to provide technical assistance to Mali. Czechoslovakia readily responded to a Malian need for banking experts, after a request to Switzerland was rejected. This

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has been followed up with the provision of a four-month finance and banking study program in Prague for 12 Malians--at the expense of the Czechoslovak Government. East Germany is providing training for two Mali radio technicians, and several East German technicians have just completed the groundwork for installing television facilities in Mali. Bulgarian experts have been working to coordinate the functions of the Malian Ministries of Public Works, Transport and Commerce, and the State Trading Company.

Trade between Mali and the bloc has been negligible. In early 1961, however, Mali announced its intention to sell nearly all of its 1960-61 peanut crop--about 50,000 metric tons--to the USSR and Czechoslovakia rather than to France, its traditional customer. Dur-

ing the past year bloc commodities--Czechoslovak trucks, sugar, and flour--appeared for the first time in Mali. With the implementation of various trade and aid agreements concluded with the bloc, Malian imports of bloc goods and equipment can be expected to increase considerably.

Since the beginning of the year, Mali has received from the bloc via Guinea small arms and other military equipment including trucks, jeeps, armored personnel carriers, anti-tank and anti-aircraft guns, and mortars. Fifteen Soviet military officers are currently stationed in Mali, most of them apparently operating at army headquarters in Bamako. 25X1

EGYPT

In the wake of the most serious setback of his career--Syria's secession two months ago--Egyptian President Nasir has undertaken a series of domestic and foreign policy moves aimed at restoring his prestige and recapturing the dynamism of his socialist, neutralist, pan-Arab programs. The Egyptian leader in the past has demonstrated a remarkable ability to turn short-run defeats into longer range victories, and he may succeed in doing so again, although he faces more difficult problems than ever before.

Even while having to act to safeguard his regime at home, Nasir is characteristically trying to shift back onto the offensive in foreign as well as domestic affairs. His tactics for eliminating

the potential base in Egypt for a coup against him have included a shake-up in the military officer corps, arrest of "reactionaries" or sequestration of their property, and a cabinet revision which concentrates power in his own hands and those of a few of his veteran, trusted associates.

The essence of his shift in domestic policy has been an increase in his drive toward implementation of socialist economic goals. No wealthy class is to exist--the properties of some 650 rich individuals have been seized; the government is to own or control all significant economic enterprises; and private capital investment, foreign or domestic, is to be encouraged only under arrangements providing for government direction of its use. The first steps

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have been taken toward revision of the National Union--Nasir's single-party political system--to assure that conservative and anti-regime elements are eliminated, and that workers and peasants are given greater representation.

The regime has announced some token measures for immediate improvement of living conditions, but it is in serious economic trouble. Its chronic balance-of-payments difficulties have been increased by poor crops, and it has had to request large quantities of PL-480 wheat, rice, and short-staple cotton from the United States.

Nasir's position in the Arab world has been sharply weakened, with the governments of Syria, Jordan, Saudi Arabia, and, to some extent, Iraq, now lining up in a loose anti-Nasir coalition. He has launched new subversive and propaganda efforts aimed at fostering the overthrow of these regimes; so far, however, he seems to have made little headway.

In the broader field of foreign affairs, Nasir is pressing hard to retain his stature as the chief exponent of "positive neutrality" and as a key figure among the leaders of nonaligned nations. His insistence, despite Prime Minister Nehru's reluctance, on staging a meeting with Nehru and Tito in Cairo on 19 November was indicative of the importance he attributes to demonstrating his role as a ranking neutralist leader. His hypersensitivity in this field was shown by a flurry of Egyptian press attacks on President Kennedy for including in a recent speech a remark which Nasir chose to interpret as a US attempt to exert pressure on neutralist governments.

Nasir has made it clear that he intends to continue his

suppression of local Communists. One theme of Egyptian propaganda broadcasts has been the danger of a resurgence of Communist strength in Syria. Although Nasir was obviously nettled by the Soviet Union's quick recognition of the new Syrian Government, relations between Egypt and the USSR have apparently not been impaired

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As regards Africa, Nasir remains determined to support all movements for ousting the remnants of Western colonial influence and for encouraging the emergence of independent nationalist governments following policies as close to his own as possible. With regard to the Congo in particular, this means support of UN measures to assist the Adoula government in bringing Katanga under its control; however, it also means support of Gizenga, whom Nasir continues to regard as leader of the true Congo nationalist elements--the elements which Nasir hopes will one day control the whole country.

In line with his attitude toward emerging noncommitted nations, Nasir is sure to continue intermittent propaganda blasts at the "imperialist" Western powers for allegedly interfering in the affairs of the small independent countries. This tactic also serves the purpose in Egypt itself of directing attention toward the imperialist bogeyman and away from shortcomings in the regime's own internal accomplishments. A current, if somewhat special, case in point has been the flamboyant propaganda handling of the arrest of the members of an official French mission in Cairo. The Egyptian press has alleged that they were "running a complete French espionage and sabotage network...which had even drawn up a plan for an attempt to assassinate President Nasir."

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****COSTA RICA**

Increasing bitterness among the three major candidates in Costa Rica's presidential election on 4 February raises the possibility of violence in what is normally the most stable of the Central American republics. The Echandi government may be unable to prevent outbreaks of fighting during the final weeks of the campaign as well as in the immediate post-election period.

An element of particular concern to the government is the shortage of foreign exchange reserves, attributable in part to a recent devaluation of the national currency and to reduced income from exports of coffee and bananas, the country's chief cash crops. As a result, President Echandi lacks operating funds to implement needed security measures. Costa Rica's only security forces consist of approximately 2,400 ill-equipped and poorly trained men, whose capabilities and functions are closer to those of a civil police force than to those of a professional military organization.

Current political antagonisms go back to the 1948 election campaign and the civil war which followed when the defeated adherents of ex-President Rafael Calderon Guardia sought unsuccessfully to annul the election of Otilio Ulate to the presidency. Calderon and Ulate are

again competing for the presidency, while Jose Figueres, who led the 1948 uprising which secured the presidency for Ulate, is backing Francisco Orlich, an unsuccessful presidential candidate in 1958. The small but active Popular Vanguard (Communist) party is split over whether to support Calderon--for whom it fought in the 1948 uprising --or back the People's Democratic Action party, a new Communist-front grouping.

Members of the Ulate and Orlich camps were unsuccessful in prolonged efforts to unite their parties behind a single presidential candidate before the 20 November deadline. As a result, none of the three major presidential candidates may win the required 40 percent of the votes, and a runoff election may be necessary.

Costa Ricans, proud of their strongly democratic traditions and their relatively high degree of political maturity, usually have managed to reach a peaceful compromise in their political disputes. Rancor between Figueres' National Liberation party and Calderon's Republican party now is so deep, however, that each has recruited an armed "security committee" to protect its interests. Electoral tampering by either side --or the suspicion thereof-- could easily lead to an armed struggle.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**SPECIAL ARTICLES**SOVIET EDUCATION IN TRANSITION**

Soviet education today is in transition from the system established in the 1930s, which was geared to preparing a relatively few students for higher education, to a system, envisioned in the 1958 education law, designed to supply the economy with skilled workers as well as highly trained specialists.

Under the old system, a seven-year education was compulsory, but before 1958 only 80 percent of Soviet school children went as far as the seventh grade. At that time one third of the 14-16 age group went on to secondary school, and approximately one-third of the secondary-school graduates were absorbed in higher educational institutions (VUZ). Labor reserves schools provided vocational training for some adolescents, and technicums provided semiprofessional training for others. The majority, however, were, in Khrushchev's words, "unprepared for practical life," since the general education schools were oriented only toward study in a VUZ.

The 1958 educational reorganization was aimed at raising the level of skills of the labor force and at eliminating the distaste for physical labor exhibited by many youths to whom an academic education meant white-collar work, prestige, and financial rewards. At the same time, it sought to preserve the level of excellence already achieved in the training of specialists in higher education institutions, while linking this training more directly to the immediate needs of the economy.

The Education Law

The 1958 law extended universal compulsory education from seven to eight years but ordered the addition of labor training for all grades. Under the new system, graduates of the eight-year schools who do not immediately enter the labor force may go on, as in the past, to the three-year secondary polytechnical school, to the three- to four-year technicum, or to the one- to two-year trade school. The secondary school and the technicum provide further labor training, and graduates are to be equipped with a trade as well as an academic education.

In higher educational institutions, preference is to be given to applicants who have worked in production, and regular (day) VUZ classwork is to be interspersed with work in the economy.

For workers, evening and part-time classes and correspondence courses for secondary-school and VUZ-level work are to be expanded, and those enrolled in them are to be granted special privileges such as a shortened workweek and time off for examinations.

In the reorganization the regime made provision to meet its need for highly trained specialists. Gifted students are given special training in secondary schools through "scientific circles"--state-organized extracurricular groups designed to stimulate interest in the sciences and to augment the regular curriculum. Moreover, several secondary schools are experimenting with special

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differentiated curricula which provide concentrated work in mathematics, the humanities, or the sciences. Under current regulations, 20 percent of first-year VUZ students in the sciences can be admitted through competitive examinations without previous work experience. This percentage is set by the regime and can be raised or lowered from year to year to meet the need for highly trained specialists.

The changeover to the new system was to begin in the 1959-60 school year and be completed "in three to five years." The first two years of this changeover have brought to light transitional difficulties necessitating adjustments in the program, and some reluctance to accept change on the part of those affected by it. The reorganization goals, however, have not been modified.

Elementary Schools

In converting seven-year to eight-year schools, the regime has been faced with the need to expand full-time day enrollment in already inadequate school facilities. Many schools have been forced to work on a three-shift basis. Moreover, the population of the USSR between the ages of 7 and 14 is increasing by about 2,000,000 annually. According to the Russian Republic (RSFSR) Council of Ministers, one third of the seven-year schools in the republic had been converted to eight-year schools by July 1961.

To meet the need for more teachers, a special one-year

course in pedagogy for secondary-school graduates is being instituted. Graduates may teach in primary schools at the same salary as graduates of the regular four-year teachers' colleges, and are to be automatically admitted to night classes of teachers' colleges. Persons having a higher education in other fields can qualify as teachers by taking the last year of regular teachers' college without preliminary examinations. Enrollment in the regular teachers' colleges is also to be increased.

There has been some public criticism of certain aspects of the reorganization. Parents and teachers have expressed fears that the addition of labor training to the academic curriculum has overloaded school children. A widely publicized check on work schedules in elementary and secondary schools last fall revealed that school children had insufficient time for sleep; in some schools they fell short of the desired minimum by as much as three hours a night.

Ye. I. Afanasenko, RSFSR minister of education, has warned that "some schools" are slighting academic subjects, especially in the humanities, in favor of labor training which is too arduous for children.

The press has also noted difficulties in finding employment for the 15-year-old graduates of eight-year schools. Under Soviet labor laws, minors may work no more than four hours a day until they have passed age 15, and no more than six hours until after age 17. They may not work night shifts or overtime, and may not be assigned

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to heavy or dangerous work. Enterprise managers are said to be increasingly reluctant to hire such graduates. In some areas, enterprises have recently been assigned a yearly quota of eighth-grade graduates whom they must employ.

Secondary Schools

The RSFSR Council of Ministers announced in July that about one third of the general secondary schools (grades 8 through 10) in the republic had been converted to polytechnical schools (grades 9 through 11) with industrial training. The rate of conversion throughout the USSR is somewhat higher--about half of the total.

Day enrollment in secondary schools declined rapidly from 1955 to 1960, however, partly because of the emphasis on part-time and correspondence courses for secondary education. In 1960 day enrollment constituted only one fourth of the 15-17 year age group as compared with one third in 1958 and almost one half in 1955. The conversion process has thus been eased considerably by a relatively small student body.

Plans call for an increase in secondary-school day enrollment during the current Seven Year Plan. The new program discussed by the 22nd party congress calls for universal compulsory secondary (11-year) education in the next ten years but notes that not all students will attend full-time day schools.

Soviet educators have commended labor training in second-

ary schools for the increased independence and sense of purpose it has evoked. Not only are students equipped with an employable trade, but their academic training is said to be more meaningful.

Some concern has been expressed in both Pravda and Izvestia about academic standards in the polytechnical (general education) schools, which devote one third of their time to labor training. The director of the Moscow Aviation Institute complained that recent secondary-school graduates are inadequately prepared for higher education: "Gaps have been noted, especially in their knowledge of mathematics and physics. Some schools probably have relaxed their struggle for the deep knowledge of the foundations of science during the course of the reorganization of their work."

There has also been criticism of the quality of labor training in some polytechnical schools. The directors of four such schools wrote in Komsomolskaya Pravda, organ of the Soviet youth organization, that students assigned to factories are "most often" regarded as nuisances by the workers. The students stand behind the workers, merely observing, which has led to a new term--shoulder-boy. In order to minimize payroll expenditures, managers often assign them to the lowest paid jobs, fail to record their work on paysheets, or leave them "altogether idle."

A decree in March ordered all enterprises in the RSFSR

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to allocate accommodations for production training of students in polytechnical schools, and efforts are being made to systematize and improve the quality of the training the students receive.

The four school directors also complained that schools which attempt to organize production training on their own premises must beg raw materials and machines from nearby plants. "It is no secret that the schools now are the owners of a unique collection of obsolete machine tools of the 1920s and 30s." The directors' reaction to their "interesting" experience: "After two years we have reached the conclusion that most often individual on-the-job training does not meet our lofty requirements. We have been obliged to abandon it."

The USSR Council of Ministers in June criticized the lack of coordination between training programs and industrial needs, and ordered increased construction of training workshops. It also authorized eighth-grade graduates to apply for the ninth grade of any school offering production specialties which interested them. Heretofore, an eighth-grade graduate had been forced to learn whatever specialty the secondary school in his own school district happened to offer.

The polytechnical school apparently is not overwhelmingly popular with students and parents. The four school directors noted that last year there was "real competition," even

among students already attending polytechnical schools, to enter those ten-year schools which had not been reorganized.

The journal Young Communist recently demanded that parents stop complaining about the underpayment of their children for factory work. Parents have also protested that the use of school children to "help" with the harvest disrupted their education. Last fall, the opening day of rural schools was quietly changed from 1 September to 1 October, apparently so the children could participate in the harvest without the distraction of school.

Higher Education

According to V. P. Yelyutin, USSR minister of higher and specialized secondary education, the proportion of first-year students in full-time (day) higher educational institutes who had already had work experience rose from 28 percent in 1957 to "almost 60 percent" in 1961. Enrollment in full-time VUZ has remained stable for the last six years, while part-time and correspondence course enrollment has expanded.

In July, Yelyutin reported that higher education had been "substantially" reorganized. Curricula have been revised to tie the VUZ program closer to the needs of the economy, and new technological courses have been organized. In addition, "provision has been made" for a more thorough study of higher mathematics, physics, and other sciences. Yelyutin especially praised the maturity of students

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whose production experience enabled them to approach scientific questions "with great depth."

The VUZ reorganization may not yet be as nearly completed as Yelyutin indicates. In March, M. A. Prokofyev, Yelyutin's deputy, accused "some VUZ administrators and professors of trying to eliminate production work for students altogether, and commented on the persistence of the "erroneous view" that university, pedagogical, and medical education is not affected by the new law.

The director of the Moscow Aviation Institute also charged that the VUZ had lowered their own academic work standards in their attempt to accommodate larger numbers of often ill-prepared students "from production." A professor at the Kuibyshev Civil Engineering Institute joined him in criticizing secondary schools which "deceive" students with diplomas they have not earned and VUZ examiners who accept poorly prepared "pedagogical risks" in giving preference to those with work experience.

Personal contacts between students and industry in the interspersal of work and study have not been entirely happy. Komsomolskaya Pravda recently urged that changes be made in those plants "which play the role of stepmother rather than solicitous mother to the student and treat him as an ordinary worker. On the other hand, the Herald of the Higher Schools in June warned that changes must be made in those shops which had arranged for special handling of students, since "this has an unfavorable effect on relations between workers and students." 25X1

Part-Time Study And Correspondence Schools

Enrollment in part-time correspondence courses for secondary school and VUZ work expanded from 3,700,000 in 1958 to 5,000,000 last year, and accounted for 51.8 percent of the total VUZ enrollment in the 1960-61 school year. However, many of the transitional difficulties encountered in the rest of the school system have been compounded for part-time and correspondence courses. RSFSR Education Minister Afanasenko in July cited a dropout figure of 60 percent in "a number" of part-time schools.

Prospects for the Future

Although the reorganization may not be completed within the three to five years set by the 1958 law, there is no doubt of the regime's continued belief that the new policy meets current needs. Many of the difficulties encountered thus far, such as shortages of classrooms, teachers, and equipment, can be solved in time with the allocation of additional funds. The unfavorable reactions of the public and the teachers have not been sufficiently serious to force major revisions of the program, although some adjustments may be made in the proportion of academic work and labor training provided during the school year.

There is no evidence that the reorganization has endangered the over-all excellence of VUZ training of specialists, and as the transitional difficulties are solved, the majority of those students who are not destined to be specialists will be better prepared to join the ranks of industrial and agricultural workers.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****GREATER MALAYSIA**

During talks in London from 20 to 23 November, British Prime Minister Macmillan and Prime Minister Tunku Abdul Rahman of the Federation of Malaya reached general agreement on the proposal for a "Greater Malaysian Federation." This scheme, sponsored by Rahman and Prime Minister Lee Kuan Yew of the State of Singapore, would combine Malaya, Singapore, and the British Borneo territories into a single nation within the Commonwealth. A study commission has been established to ascertain the views of the peoples of North Borneo and Sarawak and to consult with the Sultan of Brunei.

According to British officials in Singapore, the study commission is scheduled to begin its consultations in Sarawak and North Borneo in January and is expected to give its report within three months. Through special concessions to the indigenous peoples, Rahman is expected to gain approval from the two territories, although their Chinese residents will continue to oppose the merger. Similarly, through direct negotiations with the Sultan, he expects to gain approval from Brunei.

Originally, observers expected the new federation to be formed in 1963, when talks are scheduled for changes in Singapore's constitutional status. It now appears probable, however, that the Greater Malaysian Federation can be established on 31 August 1962, the National Day for the Federation of Malaya.

The new federation will have a combined population of almost 10,000,000 and an area of 130,000 square miles. By Asian standards it will have a strong and diversified economy based on the tin, rubber, and developing industrial base of Malaya, the advanced industrial and entrepot activities of the port of Singapore, and the

petroleum, mineral, and forestry resources of Borneo.

Malay Views

Since the British returned to Malaya at the end of World War II, they have favored the merger of Malaya and Singapore as a logical political and economic unit. Malaya's rail and highway transportation facilities terminate in Singapore, and without Singapore's shipping facilities Malaya lacks adequate ports from which to export its raw materials. Cut off from the hinterland, Singapore is incapable of providing employment for its burgeoning population. Although it is far more advanced economically and politically than Malaya, Singapore alone is not economically viable.

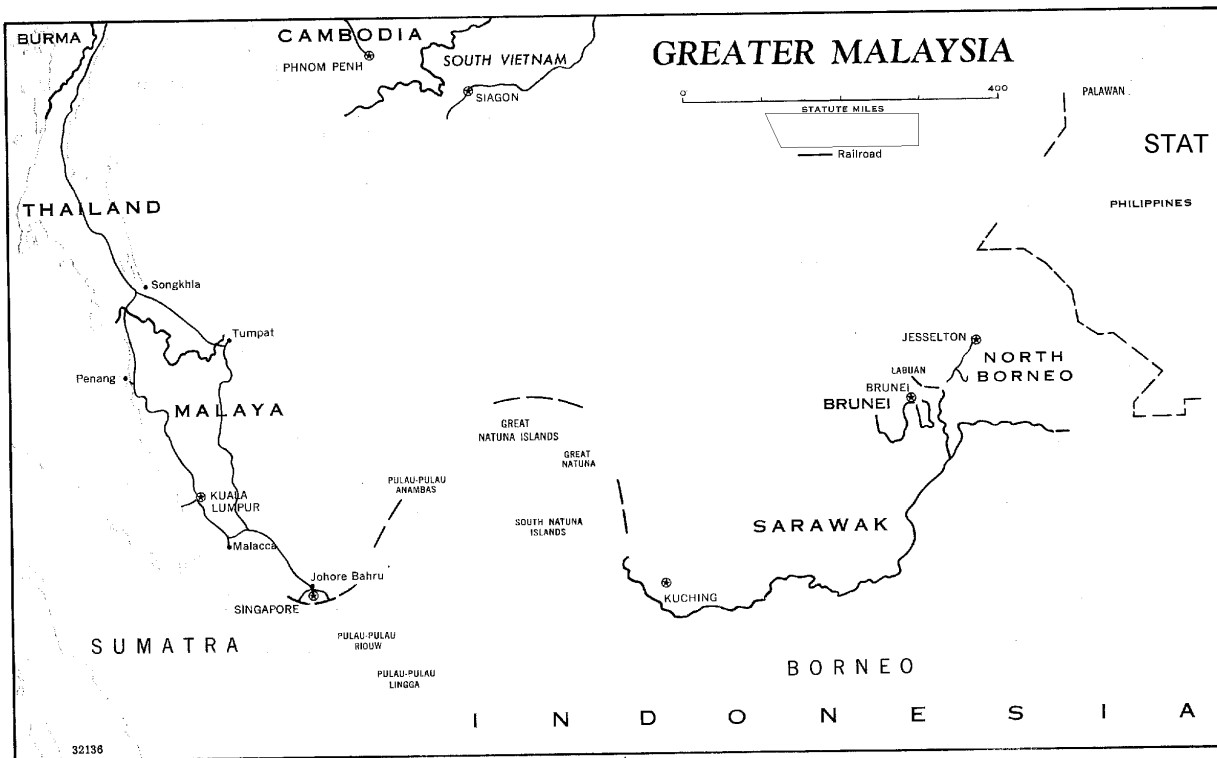
Nonetheless, from the outset of London's efforts to make the Malay Peninsula a political unit, the British recognized that Malay fears of being dominated by the Chinese of the peninsula required that Singapore, in the early stages at least, be left out. Even without Singapore, when the Federation of Malaya gained independence in 1957, the Chinese of Malaya dominated the economy and fell just short of matching the Malay population in numbers.

Malay distaste for the Chinese community in Malaya is political and ideological as well as economic and cultural. Despite the traditional abstention of the Chinese from the politics of the peninsula, they appear to the Malay political leaders to be oriented toward mainland China and probably socialist or Communist in outlook. This view has persisted, despite the cooperation of the United Malay National Organization and the Malayan Chinese Association in Rahman's Alliance party government. It was reinforced by the persistence of the preponderantly Chinese Malay Communist party in a

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terrorist campaign, launched in 1948.

The continued leftward slide of Singapore's elected governments since 1956 dimmed prospects that Malay leaders would ever accept Singapore into the federation. This situation changed in May, however, when Rahman presented his formula for the simultaneous merger of the Borneo territories as his price for the acceptance of Singapore. In this proposal the Malay objectives, as always, was to ensure the continued political domination of indigenous peoples over the "alien" Chinese element.

Singapore Views

Singapore's political and economic leaders have been as firmly committed to the concept of merger with Malaya as the Malay leaders have been reluctant to accept the idea. Singapore conservatives and pro-Communists alike have recognized that the island's economic future is dependent on its relations with the peninsula.

Political merger and common citizenship have been viewed as most desirable, but, failing this, the minimum of an economic union has been urged.

Ever since 1956, when Singapore first had a wholly elected legislative assembly, Singapore's political leaders, in order to get elected, have had to appeal not only to anti-colonial sentiments but to the social welfare demands of Singapore's large labor vote. Once in office, however, they have had to reassure the capitalist elements which provide the economic base for the state's survival. As a result, election campaigns have called for radical economic and social changes, whereas the governments elected have run moderate administrations. In each successive election, however, the party in office has been defeated and each administration has nominally represented a more extreme socialist orientation and become less acceptable to the Federation leadership.

Nonetheless, all political leaders have recognized the need

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For developing Malay approval, and they have attempted in every possible manner to "Malayanize" the Singapore population. The most notable effort to date has been in education, and the government has encouraged the overwhelmingly Chinese population to use the Malay language.

Merger Proposal

The essential elements leading to Malayan approval of some type of merger with Singapore at this time appear to be the decision by Rahman that he can work with Prime Minister Lee and his judgment that any change in Singapore's leadership would bring in a less desirable government--specifically one led by the pro-Communist leader of the Socialist Front, Lin Chiesiong. Rahman's scheme, which has been accepted in principle by both Lee and Macmillan, is that under the Greater Malaysian scheme the federal government will have responsibility for defense, foreign policy, and internal security, while Singapore would retain control over education and labor.

Further special arrangements, which differentiate Singapore from other states in the federation, include maintenance of Singapore's free port status and its present form of internal government. As Singapore is expected to hold back a portion of its local revenues for its specialized activities, its preliminary representation in the federation lower house is set at 15, instead of the 25 seats to which its population would entitle it. Like the other states, Singapore is to have two senators.

Singapore's leftists, so far, have been unable to attack the principle of merger with Malaya, as they are on record favoring it. Under the current terms, however, they face the strong prospects of being suppressed, following merger, by the stricter rule, expected from

Kuala Lumpur. Therefore they have started a campaign against the provision which surrenders Singapore's control over its own internal security. This concession and the reduced representation in Kuala Lumpur, they charge, will render Singapore residents "second-class citizens" in the new federation.

Under present circumstances, the leftists have little chance of defeating the merger proposals in the legislature and could block the plan only by overthrowing Lee's government through illegal strikes, demonstrations, or riots; they appear to have the organization and popular support to attempt such action. If they should attempt violence, however, Lee, with the aid of British forces in Singapore and Malaya, would probably be able to maintain control. Moreover, such illegal action would provide Lee with grounds for suppressing the leftists and interning their leaders.

Borneo Views

When Rahman and Lee announced their merger proposals, they received little support from the politically undeveloped territories of North Borneo, Brunei, and Sarawak. In fact, public opinion, so far as any has developed, opposed association with either Malaya or Singapore. Before any merger considerations, the three territories wanted more local self-government. In this preference the territories were supported by British officials there. The Sultan of Brunei was reluctant to merge his state's petroleum wealth with the poorer economies of Sarawak and North Borneo, and the Sea Dayak people of Sarawak showed little desire to place themselves under the domination of their former alien overlords, the Malays. Only in North Borneo did there appear to be nominal support for the merger.

Much of the reluctance remains, and it is impossible to

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prepare the Borneo residents for full self-government before the merger. Rahman, however, through conferences and explanations, already has prevailed on most Borneo political leaders to give qualified approval of the scheme. Fuller support should emerge from the study commission's findings.

The Singapore Base Problem

In all early merger discussions the future status of Britain's military bases in Singapore has appeared the most difficult of solution. One of Rahman's provisos is that control over these bases be transferred to the new federation. Although some troops are stationed there, Singapore's chief military importance lies in its three airfields--used both for staging and operations--and the naval base. The difficulty lay primarily in the prospective use of the bases by forces, Commonwealth and others, committed to SEATO, and secondarily in the British need for Singapore's naval repair and logistical facilities to support operations in the Middle East as well as the Far East.

Neither Rahman nor Lee could formally approve the use of the base facilities by SEATO. Malaya is not a member of that organization, and Rahman is convinced that the domestic political repercussions of approval for SEATO use would severely damage his government. As his party received only 51 percent of the popular vote in 1959, he would not risk further defections.

The base problem appears to have been resolved in London, without reference to SEATO. The Rahman-Macmillan communiqué of 23 November announced, "It was, however, the belief that the Government of the Federation of Malaya will afford to the Government of the United Kingdom the right to continue to maintain bases at Singapore for the purpose of assisting in the defense of Malaya, and for Commonwealth defense and

and for the preservation of peace in Southeast Asia."

Following the issue of the communiqué a high British Foreign Office official stated that London had obtained everything anyone could have wished from the talks.

As Malaya's leaders are as firmly opposed to the spread of Communism in Southeast Asia --and as fearful of its impact on Malayan security--as are President Diem of South Vietnam or Prime Minister Sarit of Thailand, it may be that the last clause of this communiqué will be interpreted to allow the continued use of the bases to SEATO powers without reference to the SEATO name.

Problems and Prospects

After the merger is formally declared, Greater Malaysia will still face many problems before it becomes in fact a united nation. There is a large gap between the economic advancement of Singapore and the underdeveloped status of the Borneo territories. Communal antipathies, already the gravest threat to the stability of Malaya, will be complicated.

In addition to the Malay-Chinese conflicts, moreover, the merger will introduce conflicts between the Malays and the indigenous peoples of Borneo. Rahman's plan to keep control over the Chinese through the combined vote of the Malays and other indigenous peoples may backfire--the combination of Chinese and indigenous votes could make the Malays a minority in their own country. The introduction of the Borneo territories could lead to the ultimate collapse of the federation in a manner similar to the likely disintegration of the West Indies Federation next year (Jamaica, always a reluctant member of that grouping, voted in September to secede). The Malays, architects of the Greater Malaysia scheme, could, if outvoted in the parliament, 25X1 once again insist on the mainland's separation from Singapore and Borneo.

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