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COPY NO.

OCI NO. 0406/62

2 March 1962

# CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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State Department review completed

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**WEEKLY REVIEW**SOVIET AFFAIRS**

Khrushchev's return to Moscow may mark the end of a period in which the Soviet Union has appeared to be searching for the means to move ahead with difficult issues on both the domestic and foreign fronts. During his six-week vacation at Sochi, on the Black Sea, Khrushchev apparently readied the report he is scheduled to deliver to the central committee plenum opening on 5 March, at which a new program for tackling the critical agricultural problem is expected to be unveiled. There is some evidence that he also consulted at Sochi with many of his colleagues on foreign and intrabloc questions. They may also have reached a decision on the fate of Molotov and the other members of the antiparty group.

Ambassador Thompson reports that an unusual number of Soviet ambassadors have remained in Moscow, although some of them were scheduled to return to their posts some time ago. While they may be waiting for a routine briefing after Khrushchev's return, it is more likely that their presence is connected with a review of foreign policy questions. Among them are the ambassadors to London, Washington, Paris, and Rome; some of the ambassadors to the satellite countries are also believed to have returned to Moscow during the past several weeks. The Soviet ambassador to Laos returned unexpectedly to Moscow on 20 February, and Deputy Foreign Minister Pushkin failed to return to the Geneva conference on Laos as expected on 19 February. These developments suggest that a whole range of topics has been up for reconsideration.

Ambassador Thompson comments that Soviet foreign policy

appears to be approaching a crossroads. Moscow's position on Vietnam, for example, will be very much influenced by the outcome of talks in Laos as well as by developments in other major East-West problems such as disarmament and Berlin. Developments in any one of these questions could affect policy toward the West as well as toward Communist China.

East-West Questions

In its relations with the Western powers, Moscow has continued to speak with an indecisive voice. On the one hand, there are signs that Soviet policies could shift to a more militant line. Khrushchev dropped his cordial tone and employed pointed criticism of US policy toward disarmament in his letter of 21 February to President Kennedy. He claimed the US was "not yet determined to reach agreement on questions of disarmament," and that it had already concluded that the 18-nation disarmament committee would fail in its task. Khrushchev directly charged the US with an ulterior motive in proposing a meeting of foreign ministers at Geneva in order to "neutralize" world opinion's "adverse reaction to the resumption of nuclear tests by the US and UK." The harsher Soviet tone also was contained in key speeches by Soviet military leaders on the occasion of Red Army Day.

While Khrushchev apparently is determined to gain a definite commitment from the West for a future heads of government meeting, this approach does not rule out the achievement of propaganda advantages from alleged Western disinterest in an immediate top-level meeting on disarmament. The extensive Soviet propaganda campaign, government statements, and Khrushchev's pronouncements

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are designed to provide the Soviet Union with a justification for resuming its own test series at any time. As Khrushchev said in his letter: "It is clear that the Soviet Union ...will not want to be left behind and will do everything to maintain its nuclear arsenal at the necessary level."

This strident campaign for a summit has nevertheless been offset by the wide publicity given Khrushchev's prompt congratulations on Colonel Glenn's successful flight and the Soviet leader's offer to cooperate with the US in outer space. In addition, Khrushchev has left the door open for a foreign ministers' conference as proposed by the US and has stopped short of announcing his intention of going to Geneva regardless of Western participation--a move which would overshadow an unabashed propaganda assault on the US. Press reports from Moscow suggest that Khrushchev will soon make his position clear in a number of speeches and pronouncements containing new versions of proposals on disarmament and European security. The scheduled World Conference on Peace and Disarmament, to be held in Moscow in July, suggests that the "peaceful coexistence" and disarmament themes will dominate the Soviet line this spring, with its predictable effect on Sino-Soviet relations.

Berlin

The summit campaign has tended to overshadow the Berlin question, but the USSR may have reached new decisions in this area. Almost immediately after his return to Moscow, Khrushchev met for two days with an East German delegation headed by party First Secretary Walter Ulbricht. The short communiqué issued on 28 February dealt mainly with economic

questions and indicated further Soviet support for the East German regime.

On the political side, the communiqué stated only that "an exchange of opinions" occurred on the conclusion of "the German peace treaty and the normalization of the situation in West Berlin on its basis." While this formula contains no sense of urgency and avoids any question of timing, it is likely that the Soviets and East Germans have used the meeting to coordinate a tactical line on these questions for the coming months. This meeting, in the wake of more aggressive actions affecting access to Berlin, also suggests that the bloc will begin to press forward on Berlin.

While Moscow has backed away from any showdown over Allied access, it has not abandoned its maneuvering to undermine the four-power basis for air access to Berlin. After a four-day respite, coinciding with a Soviet holiday, the USSR resumed flights in the air corridors and continued filing specific flight plans. Employment of this tactic, rather than a return to the blanket reservations used earlier, suggests that for the present Moscow is mainly interested in keeping its position intact by periodically asserting a right to use the corridors at times and places of its own choosing.

Coincident with Bonn's reply to the Soviet memorandum of 27 December, the Soviets dispatched new notes to the three Western powers on 26 February protesting that the West German customs law of 1 January provided for inclusion of West Berlin in the Federal Republic customs system. This was labeled a "provocation" designed to create new difficulties in "normalizing the

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situation in West Berlin on the basis of conclusion of a German peace treaty." The note included the standard claim that the extension of West German legislation to West Berlin was "absolutely illegal and beyond the competence of the Federal Republic." The timing of these protests, after almost two months' delay, suggests that it is a further step toward driving a wedge between Bonn and its allies by raising the issue of the incompatibility of the occupation status with West German ties to Berlin.

Simultaneously, Soviet diplomats in Vienna have inspired reports in the Western press that Khrushchev is prepared to make far-reaching concessions to Adenauer if bilateral talks are arranged. The Soviet concessions would include incorporating West Berlin into the Federal Republic, establishing a corridor for access, removing Ulbricht, and eliminating the wall; in return, Bonn would sign a peace treaty, recognize East Germany, and accept the division of Berlin. Such rumors are doubtless intended to provide an incentive for Bonn to explore Soviet intentions in private talks. In the meantime, the Soviets apparently will allow the talks with Ambassador Thompson to stagnate.

#### Sino-Soviet Relations

The Soviet leaders may also have decided to launch a new attack against the Albanian leaders and by implication their Chinese Communist defenders. Pravda on 21 February devoted two full pages to articles and statements made several months earlier by leaders of other Communist parties "supporting" the new Soviet party program and the course established at the 22nd party congress. One of Pravda's two editorials tried, by citing Engels, to rebut Chou En-lai's complaint that it was "un-Marxist" to attack another Communist party--the Albanians.

Pravda warned that "only with open and uncompromising criticism" of Albanian leaders Hoxha and Shehu can unity of the Communist movement be preserved. This appeal, which apparently is directed at the Asian parties, directly contradicts the Chinese view that attacks on the Albanians disrupt unity. It probably is intended to prepare the way for stepped-up criticism of Tirana.

Khrushchev apparently is moving to offset Chinese influence among other parties where it is strong, and the first new step in this effort is toward Hanoi. A Soviet Communist party delegation headed by party secretary Boris Ponomarev--and including Andrey Andropov, head of the central committee's department for liaison with foreign Communist parties--arrived in Hanoi on 21 February "at the invitation" of the Vietnamese. Ponomarev was active during Khrushchev's behind-the-scenes assault on the Rumanian party congress in June 1960 and will probably try to persuade the Vietnamese leaders to reject Mao's challenge to Soviet leadership of the international Communist movement and join the Soviet bloc in criticizing Albania.

The Russians are re-opening the issue of factions in the international Communist movement--an issue presumably decided in favor of the Chinese at the Moscow conference of Communist parties in late 1960. A Soviet commentator on 24 February cited the British Communist party's criticism of the idea of "freedom to form factions," and Pravda on 21 February reprinted part of Lenin's letter to the Austrian party stressing the need to accept the "international discipline of the revolutionary movement." Khrushchev may be preparing to use the issues of factions and dogmatism, possibly in his report to the central committee plenum, as pretexts for criticizing Peiping more openly.

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## LAOS

General Phoumi, leader of the Vientiane faction in Laos, is reported to be suffering from "cerebral tension"--not further identified--accompanied by a high fever. He is scheduled to go to Bangkok for treatment and rest. This will probably have the effect--perhaps designed--of further delaying substantive negotiations toward a coalition government. Souvanna Phouma had indicated that he might return to Vientiane for a resumption of talks this weekend.

Souvanna had earlier made a five-day visit to Vientiane and conferred with leading political figures. Before he left on 26 February for Khang Khay, his headquarters in Xieng Khouang Province, he said he would report there to Souphannouvong on the results of his efforts in Vientiane and would present two proposals for consideration: his own cabinet list drawn up in consultation with the Western ambassadors, and a proposal for a council government made by General Phoumi.

Phoumi's plan calls for a government presided over by the King and composed of six councils responsible for defense, administration, economic affairs and finance, foreign affairs, culture, and social affairs. The leading Laotian families and the major regions would be equally represented in each council. Those for defense, administration, and economic affairs and finance would be assigned to Souvanna, Boun Oum, and Souphannouvong, respectively. This proposal has not been received favorably by Souphannouvong, however, and it is unlikely that it would receive the support of the King or the West unless all three

tendencies expressed agreement to the arrangement.

In his own slate--approved by the Western ambassadors on 23 February--Souvanna assigned to himself the two controversial posts of defense and interior and provided for a center group composed of seven Xieng Khouang and four Vientiane "neutralists." This was subsequently termed unacceptable by Phoumi, who maintained that Souvanna, in view of his admitted lack of control over the Pathet Lao, would not be qualified to lead the government. It is possible, however, that this proposal--with some modification--will prove acceptable to Souphannouvong, in which case the Vientiane faction might be pressed to accept it.

In recent conversations with Western diplomats, Soviet officials have reiterated their concern that the US may have shifted its policy in Laos. Twice during the past week the Soviet chargé in Vientiane has remarked to US Ambassador Brown that "time has become an important factor" in the Laotian situation, although he agreed that every effort should be made to maintain "quiet at Nam Tha." It is possible that a new Soviet initiative on Laos may be forthcoming in light of the increasing evidence that questions relating to Southeast Asia have been given considerable review recently by Soviet leaders. The increased role of the US in South Vietnam is apparently causing Moscow considerable concern and Soviet officials are probably weighing the efficacy of a new move by the bloc in Laos.

The USSR has made it clear that, for the present, it intends

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to postpone any joint venture with the West toward influencing events in Laos. The chief Soviet delegate to the Geneva conference on Laos, Deputy Foreign Minister Pushkin, has turned down a proposal by the British delegate that the two cochairmen go to Laos in a personal attempt to resolve the political impasse, despite the fact that Soviet Ambassador Abramov in Laos had

raised this suggestion earlier. Pushkin, still back in Moscow, curtly remarked that the US could solve any problems in Laos quickly and simply by withdrawing support from Phoumi. The UK delegate now feels that Pushkin will not return to Geneva until the current round of talks between the rival factions in Laos have run their course.

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**SOUTH VIETNAM**

The attack on the presidential palace in Saigon by two air force planes early on 27 February points up the disaffection with President Diem prevalent in various military and civilian circles. It is not yet clear whether the air incident was an isolated assassination attempt by malcontents or a premature effort in connection with broader coup plotting. Information on preliminary questioning of the pilot captured near Saigon by South Vietnamese officials and the pilot held by Cambodian authorities yields no conclusive story; both, however, claim to have expected further uprisings to follow their raid. The father of one pilot is reported

to have been under arrest at one time for antigovernment political activities.

No related activity indicative of organized coup plotting occurred. Other aircraft and military services in the Saigon area responded promptly and loyally in accordance with plans to ward off any coup attempt, and Diem was unhurt in the attack despite extensive damage to the palace. No Viet Cong move to exploit the situation was noted.

Viet Cong activity increased sharply last week after a month-long decline. Reported incidents of all kinds totaled 481, roughly

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double the previous week's number, with acts of terrorism showing the greatest increase. A raid on a fortified tribal village in the southern plateau area may be the forerunner of a campaign of reprisals against tribesmen cooperating with the government and communities organizing under Diem's new "strategic hamlet" program. Harassment of land communications continues in the northern part of the country, especially near major roads connecting with southern Laos.

Hanoi and Peiping cited Western press sources for their initial comments on the air attack. Both stressed that it was carried out by South Vietnamese planes of US manufacture; Hanoi, still quoting Western press reports, added that the attack revealed that Diem is disliked not only by South Vietnam's guerrillas but also by his own army. In its first independent comment, Moscow pictured the attack as a manifestation of popular dissatisfaction in South Vietnam, saying that even those the US has trained and armed have turned against the "Saigon despot."

Supporting recent pronouncements from Hanoi, the Chinese Communist Foreign Ministry issued a statement on 24 February charging that US assistance to Diem not only threatens the security of North Vietnam but "seriously affects the security" of China. A North Vietnamese Foreign Ministry memorandum issued on 28 February detailed Hanoi's current charges against the US aid program, but also stressed that North Vietnam advocated reunification elections as outlined by the 1954 Geneva

conference. The North Vietnamese, who have a population majority over the South, realize that they have little chance of getting elections but hope this gambit will appeal to Asian neutral opinion and in turn win some support in this quarter for Hanoi's primary objective, the reduction of US support for Diem.

Moscow has stepped up its efforts in support of North Vietnam and is taking an increasingly critical stand on the US military aid program in the South. The level and tone of Soviet propaganda suggest that Moscow may be preparing to take a more forthright stand in response to repeated appeals from North Vietnam for the Geneva cochairmen to ensure the "correct implementation of the Geneva agreements." The Soviet campaign may be an effort to be responsive to Hanoi's numerous appeals and to counter any charges by Peiping that it is not wholeheartedly supporting the "national liberation movement" in Vietnam. The visit by a senior Soviet party delegation to North Vietnam reflects an apparent effort by Moscow to secure Hanoi's support for the Soviet position in the dispute with Communist China.

Ambassador Thompson in Moscow has noted that the Soviet press has given the Vietnamese issue a high priority; in many papers it takes second place only to commentary on Khrushchev's disarmament proposals. A long 27 February Pravda article drew attention to Hanoi's appeal and claimed that the US was creating a situation in South Vietnam which was "dangerous for peace, not only in Asia, but in the entire world." [redacted] 25X1

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## FRANCE-ALGERIA

The 28 February communiqué of the provisional Algerian government (PAG) did not state that the rebels' National Revolutionary Council (CNRA) had ratified the accords with the French, but some PAG ministers have said they now are authorized to sign a cease-fire agreement. One PAG source in Tunis, however, indicated on 27 February that the rebels would not agree to a cease-fire until De Gaulle has taken effective measures to halt activity of the Secret Army Organization (OAS).

If further talks ran beyond the few days reportedly envisaged by Paris, chances for a negotiated settlement could be gravely jeopardized. De Gaulle might feel compelled to take unilateral action to force a settlement. The PAG, in view of the recent indiscriminate killing of Moslems by the OAS, might be unable to prevent the aroused Moslem population from massive retaliation against Europeans, especially if the recent large-scale deployment of French Army units in Algiers and Oran fails to halt OAS terrorism.

Another PAG source told US officials in Tunis last week that even if the CNRA meeting should approve the agreements in full, about five additional days of formal negotiations would be needed "to settle questions of procedure," ending with the signing of a cease-fire and the immediate installation of a provisional executive body in Algeria. For tactical purposes, the PAG communiqué may not have specified CNRA approval, as the rebels would want to approach the "final"

round of negotiations from the strongest possible position, especially since one of the points reportedly to be settled is what persons will serve on the provisional executive. Premier Debré's personal assistant told a US Embassy officer on 27 February that the French considered the next round of talks would be confined to clarifying certain papers to eliminate excessive vagueness or mistakes due to hasty drafting.

Apparently the only document to be signed is a cease-fire agreement. Other items of the settlement are reportedly to be announced in separate declarations from Paris and the PAG. French Delegate General Morin, however, is said to have divulged the terms to local officials in Algiers on 27 February, and, as reported by the press, these terms appear to safeguard the interests of the settlers. French officials have for some time reportedly felt that when these terms become known, the fears of many Europeans will be allayed and support for the OAS will weaken.

The OAS, however, has boasted of its responsibility for the killings of Moslems in Algiers, and is likely to continue efforts to nullify any settlement reached by Paris and the PAG. On 26 February the OAS circulated leaflets calling for a general strike on the day following official announcement of a cease-fire. However, OAS terrorism and lawlessness may already have created a climate in which a settlement could not be implemented without extensive bloodshed.

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According to the press, the French Government on 27 February ordered the army to move in force into Algiers and Oran in an effort to stop the violence. Previous reports have indicated that Paris did not plan such extensive deployment of army units until 24-48 hours before official announcement of a cease-fire. The PAG, which issued a strongly worded communiqué on 26 February accusing the French security force and army of not protecting Moslems, would certainly react unfavorably if the killings of Moslems continued. If the formal round of French-PAG negotiations is protracted and the present high level of ter-

rorism continues--particularly to the point of provoking mass settler-Moslem clashes--the troops in the large cities, subjected to OAS propaganda, may be only passively loyal or even side with the settlers.

A French officer in Algiers recently said that the proportion of officers actively loyal to the government was high enough to ensure the loyalty of the army but not high enough to ensure decisive action at the outset of any serious OAS move. In France, De Gaulle has reportedly taken extensive measures to ensure the loyalty of army and air force regional commanders.

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**CONGO**

Efforts to bring Tshombé and Adoula together have once again been hampered by the threat of military outbreaks. On 21 February, the UN Command announced that Katangan forces had reoccupied the town of Kongolo in northern Katanga and were moving eastward toward Albertville. UN sources indicated that approximately 200 Katangan troops, reportedly including some Europeans, moved into Kongolo following the withdrawal of Stanleyville-based Congolese troops. The Congolese soldiers reportedly became demoralized following rumors that families left behind in Kindu and Stanleyville were in danger of starvation.

The reoccupation of Kongolo appears to have been interpreted in Leopoldville as strengthening Tshombé's hand prior to talks with Adoula. Tshombé emphasized that he was still prepared to

meet with Adoula if the UN would provide suitable guarantees for his personal safety. On 25 February, Tshombé told UN officials that he had no objections to a trip to Kongolo by a joint UN-Katangan inspection team. The central government, however, which has been trying to fill the political vacuum in northern Katanga, decided on military countermeasures. On 23 February, General Mobutu began the piecemeal airlifting of four battalions from Luluabourg to Albertville, utilizing the four transport aircraft available to the Congolese Army.

The UN Command initially viewed the Congolese Army move with equanimity. The senior UN representative in the Congo, Robert Gardiner, advised Mobutu that while the UN could not provide transport aircraft, it would provide fighter cover for

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## INDIA'S THIRD NATIONAL ELECTIONS

The Congress party, in general elections held from 16 to 25 February, again asserted its dominance of Indian political life. It retained its majority of nearly three fourths in the 494-seat lower house of parliament and in so doing beat several outstanding opposition leaders there and lost none of its own key ministers. In addition, the party maintained its control of 10 of the 12 state assemblies up for re-election; the party's agent, the National Conference, won a resounding victory in Kashmir.

Congress majorities in several states, however, have been reduced substantially. In nearly every case, the key factor was intraparty factionalism, which has served to strengthen Congress opponents feeding on resurgent communal and separatist sentiment. In two states, Madhya Pradesh and Rajasthan, the Congress lost its former majority position by a narrow margin, although Congress governments will probably be formed with the aid of independents. Factionalism caused the reverse in Madhya Pradesh, while the results in Rajasthan reflect a resurgence of feudal elements revitalized by popular candidates and the antisocialist platform of the Swatantra (Freedom) party.

The Communist party, internal divisions notwithstanding,

apparently will hold its 6-percent share of seats in parliament, helped by its strong showing--more than 50 percent of the vote--in the southwestern state of Kerala. Although no state assembly elections were held there, the Communists' share of the vote in balloting for the state's 18 parliamentary seats bodes ill for Kerala's shaky anti-Communist coalition government of the Congress and Socialist parties. In such strongholds as Andhra Pradesh, the Communists improved their position, while in Maharashtra they lost and in West Bengal merely held their own in the absence of dramatic issues.

Nehru will probably read the elections, particularly at the national level, as a renewal of his party's mandate to move ahead in its aim of creating "a socialistic pattern of society," especially in such fields as cooperative farming. However, he will be concerned at the persistence and strength of right-wing, traditionalist, and separatist sentiment, particularly at the state level but also in parliament, where the Hindu Jan Sangh will take over as the third party in strength, displacing the Praja Socialists. India's most vexing problems fall into the area of national unity, and the challenge of these parties, which focus on the wide differences among Indians, will make his job more difficult.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****BRITISH GUIANA**

Premier Jagan is trying to resume orderly government by modifying the budget proposals which touched off the mid-February disturbances. Jagan is apparently ignoring the potential for future disunity and violence in the East Indian - vs.- Negro and town-vs.-country antagonisms intensified by the pattern of disorders, and is still publicly demanding independence this year while recognizing his continued need for British troops. Tension is still so great that early withdrawal of the troops--which currently number about 2,000-- would result in further outbreaks of violence, and London therefore envisages keeping them there and its five frigates in the area for some time to come.

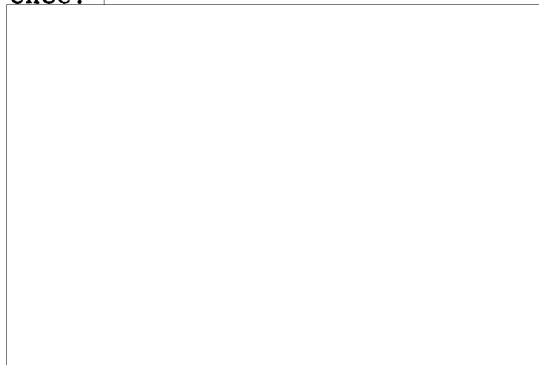
A serious threat to Jagan's control is the fact that middle-class East Indians turned against him during the disturbances; only the rural rice and sugar workers who have always been his main support remained firm. Crop problems in the rice industry and marketing difficulties for sugar could undercut this backing or open the way for another East Indian to take over the leadership of the People's Progressive party. Minister of Home Affairs Rai-- who is responsible for police and security--appears to be coming into greater prominence.

Jagan has apparently met most of the demands which labor and the opposition exploited to initiate the general strike,

but the setback to the economy because of the disturbances will increase discontent, particularly if Jagan haggles on details of modifying his budget. Prospects of gaining early commitments from private investors also seem dim.

Nevertheless, Jagan faces no immediate threat in the legislature. His party's 19-15 majority has held, and the two dissimilar opposition parties have failed to resume their pre-strike cooperation. Lyndon Forbes Burnham, leader of the mainly Negro People's National Congress, seems disinclined to work closely with the small and conservative multiracial United Force. Even if defections from Jagan's majority opened the prospect for forming a new coalition government headed by the egocentric Burnham, it would be highly unstable and probably require early elections.

The British Government is considering whether to reinstitute direct rule as an alternative to continued dealing with a Jagan-led government on a course toward early independence. 25X1



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## COMMUNIST CHINA TO CONVENE NATIONAL CONGRESS

Peiping's principal legislative body--the National People's Congress (NPC)--is scheduled to meet on 5 March. Although not a policy-making organ, the congress provides one of the regime's most important public forums; major decisions are announced, and plans and goals for the future are set forth in outline.

Despite the constitutional requirement that it meet annually, the NPC did not convene in 1961, when economic setbacks and the ensuing confusion provided a poor setting for the customary reports of progress and goals. The decision to hold the current session coincides with other evidence that the economic situation is under somewhat better control and that Peiping has formulated a number of programs to which it feels it can give national publicity.

Domestic Programs

The economic setting for the coming congress is still a somber one. Successive crop failures have caused a nationwide food crisis. Grain output in 1961 is estimated to have been about the same as in 1957. Although stringent rationing, encouragement of private sideline farming and marketing, and large grain imports have averted mass starvation, the size of future crops has come to have a make-or-break significance not only for any industrialization program but for the stability of the regime as well.

Problems in industry, although less crucial, are by no means minor. Industrial production dropped last year, perhaps by more than 20 percent compared with 1960. Soviet technical assistance remains sharply reduced, the bad harvests and the slump in industrial production have reduced state revenues, and problems with morale and efficiency in the labor force dim prospects for any significant upturn in industry for the present.

Faced with these problems, Peiping will be hard put to boast to the NPC of any domestic achievements. It will probably take the tack, as it has before, that, given China's recent "natural calamities," conditions would have been much worse without the "correct leadership of the party and Chairman Mao."

What will emerge at the congress, however, is a sharper picture of how China intends to cope with problems of morale, incentives, and control. Here the regime faces the classic Communist dilemma of deciding between measures to encourage individual productivity and regulations to ensure the government's dominance over the economy. In 1961 private plots were returned to the peasants, and free markets allowing private trade in some farm commodities were opened in most areas. There has recently been a spate of articles in the press on how to run these markets, reflecting the regime's concern over what it terms "spontaneous capitalism."

The national leaders, their prestige impaired by the retreat from the "leap forward," have evidently lost some control over provincial and local organizations. Warnings against "independent kingdoms" have not been frequent, so the problem may not be unusually grave; but the speeches at the NPC will probably come down hard on the need for centralization of authority and the necessity for subordinating local to national interests.

Foreign Policy

NPC sessions traditionally include a major foreign-policy statement, usually part of the work report delivered by Chou En-lai as premier.

Faced with the possibility of dramatic new developments at the Soviet party plenum, opening in Moscow on the same day the NPC is scheduled to convene in

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Peiping, the Chinese may delay their treatment of bloc relations until some assessment of the Moscow meeting can be made. There are even rumors that their congress may be postponed for several days. Since November the Chinese have been grooming the party and people for the possibility of a break with Moscow. The regime has been taking the line in party circles and among influential segments of the population that Moscow is to blame for China's economic problems and that Khrushchev is a revisionist. There is no indication that the NPC will reflect this anti-Soviet tone, but the machinery has been set up for use if necessary.

In any case, the specter of worsening Sino-Soviet relations seems likely to haunt the congress proceedings. It seems likely the Sino-Soviet split will be deepened by the

adoption of domestic programs based on self-reliance rather than mutual bloc help.

In another reflection of bloc differences, the NPC is expected to reaffirm China's pledge of support and assistance to national liberation movements in Asia, Africa, and Latin America. In this connection, statements at the congress addressed to the situation in South Vietnamese and Laos are likely to intimate that US policy in those countries may broaden the area of conflict between East and West. The Chinese are also likely to reaffirm an intention to liberate Taiwan, without, however, setting special urgency on this objective. They will probably underscore a desire for a settlement of the Sino-Indian border dispute and may make a bid for high-level talks or the establishment of a joint commission to break the deadlock.

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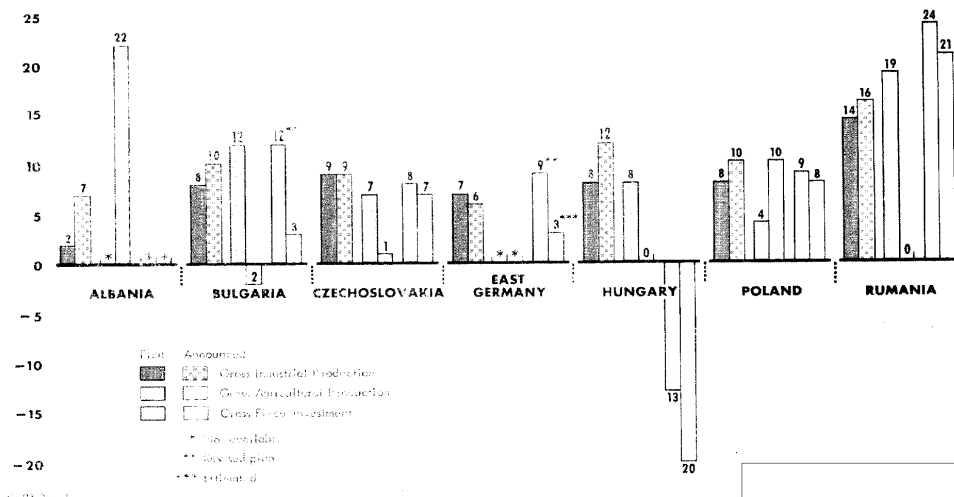
**ECONOMIC DEVELOPMENTS IN EUROPEAN SATELLITES IN 1961**

The European satellites were unable in 1961 to raise their overall rate of economic growth above the 5 percent achieved in 1960, a rate lower than in 1958 and 1959. Most of the satellites failed to achieve the average rate needed to reach 1965 goals for national income,

and few of them met their industrial and investment plans, indicating weaknesses that could hamper future growth.

Increases in industrial production in 1961 were not outstanding except in Rumania and Hungary. East Germany

**EUROPEAN SATELLITES : ECONOMIC GROWTH IN 1961**  
(PERCENT OF INCREASE ABOVE 1960)



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failed to reach even its reduced goal of a 7-percent increase, Bulgaria suffered a further decline from the high rates of 1958 and 1959, and Albania apparently achieved only a slight rise in production. Growth rates for industrial output compared favorably in the other countries with the averages scheduled under the plans ending in 1965 and in most cases reflected planned rises in labor productivity. In Czechoslovakia, however, the labor productivity plan was not fulfilled, and the increase in industrial employment was much greater than planned.

A continuation of the 1961 overall growth rates is imperiled in some countries by lags in investment expenditures and failure to reduce construction costs and shorten construction periods as planned. All the satellites fell short of 1961 investment goals by a sizable margin. For the countries as a group, the growth rate for investment was the lowest of the past four years. The best accomplishment was Rumania's increase over 1960 by about one fifth. Hungary, on the other hand, went down a fifth--a poor start for its new Five-Year Plan. East Germany, too, failed by far to achieve its planned increase, despite earlier abandonment of a higher goal.

In Czechoslovakia, Rumania, and possibly some of the other countries, housing construction seems to have risen much more rapidly than construction of productive facilities. This may lead to a reconsideration of housing programs and an attempt to put high-priority industrial projects back on schedule.

Despite the considerably greater material support being channeled to agriculture, farm production again this year failed by a wide margin to reach planned levels. Increases were substantial in Poland and Albania, although perhaps smaller than announced. In the other countries, production declined slightly or at best

remained at the 1960 level, in contrast to the average annual gains of 4 to 10 percent called for through 1965. While bad weather accounted in part for the poor performance, organizational problems and low morale in the collective farms were also factors.

The lag in agricultural production prevented any substantial improvement of consumer welfare. Retail sales in Hungary and consumption per capita in Czechoslovakia rose only 2 percent, and living conditions probably did not improve much more in the other countries. The exception was Poland, where unusually good progress in agriculture and additional credits from the US made somewhat larger gains possible.

Scattered data suggest that foreign trade was one of the more successful aspects of satellite economic development in 1961. Total turnover continued to expand, although not so rapidly as in 1959 and 1960. Hungary succeeded in boosting its exports considerably while restraining the growth of imports, balancing its trade, and taking an important step toward establishing the export surpluses that will soon be needed for payments on earlier credits. Little is known of the trend in Albanian trade, but the cancellation of Soviet bloc credits and the possible restriction of trade with the Soviet Union may have reduced turnover despite increased deliveries from Communist China.

Poland's balance-of-payments position may have worsened somewhat in 1961, although the new US credit and drawings against old credits permitted a further postponement of measures to correct the imbalances in its commodity trade.

In Rumania, the regime asserted that its trade remained balanced; there is evidence, however, that economic aid from other bloc countries caused imports to rise more rapidly than exports.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****INTERNAL DISAGREEMENT OVER ADOPTION OF NEW YUGOSLAV CONSTITUTION**

Serious disagreement has arisen within the Tito regime over a new Yugoslav constitution proposed by the central leadership. The regime originally planned to present the document for adoption at this spring's parliamentary session, but now does not expect to submit it before October. Some republic officials are stubbornly refusing to accept the present draft, and Vice President Kardelj, the regime's top ideologist, twice has had to postpone an official visit to Indonesia in order to try to resolve the differences. The chairman of the drafting committee, Jovan Djordjevic, apparently has suffered a nervous breakdown, and the committee, now under Kardelj's personal supervision, is working in the isolation of a Slovenian resort town.

The Yugoslav parliament in December 1960 established a commission to supervise preparation of a new constitution which would reflect the changes made under the regime's program of political and economic decentralization. Although a draft was to be submitted to the Constitutional Commission last fall, none was slated for discussion until 10 January 1962, and this draft, according to Djordjevic, had been rewritten ten times. Slovenian and Macedonian members forced the commission to discard it, however, even though it reflected the ideas of no less powerful a figure than Kardelj.

The impasse stems from the basic disagreement in Yugoslavia between federalists and republican nationalists. The federalists wish to divide powers between the federal authorities and the approximately 750 opstinas, Yugoslavia's smallest units of government, in a manner leaving the central government the only effective authority. The nationalists, on the other hand, would enhance the powers of the six republics, particularly at the expense of the federal government.

Since World War II, during which the Axis powers and Yugoslav separatists partitioned the country, the federalists have been virtually unchallenged. In the permissive atmosphere of the regime's economic decentralization program, however, republican nationalism has been growing, particularly during the past year, in the form of economic regionalism. It was the underlying cause of open debate at the December session of parliament.

It now appears that the republics will be granted more authority than was originally intended. No matter how the constitutional question is resolved, however, the central leadership faces a dilemma. If it tries to reassert control over those no longer willing to accept unquestioningly its

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CURRENT INTELLIGENCE WEEKLY SUMMARY

authoritarianism, it will in effect sabotage the decentralization program at the risk of internal unrest and perhaps violence. If it makes no ef-

fort to meet the challenge of republic leaders, a further erosion of the powers of the Tito leadership seems inevitable. [redacted]

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TURKEY

The collapse of the coup attempted by a group of army officers drawn chiefly from the staff and faculty of the Military Academy in Ankara appears to provide Turkish Premier Inonu's coalition government with a respite from open political action by the military. The effort to topple the government was apparently triggered by the dismissal of the commandant of the Military Academy because of his antigovernment political activity. His adherents, who included many of the cadets from the academy and some troops from a local armored unit, were able to seize Radio Ankara's transmitter for a short time, but troops loyal to the regime, acting under the personal leadership of the chief of the General Staff, rounded up or dispersed the dissidents during the early hours of 23 February.

[redacted]

Although a number of officers who were implicated in the attempt were transferred or forced into retirement, no drastic action against the dissidents appears in the offing. The regime evidently feels that the most prudent course is to remove them from the main political arena, as was done in November 1960 with a group of 14 officers suspected of being overly active in politics.

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The faction of the Justice party most openly critical of military politicking has also suffered a setback with the recent expulsion, apparently at Inonu's behest, of several extremist deputies from the party.

The reduction in the political influence of these violently opposed political elements may bring about a period of relative political peace. The basic enmity between the officer corps and the heirs of Menderes remains, however, posing a continuing threat to political stability. [redacted]

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No significant support of a military coup attempt developed elsewhere. [redacted]

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****UGANDA**

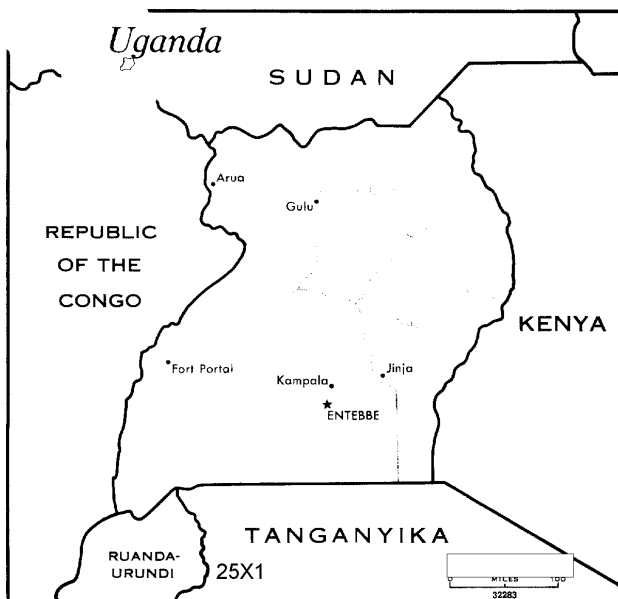
Traditionalists have re-asserted themselves in Britain's protectorate of Uganda in East Africa. The elections in Buganda Province on 23 February, in which supporters of the traditional Buganda ruler (the Kabaka) won a landslide victory, mark the re-entry of Buganda into organized Ugandan politics. The province, which has a special treaty relationship with Britain, is the largest unit in the protectorate and is essential to its geographical unity and economic well-being. For most of 1961, Buganda had refused to have anything to do with politics beyond the provincial borders, out of fear that its semiautonomous position would be jeopardized in the course of Uganda's progress to independence.

Last October the British persuaded the Kabaka to accept a new constitution for Uganda. While most of the privileges of Buganda and other traditional governments will be preserved, the protectorate received self-government on 1 March and is to get independence on 9 October. The provincial elections in Buganda will be followed on 25 April by protectorate-wide polls to elect a national assembly which will then choose

the government which is to lead the protectorate to independence.

In the Buganda voting, a movement called the Kabaka Yekka (King Alone) won 65 of the 68 elective seats in the provincial legislature. These representatives will be allowed to choose the province's 21-man delegation to the national assembly (whereas in the rest of Uganda, such delegates will be directly elected). The Kabaka Yekka, therefore, is assured of a strong bloc in that 91-member body.

All but one of the 21 Buganda seats now are held by the Democratic party (DP) of Uganda Chief Minister Benedicto Kiwanuka, which swept the province when the Kabaka ordered his followers to boycott the elections a year ago. Since there are only 28 Democratic representatives outside Buganda and the DP is not likely to increase its seats, it will probably lose control of the government after the next elections. It probably will be replaced by a coalition of the nationalistic Uganda Peoples' Congress (UPC), which had the largest number of votes in last year's elections, and the Kabaka Yekka. These two parties have already made an agreement to this end.



Such an alliance seems likely to prove unstable. The Kabaka Yekka is an amalgam of arch-traditionalists, relative liberals, and opportunists which is held together by the King's authority and by the desire to get into power; its agreement with the UPC is based largely on a common opposition to the DP and a distrust of Kiwanuka's authoritarian proclivities. No party or coalition seems capable of commanding a consistent majority, and a period of weak central governments, perhaps with scattered violence, is therefore in prospect. However, weak governments, particularly weak ones in which Buganda holds the balance of power, may be the only authority Buganda will tolerate without making new motions toward secession.

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**NEW ITALIAN GOVERNMENT**

Premier Fanfani's new, center-left government is broadly representative of his own Christian Democratic party. By retaining the previous foreign affairs and defense ministers he has sought to provide assurances that Italy's Western and pro-NATO policies will be maintained. Allocation of key economic ministries to Social Democrats and Republicans indicates an intention to move ahead in the field of socio-economic reform. Nenni's Italian Socialist party has already given general approval of the new government's program and is expected to provide Fanfani's minority cabinet with a substantial parliamentary majority by either abstaining or voting support.

The American Embassy expects the new government to undertake constructive reforms while holding domestic and foreign policy risks to a minimum. This outlook is strengthened by the allocation of the Budget Ministry to a leading Republican, Ugo la Malfa--long a major proponent of a reformist government--and by including the new economic planning post in the Budget Ministry. Other important economic posts have gone to Social Democrats, but party leader Giuseppe Saragat has not accepted a ministry, apparently preferring to be free to campaign for the presidency of the republic, for which parliament will hold elections in mid-May.

Parliament must meet within ten days after the government's oath of office on 22 February to initiate discussion leading to the confidence vote. The Socialists grumble at reten-

**KEY ITALIAN CABINET POSTS**

	<u>Previous Cabinet</u> <u>(All-CD)</u>	<u>New Cabinet</u>
Premier		Aminore Fanfani
Deputy Premier		Attilio Piccioni
Foreign Affairs		Antonio Segni
Defense		Giulio Andreotti
Budget	Giuseppe Fella	Ugo La Malfa (PRI)
Interior	Mario Scelba	Paolo Emilio Tavani (CD)
Labor and Social Welfare	Piorentino Gullò	Virginio Bertinelli (PSDI)
Foreign Trade	Mario Martinelli	Luigi Preti (PSDI)
Southern Italy Development		Giulio Pastore
Finance		Giuseppe Trabucchi
Education	Stacinto Bosco	Luigi Gui (CD)
Justice	Guido Gonella	Stacinto Bosco (CD)

Of the 24 cabinet seats, the Christian Democrats (CD) have 19, the Social Democrats (PSDI) three, and the Republicans (PRI) two.

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tion of the Christian Democrats' extreme right-winger, Giulio Andreotti, in the Defense Ministry and might have preferred someone from the lay parties in the Education post, but their principal interest is the new government's domestic program, which incorporates proposals such as tax reform measures and appropriations for new schools. On those they may expect earlier action than on nationalization of nuclear energy and establishment of geographic regions--others of the platform planks which they strongly support.

The conservative Liberals are already attacking this government, as are Monarchists and neo-Fascists. Communist strategy, which has included both attacks and plaudits, is not clear. Communist chief Togliatti has boasted to the press, however, that he can give any government a "kiss of death" by supporting it and thereby justifying rightist efforts to block it.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## WEST GERMAN - SOVIET RELATIONS

The West German reply of 21 February to the Soviet memorandum of 27 December urging a normalization of relations avoids the question of bilateral Bonn-Moscow negotiations but welcomes a further "exchange of views." It clearly rejects any dealings with the Ulbricht regime regarding German reunification, however.

The response was carefully prepared with a view to its impact on domestic politics. During the discussions preceding its issuance, Bonn's ambassador to Moscow, Hans Kroll--who takes the Soviet offer of concessions very seriously--strongly urged the government to make "accommodations" to the USSR. He suggested economic support for the Soviet 20-year plan as one possibility. Although Kroll publicly claimed a "substantial" part in drafting the reply, "practically none" of his proposals were approved, according to a Foreign Ministry official. Accusations by leading newspapers that Kroll is spreading a "capitulation" concept calling for recognition of the Oder-Neisse frontier, neutralization of West Germany, and the removal of US atomic warheads from West Germany have raised a storm of controversy including demands that Kroll be ousted.

Bonn's note has been much praised publicly, but for varying reasons. A spokesman for Adenauer's Christian Democratic Union (CDU) stressed that the reply points up the USSR's miscalculation that it could divide

West Germany from its allies. Chairman Erich Mende of the Free Democratic party, the CDU's coalition partner, said the reply "completely incorporated his party's views." He has strongly urged direct German-Soviet talks--with Allied concurrence--if the Thompson-Gromyko probes should break down, and was evidently very pleased by the note's failure to close the door on this possibility.

West Berlin Mayor Brandt, while warning against expecting "miracles," believes that hints of possible concessions in the Soviet memorandum should be fully explored. He said Bonn's task would be to lay the groundwork for subsequent negotiations between the "occupation powers"--whose jurisdictional authority on Berlin and German questions must not be altered." Brandt stressed that Bonn-Moscow talks were necessary to eliminate any possibility of subsequent West German speculation over the nature of present Soviet intentions and allusions to "missed opportunities" to obtain Soviet concessions.

Chancellor Adenauer does not seem interested in Soviet - West German negotiations, and he doubts that Moscow would make any concessions to the Germans which it was unwilling to make to the three Western powers. Bonn government officials appear to oppose direct talks on grounds that Bonn could not deal with Moscow on an equal footing.  25X1

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

Encouraged by Brazil's "world power" aspirations, its tendency toward a more independent foreign policy, and its need for new markets, the USSR continues to push for closer relations. A formal agreement was signed last November restoring diplomatic relations between the two countries. More recent Soviet moves include Khrushchev's well-publicized invitation in early February to the Brazilian chargé to visit him at Sochi and the trip to Brazil by Khrushchev's son-in-law Aleksey Adzhubey.

Soviet statements concerning future relations between the two countries have been such as to encourage Brazilians to expect favorable treatment. Their diplomatic mission in Moscow will probably be an active one. The new Soviet ambassador to Brazil, Ilya Chernyshev, arrived in Rio de Janeiro on 23 February. Brazil's most important conservative paper emphasized that his major task will be to convince Brazilians that the USSR wants to foster Brazil's economic development. The Soviets have recently reiterated interest in increasing coffee purchases.

The USSR made particular efforts to influence the results of the Punta del Este conference through discussions with the Goulart government. Since the meeting it has continued to praise Brazil for its independent viewpoint. The Soviets may follow a similar line with reference to the Geneva disarmament conference, which Brazil will attend as a member of the 18-nation commission. Brazil's Foreign Minister Dantas recently declared to a pro-Cuban rally that Brazil's "indigenous independence" will be reaffirmed at Geneva. Although Brazil turned down Khrushchev's call for a "summit" meeting to open the Geneva conference, the Czech President has subsequently sent President Goulart a letter urging him to attend.

Plans are progressing for a large Soviet trade fair in Rio de Janeiro in early May--the first in Latin America since that in Cuba in early 1960. In January the USSR reportedly asked for visas for 250 "technicians" to set up the fair. It has since been announced that the Beryozka dance troupe will be a special attraction.

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**PANAMANIAN PRESSURE FOR NEW CANAL TREATY**

Panama wants a new treaty acknowledging its sovereignty over the Canal Zone. President Chiari contends that the United States, in its answer of last November to his request for treaty talks, committed itself to renegotiation, not mere revision. His government is increasingly impatient for talks to begin and

may start pressing its case publicly without waiting for the US to complete studies of the feasibility of a sea-level canal.

Foreign Minister Solis told the press on his return from Punta del Este that Secretary Rusk had said he was "deeply" interested in conversations for

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

a new canal treaty which would be on a basis quite different from the antiquated basis of the present treaty." Panamanian news media have played this up heavily, together with Solis' statement that talks would begin in March. When Ambassador Farland told Solis the latter had misinterpreted Secretary Rusk's statement, the foreign minister promised to "clarify" the situation, but he has done nothing further.

Panamanians have long pressed for an increase in their share of canal benefits. They claim too that the United States has always been slow in making treaty adjustments and then in implementing such revisions. Recognizing that even with current extensive expansion, the canal is obsolescent, they are anxious to reach a new agreement before canal value and income are sharply reduced. They want acknowledgment of Panamanian sovereignty over the Zone, a terminal date in place of the 1903 treaty's perpetuity clause, and other guarantees. Farland believes these desires have become increasingly important

political pressures on Chiari and probably are behind his statement to Farland that renegotiation should begin no later than May.

Panamanian differences on the approach to negotiations have recently become apparent. Solis has said he feels it would be to Panama's advantage not to present its demands first, as it has previously done, but to let the US present its position. However, extreme nationalists --who will no doubt be represented on any delegation-- maintain that Panama should present "absolute demands" and refuse to compromise. Labor groups insist that the treaty be renegotiated separately from any possible arrangements for construction of a sea-level canal, such as has been proposed for Darien Province close to the Colombian border. Other groups want the government to demand economic concessions, such as US tariff advantages similar to those for Puerto Rico, and US help in converting present Canal Zone facilities into an industrial complex.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****SOVIET AGRICULTURAL PROBLEMS**

The Soviet party central committee will meet on 5 March to examine the perennial problem child of the economy--agriculture. This will be the fourth such meeting since 1958 and follows a recent series of regional conferences attended by Khrushchev.

Faced with a pressing need for rapid improvement in agricultural output, the party leaders may reveal major administrative changes at the central committee plenum. This is the midpoint of the Soviet Seven-Year Plan (1959-65), which calls for gross agricultural production to increase 70 percent over 1958. In contrast to industry, which is well ahead of schedule, agricultural production has made virtually no progress during the first three years of the plan. To meet the 1965 goal for agriculture, an annual increase of over 13 percent would be required for the remaining years of the plan.

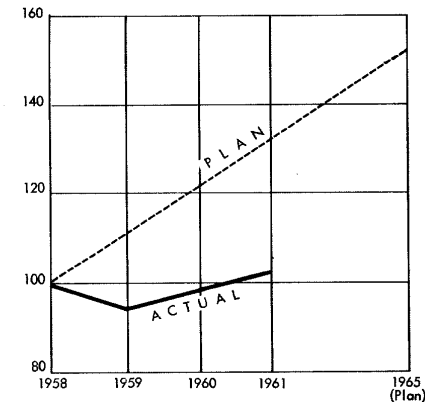
Moreover, the party program adopted at the 22nd party congress assigned to agriculture highly ambitious goals for the period 1961-80, with the greatest increases to be made during the first decade. To meet the 1970 goal, agricultural production must advance at nearly 11 percent a year for the next decade. The party program's claim that the economy will ensure the highest standard of living in the world is based on successful fulfillment of agriculture's goals, both for food output and for the production of raw materials for consumer goods industries--also scheduled for rapid growth.

The agricultural plenum in 1961 approved a fairly extensive reorganization of the Ministry of Agriculture and of the agencies for state procure-

ment and for machinery supply and repair. The reorganization apparently has not been proceeding smoothly, and Khrushchev recently said that further changes might be necessary. The troublesome decision as to how best to administer the collective farm system--which comprises roughly 55 percent of all farmland--has yet to be made after nearly four years of intermittent debate. Discussions at the March plenum may also reveal the regime's intentions toward modifications in the fields of price and wage policy, investment and equipment allocation, and regional specialization. Khrushchev's recent campaign against traditional farming practices is likely to be a prominent feature of the speeches.

**Agriculture in 1961**

The USSR claims a grain harvest in 1961 of 138,000,000 metric tons, which would be

**USSR: NET AGRICULTURAL OUTPUT**

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

second only to the record 1958 crop. Soviet statistics on grain, however, have appeared to be highly inflated since 1958, possibly as a result of some change in the system of estimating yields, if not statistical falsification. On the basis of weather data and information on crop conditions and acreage, it is estimated that grain production was actually 115,000,000 metric tons--an increase of 15 percent over the estimated 1960 harvest but far below the Soviet claim.

The output of cotton, sugar beets, and sunflower seed was about average in 1961. State procurement of sugar beets was somewhat below the 1960 level, probably reflecting a sharp rise in sugar production resulting from an increase in imported raw sugar. Overall, the acreage devoted to growing livestock feed was somewhat less than in 1960, and the feed supply does not appear to have increased much.

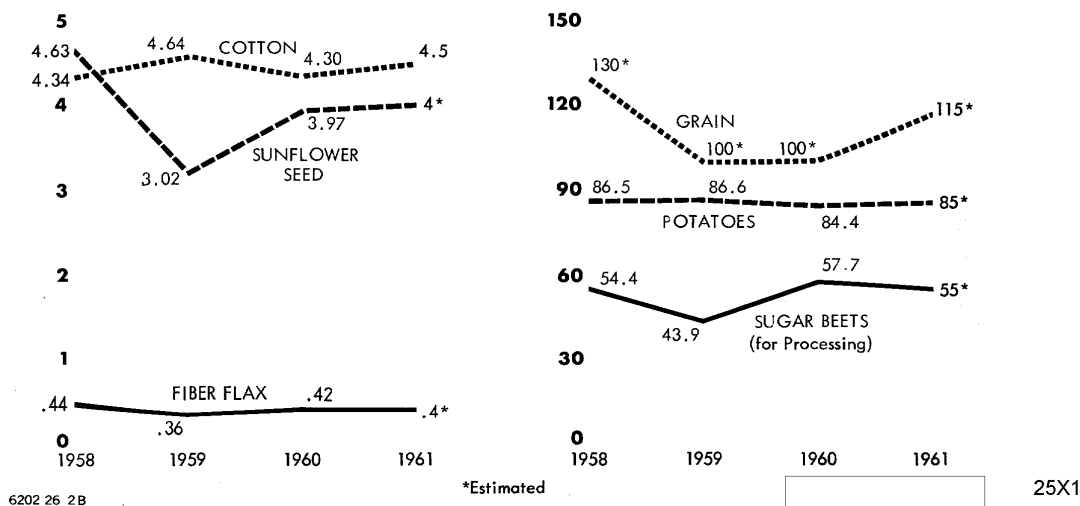
While Moscow claims that meat production increased some-

what, this statement also appears inaccurate. Four percent less meat was processed through the state slaughterhouses than in 1960, and--in view of the increasing share of meat production accounted for by the state, as opposed to livestock slaughtering by collective farms and individuals--a decline of at least 5 percent in total meat production would seem more probable. Milk production was reported up less than 2 percent over 1960. No information has been released on potato and vegetable production.

The relatively tight food situation reflected by the 1961 production figures explains in large measure numerous reports of food shortages and hoarding, one of which claimed that farmers and villagers in low-producing areas were referring to 1961 as the "hungry year." While there undoubtedly have been shortages, they were evidently local, temporary, and limited to certain food items. On the whole the food supply, although adversely affected by three years of mediocre harvests, is well

**USSR: SELECTED AGRICULTURAL PRODUCTION**

MILLION METRIC TONS



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

above that of the pre-Khrushchev era, since total agricultural production under the impetus of the New Lands and corn programs has increased more than 50 percent. The supply of some items--wheat, sugar, fish--was substantially better in 1961 than in 1960, and the amount of potatoes, vegetables, and milk available was probably on par with 1960.

Changes in Farm Organization  
And Practices

Implementation of the agricultural reorganization approved in January 1961 occupied the attention of Soviet farm administrators through much of the year. Under the new setup, the Ministry of Agriculture--already weakened by abolition of the Machine Tractor Stations (MTS) and the loss of its planning and supply functions--was confined to agricultural research, administration of agricultural education, and giving practical demonstrations on "model" farms established in each local administrative area. A new agency was set up to supply the farms through local outlets with equipment, spare parts, fertilizer, and other needs, and a State Committee for Agricultural Procurement was established to exercise control, through a system of "contracts" administered by a widespread network of local agents, over the collection of agricultural products for the state.

Despite these measures no fundamental change has been noted in Moscow's overcentralized approach to farm management, and many problems continue to exist. The traditional tug-of-war between farmer and state has evidently not been moderated by the new procurement system, and the regime is still not satisfied with the type of control exercised by its procurement agents. There have been many complaints of statistical falsifications both by agents and farm administrators and of inadequate transport and storage for produce procured. This field has been specifically named by the Soviet

leaders for further attention and reform.

Soviet press reports indicate that there have been delays in supplying equipment and spare parts, and farms are said to compete with one another for use of repair equipment. In spite of the authority of the new supply agencies to supervise the use of farm machinery, abuses were sufficiently alarming at the end of the year to cause the regime to promulgate a law calling for prison sentences of up to three years for persons convicted of mistreating farm equipment.

Changes in farming practices advocated by Khrushchev during the closing months of 1961 are potentially more significant for the future of Soviet agriculture than these reorganizations. The Soviet leader, striving for rapid short-run increases in farm output, recommends for the New Lands area a severe limitation on the amount of cultivated land in clean fallow; i.e., not planted for a season and cultivated only as needed to prevent weed growth. He would also reduce the amount of land planted to grass and clover under the so-called "ley" system. To replace these practices he advocated cultivation of corn, sugar beets, peas, and field beans in a rotational pattern. These proposals have apparently met with resistance from some local farm administrators and scientists.

By Western standards, the USSR already maintains far too little clean fallow in the New Lands; a reduction could mean further loss of soil moisture and fertility and lead to serious erosion in the event of a prolonged drought. Reduction of "ley" fallowing could cause long-run soil deterioration and sharply raise labor and machinery requirements.

The Collective Farm Problem

Probably the greatest organizational problem--and one likely to be weighed carefully at the forthcoming plenum--is the administration of the kolkhoz

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****BACKGROUND**

State farms differ from collective farms in four ways: (1) the collective—rather than the state—normally owns all of the farm's productive assets other than land—such as machinery and tools; (2) the state farm receives its capital directly from the state budget, the collective largely from the profits of its own operation; (3) the collective farmer's wages are more dependent on the success of the crop than are those of the state farmer; (4) collective farm produce is sold both at collective farm markets and state stores, whereas state farm produce is sold only at state stores.

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or collective farm system. Any fundamental change in this field, however, may have to await the congress of collective farmers which Khrushchev has promised will be convened "sometime in the future" to approve a new collective farm charter. While the 1961 re-organization adequately provided for the administration of state farms, no parallel structure was established for the direction of collectives. In November, Khrushchev hinted at the need to increase local party control over the collective farm.

Collective farm administration has been a politically explosive issue since the abolition early in 1958 of the MTS system, which had controlled collective farm affairs as well as farm machinery. At that time some leading officials proposed a national system of kolkhoz unions to administer collective farms, to broaden collective farm "self-government," and to pool farm resources for the aid of backward farms. Other leaders objected that such a structure would tend to strengthen the parochial interests of the Soviet farmer at the expense of state control. At a central committee plenum in December 1959 Khrushchev vetoed the union scheme at the national or republic level but said that local "intercollective farm" agencies should be seriously considered to provide organizational support for the growing number of joint activities engaged in by collective farms. The problem was then sent back to the presidium for further consideration.

In recent months variations on the "union" theme have ap-

peared in the press. Some articles favor closer ties at the local level among collective farms, state farms, and industry, possibly under the direction of "councils of agriculture" (agro-sovnarkhozes), which would be counterpart to the industrially oriented regional sovnarkhozes. According to the new party program the productive links between agriculture, both collective and state farms, and industry are to be strengthened, leading to agrarian-industrial associations.

Three successive mediocre harvests have evidently damaged the financial condition of many collective farms, which took on more obligations after 1958 when they began to purchase their own equipment. Although Moscow granted the collective farm system some monetary relief last year in the form of extensions on existing loans and lower prices for gasoline and certain other farm supplies and machinery, many collective farms were converted to state farms, a practice Khrushchev has recently condemned. The number of state farms grew from 6,000 in January 1959 to 8,000 in October 1961, and state farms added almost 70,000,000 acres to their sown area--an increase of 50 percent--while that of the collectives declined by about 50,000,000 acres. While this decline in the relative importance of collective farms seems to foreshadow their eventual abolition, the official party view is that both systems will continue side by side until they are amalgamated into a single so-called "all-national farm system."

**Incentives**

Another question likely to be discussed at the plenum is the wage structure and material incentives. As part of the general reform, a new wage system was adopted for state farm workers which was expected to gear wage payments to the quality and quantity of work completed. There has been nothing in the Soviet press to

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

indicate the degree of success achieved by this program, but similar attempts in industry have faltered because of the difficulty in measuring improvements in quality.

Collective farm wages, on the other hand, are still largely tied to the system of distributing earnings in the form of cash and produce at the end of the growing season. This has been widely criticized because it leads to abuses, fails to encourage improvement in work, and is difficult to adapt to modern accounting practices. A monthly cash wage system adopted by some farms is being officially encouraged. There are, however, many obstacles to overcome, especially in poorer farms which cannot build up a sufficient cash reserve to carry them through periods of low harvest. Some critics of the present system have even suggested a guaranteed minimum monthly wage system. The adoption of this, financed by the government, would eliminate a principal difference between the collective and state farm systems.

Coupled with the wage question is that of private plots and livestock and of the collective farmers' marketing activities, which provide them with substantial cash income at various times during the year. While Khrushchev has pressed for abolition of these vestiges of free enterprise, he favors a gradual approach. The state has good reason to desire elimination of the private sector, since it is outside of the direct controls of the state, takes up a great proportion of the peasant's time and often his best efforts, and runs counter to the schemes for mechanization. On the other hand, there are also good reasons for Khrushchev's caution. The private sector now produces over half of all the potatoes and vegetables and a large part of all meat and milk, although it contains less than 3 percent of total sown acreage. One "socializing" scheme recently adopted by a few collective and state farms has been to combine "private" plots into one community plot.

Investment Priority

At the January 1961 plenum Khrushchev said: "We now are in the position to appreciably increase capital investment...for

expanding agriculture." There is little evidence that this is being carried out. During the Stalin period, agriculture in large measure financed the rapid development of industry but at the expense of its own growth. Although Khrushchev considerably raised the level of agricultural investment during the mid-1950s, there still remains a great disproportion between investment allocation to industry and to agriculture.

Agriculture's share of total investment has dropped steadily since 1956. The increases in state investment in 1961 and in the 1962 plan suggest that such investments are merely keeping pace with the growth of the state farm system. While Khrushchev made great promises of increases in agricultural chemicals at the 22nd party congress, the production of fertilizer is badly lagging and the increase planned for 1962 is relatively small. Plans for state-developed rural electrification and irrigation have recently been revised upward, but this may stem from the inability of collective farms to provide what was originally planned as their own contribution to such improvements. There seems to be a serious effort under way to provide agriculture with the machinery it needs, but much of the new production will be needed to replace outmoded and worn-out equipment.

The Future

Regardless of the outcome of the forthcoming plenum, Soviet agriculture will continue to be hampered by a combination of deterrents--relatively unfavorable soil and climate, the effects of neglecting investment for many years, the lack of incentives which is inherent in socialization, and the failure of the Soviet system to accommodate itself to the high degree of decentralized and flexible decision-making required for agriculture. In the long run, however, greater increases in investment and the rational application of scientific methods offer the USSR the possibility of a more efficient and productive agriculture, although with growth rates substantially below those implied by Moscow's politically determined goals.

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**LEFTIST INFLUENCE IN THE BRAZZAVILLE STATES**

Africa's 12 French-speaking "Brazzaville states," ruled by moderate, Western-oriented leaders, are experiencing a growth of leftist influence. There are no Communist parties in these countries except for a small group on Madagascar not subject to Moscow's control. At present only Senegal has diplomatic relations with any Communist country, a small Yugoslav mission having been established in Dakar last October. Only a few of the Brazzaville group have exchanged diplomatic missions with Ghana, Guinea, or Mali, the Black African states where Soviet bloc influence is strongest. Consequently, the leftist influence on the Brazzaville governments is generally exerted indirectly.

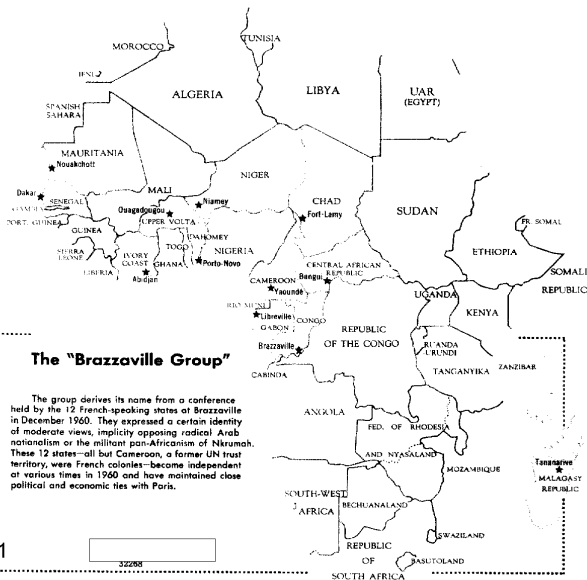
Visits to Bloc or Bloc-Oriented Countries

In almost all the Brazzaville states, political power is in the hands of an educated, West-

ernized minority, many of whom are easily impressed during visits to bloc countries or to radical African states. They describe the progress and vigorous leadership they have seen there in terms that probably have considerable impact on the uncritical but restive masses at home.

Little is known of some of these visits. The American Embassy in Dahomey reports, however, that nearly all officials in that country's leftist-oriented Trade Union Federation have made at least one visit to the bloc. In September 1961 a governmental "goodwill" mission from Niger was in Warsaw, Prague, and Budapest as well as in Western European capitals; at almost the same time a similar mission from Congo (Brazzaville) visited Moscow, probably because President Youlou wanted to demonstrate that his country was truly independent. There are indications that the Africans returned well disposed toward their bloc hosts; Poland and Czechoslovakia have returned the Niger visit.

Other trips to the bloc have been more widely publicized. Albert Balima, the vigorous and intelligent "young Turk" secretary general of the Upper Volta Foreign Ministry, visited the Soviet Union during his student days in Paris, and is fond of telling about the warm welcome he received. Last fall the Niger Government selected a group of young men to attend--at bloc invitation and expense--the Communist Youth Conference in Moscow. One of them wrote a gushing account of the group's reception and the remarkable achievements of the Soviet Union which was published



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in Temps du Niger, the government newspaper.

Last May, Dahomey's Vice President Apithy led a ministerial-level "good-will" mission to Guinea and Mali, and on his return gave a widely published interview filled with unrestrained praise for the "discipline, vitality, and progress" in these countries. Apithy, a wily politician who probably aspires to unseat President Maga and who advocates closer ties with the East, concluded that Dahomey should rapidly emulate Guinea and Mali.

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that Dejean had signed the communiqué without cabinet approval. Dacko has still not established relations with the USSR.

In Niger, President Diiori is being surrounded by leftists who appear to be exerting increasing influence on him. Several alleged French Communists have recently been named to important government posts, and in answer to the protests of French officials, Diiori somewhat lamely replied that he was committed to the appointments. The director of the Niger Development Plan is reputed to be a Communist sympathizer.

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Leftist Personalities

Further actions attributed to Apithy, as well as those of other leftist-inclined persons within or close to the Brazzaville governments, indicate the extent to which they have promoted leftist influence.

In the spring of 1961, personnel from the Soviet Embassy in Lomé, capital of Togo, began making frequent visits to Dahomey, for unspecified purposes, but apparently leaving Russian propaganda pieces in government offices and hiring young boys to sell French-language Russian magazines in Cotonou, Dahomey's capital.

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Although the new Federal Republic of Cameroon has rebuffed Soviet bloc diplomatic and economic overtures, the bloc, and particularly Communist China, has nevertheless been able to gain some influence by supporting the dissident wing of the Union of Cameroun People's party (UPC)--the faction which continues to conduct a sporadic terrorist campaign aimed at toppling the pro-Western Ahidjo government. This element receives bloc support through exiled leaders living in Guinea and Ghana, and a number of UPC terrorists captured last year had attended an intensive ten-week course of training in guerrilla warfare and sabotage in Peiping.

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Foreign Minister Dejean of the Central African Republic appears to have been responsible for the arrival there in December 1960 of the Soviet ambassador to Togo, and for a subsequent communiqué announcing that his country and the USSR would exchange diplomatic missions. President Dacko, incensed, told the US ambassador

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Leftist-Indoctrinated Students

The leftist threat in the Brazzaville states is increased by a sizable number of radical students who have been exposed to leftist indoctrination while studying abroad. When these students return home they generally find older and, in their view, less competent men entrenched in the positions to which they feel their education entitles them. This situation creates a dangerous restiveness that will steadily increase. There are many indications that leftist and bloc countries are stepping up their efforts to exert influence through students.

Direct offers to Brazzaville governments of scholarships for study in bloc universities have met with almost no response, and the Communists have consequently resorted to more devious methods.

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One of these groups is almost certainly composed of the now-outlawed opposition SAWABA party, which has headquarters in Mali. According to Niger Government sources, SAWABA agents contact promising students to induce them to go abroad. Other contacts are made by leftist teachers in Niamey, Niger's capital; at least one of these teachers is said to have organized active Communist cells

among the lycée students and, in 1960, was responsible for sending 15 of them through Uganda to Moscow. President Diiori, in a recent conversation with Ambassador Cook, appeared to be aware of this situation and thought it could best be counteracted by raising the standard of living in Niger--a somewhat distant prospect.

Other Brazzaville states have dealt with subversive activity among students more vigorously. The Ivory Coast Government has withdrawn scholarships from dissident students and restricted their travel. Last July it recalled radical student leaders from Paris, and those who did not manage to slip off the plane during a stopover in Mali were imprisoned when they got home. In October, President Mba of Gabon, in order to "clean up the mess in Paris," recalled some students from his country and dropped the scholarships of others.

Several Brazzaville governments have had to suppress student dissidence at home. Last summer, meetings of student groups in both Upper Volta and Niger were broken up by police when they degenerated into violent tirades against "imperialists and colonialists" and against the governments of those countries for their ties with France and friendship for the US. In December, the Senegalese Government banned a congress of the University of Dakar student organization, deported three radical student leaders, and took stern measures against an ensuing student strike.

Bloc Missions

Most of the Brazzaville states have cordially received trade or cultural missions from the bloc. Except to establish initial contact, however, the great majority of these have not been successful, and most overtures for establishment of diplomatic relations have been resolutely rejected. Ivory Coast's President Houphouet-Boigny has several times stated that Communists

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

are not welcome in his country, and Upper Volta's President Yameogo last summer expressed similar sentiments. Last July, President Mba put the members of a Soviet trade mission to Gabon under house arrest and shipped them out on the first available plane. A Chinese Communist good-will mission angered the Senegalese last spring by demanding the expulsion of the "representative of the Kuomintang clique" as a condition for establishing diplomatic relations. In the fall of 1960 a Czech Foreign Ministry official visited Chad and talked vaguely about economic aid, but nothing has materialized. A Soviet trade delegation to the Malagasy Republic left empty-handed last April, [redacted]

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[redacted] A Soviet mission to Niger in October was more warmly received, but departed without concluding a trade agreement,

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Since October, however, so many bloc missions and personnel have descended upon Niamey as to suggest that Niger may have been singled out for special attention. The Polish delegation in November concluded a trade agreement based on the standard bloc tactic of offering an underdeveloped country a dazzling array of finished products in return for basic raw materials. The Poles indicated that other assistance, including a loan, would be forthcoming--after the establishment of diplomatic relations. Niger has since concluded a similar agreement with the Czechs.

A French journalist was impressed by the cleverness of the Soviet journalists who attended the independence celebrations in Niamey last De-

ember. One of them had read an obscure book by National Assembly President Boubou Hama, whom he flattered with a detailed discussion of the work. The questions of other Soviet journalists showed signs of a deliberate effort to do their homework. Also in December, the leftist clique in Niamey, including the commissioner of information, arranged an exhibit of paintings by a Communist Afro-Brazilian painter. The exhibit, which was favorably commented on in Temps du Niger, was loaded with pictures of Ku Klux Klan lynchings, gallows victims in Kenya, forced laborers in South Africa, and peace doves. When American officials pointed out these political themes to the commissioner, his reply was, "Art is free."

Outlook

As the popular intoxication of independence recedes, the Western-oriented leaders of the Brazzaville governments are under great pressure to produce the benefits of independence. They are all confronted with economic problems, and should they, in spite of their Western help, fail to make significant progress, internal leftist pressures and bloc overtures could have dangerous consequences.

There is evidence of overconfidence among some Brazzaville leaders, who assert that Communism is not suited to the African temperament. Others seem overly satisfied with their initial successes in controlling dissident students or repulsing bloc trade missions.

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