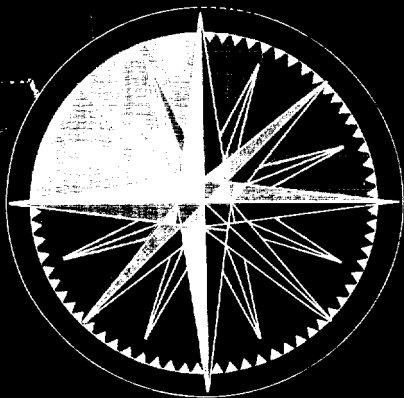


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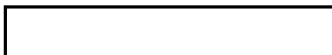
6 March 1964

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SPECIAL REPORT

NORTH KOREA, COMMUNIST CHINA'S INDEPENDENT ALLY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE



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NORTH KOREA, COMMUNIST CHINA'S INDEPENDENT ALLY

Over the past two years, Pyongyang has emerged as Peiping's strongest Asian supporter in the Sino-Soviet dispute. Moscow, in retaliation, has attempted to exact political concessions as the price for continued economic aid. North Korea's refusal to accept these conditions has clouded prospects for future Soviet economic and possibly military assistance. Soviet aid in some economic spheres has apparently already been curtailed.

So far, the North Koreans have not backtracked at all in their espousal of pro-Chinese positions. They do appear, however, to be moving cautiously to avoid further widening the substance of their dispute with Moscow. In recent months, moreover, they have taken pains to show that North Korea is not a Chinese satellite and that their allegiance to Peiping stems basically from consideration of their own national interests.

North Korea Opts for Peiping

Pyongyang initially attempted to remain aloof from the Moscow-Peiping rivalry. Both China and the Soviet Union had played key roles in developing and sustaining the Communist regime in North Korea, and both had retained a strong influence in Pyongyang. The Koreans were, nonetheless, distressed at the magnitude of the de-Stalinization program in the Soviet Union, and Pyongyang's party and state chief, Kim Il-sung, looked with particular concern on the relaxation of government restraints over the Russian populace, viewing them as inimical to his own strict, authoritarian controls.

Through a full-scale purge of his rivals, Kim had established a Stalin-like pre-eminence of his own by 1960. He

had also managed to preserve considerable independence of action for his party, despite the presence of numerous Soviet and Chinese advisers. Fearing that liberalization in Russia would have an adverse impact on the attitude of the Korean people toward his regime, Kim began to isolate them from Soviet influence. Relays of Russian broadcasts in Korean were suspended in 1961, and the recall of some North Korean students studying in Soviet bloc countries was begun.

During 1962, North Korean concern with Moscow widened to include the question of Soviet foreign policy. Pyongyang began to interpret some Soviet diplomatic moves as weak-willed concessions to the West, and strong, albeit indirect, criticism of Moscow appeared in North Korean

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propaganda. Pyongyang--which, like Peiping, views the US as the main obstacle to attainment of its goal of national reunification--began to see Peiping's hard-line foreign policy stance as more suited to its own interests. Pyongyang felt that the US military presence in South Korea dictated a policy of unyielding hostility. Soviet action during the Cuban missile crisis--the Koreans called it a "capitulation" to the US--apparently convinced Pyongyang that the USSR could not be depended upon to defend the interests of its allies.

Korea's Present Position

Following the Cuban crisis, Pyongyang expanded its support of China to include all major issues in the dispute. It did attempt, however, to preserve some freedom of maneuver in the controversy. It refrained, for example, from becoming fully involved, as the Albanians did, in the running propaganda exchange between Moscow and Peiping. By and large, the North Koreans seem to take a pragmatic approach to the dispute, quickly commenting on issues of concern to their own interests--especially the question of support for the national revolutionary movement--but not rushing to defend the Chinese on every point which arises.

Pyongyang has not commented, for example, on the issue of Sino-Soviet border friction which has been repeatedly aired by Peiping and Moscow. On the

other hand, Pyongyang wasted no time in showing annoyance at Moscow's failure, during the UN session last September, to repeat its 1962 resolution on the withdrawal of US troops from South Korea. The elimination of US influence from the South and the extension of Communist control over the whole country remain Pyongyang's primary policy goal. Any suggestions of Soviet softness toward the presence of US forces in Korea is thus unacceptable to Kim's regime. Pyongyang is, by contrast, clearly grateful to Peiping for its tough propaganda backing against the US.

Recently, however, the North Koreans have taken some pains to show that while they are ideologically aligned with Peiping, they are not a Chinese satellite. This was evident last fall in the careful reception by Pyongyang of a visiting delegation led by Chinese Communist president Liu Shao-chi. It was expected that the visit would occasion a strong and specific North Korean defense of Peiping against Soviet attacks. On the contrary, Pyongyang limited itself to pro forma condemnations of revisionism, and only one Korean official--a member of the second echelon--specifically defended the Chinese against Moscow.

The conclusion of the visit was marked by an unprecedentedly terse communiqué, and there were hints in the Chinese press after Liu's return that Peiping was less than satisfied with

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the treatment of the delegation. The Koreans waited a month following the visit before issuing a statement reiterating their political affinity with the Chinese. Pyongyang probably intended the delay as a demonstration that its policy of supporting Peiping was an independent decision, not one forced by Chinese pressure.

Since Liu's visit, both sides have hinted at undisclosed policy differences. These, in part, may involve the North Korean decision to concentrate during 1964 on the production of consumer goods as an immediate economic goal. Pyongyang has announced plans to channel enough economic resources into this effort to register a 35-percent increase in consumer goods this year. Peiping may well look askance at this development since, in the Chinese view, Communist governments should keep tight curbs on consumer satisfaction in order to increase the resources available for building the all-important industrial sector of the economy.

The Korean Economy

Pyongyang's decision to concentrate on consumer production during 1964 was a drastic shift from its past emphasis on development of heavy industry. During 1963, however, the rate of North Korean industrial development had already begun to slacken. According to statistics released by Pyongyang, the increase in gross value of indus-

trial output for 1963 was only 8 percent. This compares with the 11 percent planned, and 20 percent claimed, for 1962.

The shortfall probably resulted in part from problems in the allocation of manpower and material. However, it may also have reflected a partial disruption in the flow of Soviet assistance. For example, Moscow has reportedly been stalling on delivery of equipment for key Korean thermal power projects.

Pyongyang has implicitly accused the Soviet Union of using economic aid as a weapon for imposing its political views, and has also publicly rejected the concept of an international division of labor as espoused by the bloc's Council for Mutual Economic Assistance. Pyongyang has labeled it a Russian scheme to perpetuate the backward economic status of some bloc countries and make them mere economic appendages of the USSR. Late in 1962, Pyongyang publicly adopted a policy of economic self-reliance and announced that it was planning to build a self-sufficient economy.

The North Koreans appear to be uncertain about the prospects of future Soviet assistance in the industrial sphere. The visit of a Soviet economic delegation to North Korea last summer apparently ended in nothing more than a vague agreement in principle to continue economic cooperation. It appears,

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moreover, that the regime is no longer seriously concerned with fulfilling its seven-year plan (1961-67) which was predicated on a high level of Soviet economic assistance. Its decision to turn temporarily toward consumer production may be a gap-filling measure while it seeks a long-range substitute for Soviet aid and attempts to straighten existing dislocations in the economy.

In an apparent effort to find alternate sources of supply for goods formerly obtained from the Soviet bloc, Pyongyang embarked during 1963 on a vigorous but so far largely unsuccessful program of trade expansion in the free world. Recent trade agreements with Western suppliers involve some items formerly purchased from the USSR and the European satellites. Pyongyang apparently also desires to develop new sources of capital goods to aid industrial expansion.

[REDACTED]

The North Koreans probably also hope that wider diplomatic recognition will come from their expanded trade contacts. They have been notably unsuccessful so far in efforts to erase the stigma of the Korean war by winning recognition from non-Communist countries. Only five--all in Africa--have recognized Pyongyang, and none of these maintains a resident ambassador there.

Military Policy

There have been some indications that North Korean concern over the present level and future nature of Soviet aid extends to the sphere of military assistance. Soviet-provided equipment has long formed the backbone of the Korean armed forces. Pyongyang's air arm, for example, is composed entirely of Soviet-built aircraft. Since the Korean war, the regime has put special emphasis on advanced military technology in its bid to obtain armed superiority over the UN forces in South Korea. It has thus developed a large and versatile air force, now fifth largest in the bloc, and more than double the size of Seoul's.

There were broad hints in Pyongyang propaganda in December 1962 that the Soviet Union had threatened to curtail its military assistance program to Korea, thus putting additional political pressure on Kim's regime. Shortly afterward, Pyongyang declared it necessary to channel more domestic resources into the maintenance and development of its military establishment. In September 1963, the regime admitted that this policy had contributed to its industrial slowdown.

[REDACTED]

Moscow is almost certainly continuing to supply defensive equipment, possibly under

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long-standing contracts.

If an over-all curtailment in the delivery of Soviet military equipment occurred, arms aid from Communist China could fill the gap to some extent. Even with Chinese assistance, however, Pyongyang's over-all military potential would probably decline well below present levels, and it would have great difficulty over the long pull in maintaining a sufficient military counterpoise to the UN forces in South Korea.

Policy Toward South Korea

Despite the strengthening and modernization of North Korean forces during the past ten years, Pyongyang by itself still lacks the capability to reunify the country by force. It has nonetheless gone ahead with a program designed to lay the groundwork for the eventual extension of Communist control to the South. This program involves a continuous campaign of political and propaganda subversion intended to shake South Korean faith in the Seoul government and in the durability of US support. Pyongyang pushed this approach with particular vigor to take advantage of the political instability in the

South following the ouster of the Rhee government in 1960.

So far, North Korean efforts to capitalize on southern instability have achieved little in the way of tangible results. Even less successful have been Pyongyang's efforts at covert subversion in the South. Tight police and military security there have largely negated attempts to infiltrate the government and set up an underground Communist party. At present, the development of a base from which to conduct a Viet Cong - type insurgency in South Korea seems well beyond Pyongyang's capabilities.

Outlook

There have been signs recently of growing public apathy and discontent in North Korea. The situation apparently stems from the tightness of regime controls and the general drabness of life. A rising crime rate is reported, including misappropriation of public funds and black marketeering. Juvenile delinquency has also appeared, especially among the youth repatriated during the last four years from Japan.

The possibility of serious public unrest appears remote. The public security forces doubtless still constitute an all-

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pervasive and effective police system. Moreover, the regime should have little difficulty in continuing to provide the basic necessities of food and livelihood for the relatively small population. The regime is, however, concerned over public attitudes, and has recently embarked on a series of propaganda campaigns designed to spur the populace to more conscientious support of its goals.

So far, there are no signs of flagging elan in the party ranks. On the surface at least, the party seems satisfied with Kim Il-sung's leadership and with the progress made under his policies. Kim and most of his

chief lieutenants are still young enough to look forward to ten or fifteen years of active political life. A shakeup in the top-level leadership in the party is thus unlikely in the foreseeable future.

Pyongyang will probably continue its political alignment with the Chinese Communists, while remaining cautious in expanding the ground of its own differences with Moscow. Frustration of North Korean irredentist aims toward South Korea by the US presence there would also appear to rule out any relaxation in Pyongyang's hostile policy toward the US.

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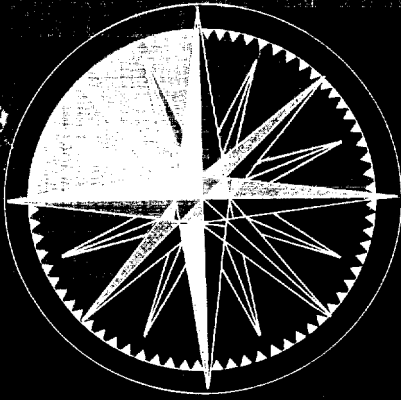
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6 March 1964

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SPECIAL REPORT

ALGERIA'S MOUNTING TROUBLES UNDER BEN BELLA

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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6 March 1964

ALGERIA'S MOUNTING TROUBLES UNDER BEN BELLA

Ahmed Ben Bella has made little progress in coping with Algeria's massive problems during his 18 months in power. Unemployment is rampant, many Algerians are underfed and without adequate housing, and Ben Bella's popularity is waning. He has secured his own position, however, by steadily tightening his control over the reins of government. Ben Bella recognizes that for the present the Algerian economy must depend on France, but he is moving toward close ties with Communist countries in keeping with his proclaimed socialist orientation. Some of his advisers evidently would like to speed this movement.

The Harvest of Independence

Algeria's economy was close to chaos when the country became independent in July 1962, and matters have continued to deteriorate. More than half of the country's labor force of 3.5 million is unemployed; one fifth of the population survives only because of American relief operations. Salaries and wages of those lucky enough to be employed by the government or in the military forces are paid irregularly. By the end of 1963, industry was reported operating at only 30 percent of capacity and, even with last year's good harvest, the vast majority of agricultural workers continued to eke out a bare existence.

Part of the difficulty results directly from the exodus of French administrators and businessmen. Few Algerians have the skills to fill the gap. The economy has been further disrupted by rapid nationalization of two thirds of all agricultural land and the haphazard seizures of many small businesses. While

Ben Bella has wanted to move more slowly, he has bowed to pressures for acceleration. Last spring, although committed to nationalize only vacated agricultural properties, the government seized other substantial holdings when apprised that local leaders were about to take matters into their own hands. The cooperatives which were hastily organized to manage these properties have in only a few instances produced up to expectations.

The government's efforts to show the mass of Algerians some of the fruits of independence frequently conflict with the need to stimulate new business. Ben Bella now finds himself caught between conflicting demands from economic advisers --including some Communist associates. Many urge him to honor provisions in last year's nationalization laws which call for dividing profits among the workers. On the other hand, leaders of the General Union of Algerian Workers (UGTA), Algeria's only labor federation, believe

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that the workers in nationalized enterprises should be content just to have jobs, forgo their profit-sharing rights, and thus permit earnings of operating enterprises to be used to reopen other potentially profitable ones. As a pacesetter example, the 600 workers in a UGTA-directed bakers' cooperative recently decided that their profits of some \$120,000 would be used to reopen two plants which could employ dozens of workers. The dispute over disposition of profits has stirred bitter personal animosities and opened some possibly serious rifts among the regime's supporters.

The government's failure to show significant progress has cut sharply into Ben Bella's popular standing. In contrast to the spontaneous adulation he received at the time of independence and when he achieved power, the regime now has to drum up crowds to hear him. On one recent occasion, buses approaching the forum where Ben Bella was making a major address were required to discharge all passengers to constitute an audience. Most soon slithered away, while those who remained were apathetic to his pronouncements.

The unemployed have publicly reacted to the regime's failure to provide enough jobs; a demonstration in Oran in January appears to have seriously disturbed Ben Bella. While he is normally conciliatory toward his critics, this time he threatened to "break the backs" of the bourgeoisie, counterrevolution-

aries, speculators, and all the "numerous animals" who attack his revolution.

Political Controls

Ben Bella, who is premier as well as President, seems in little danger from active opposition, however. He has eliminated from his regime many individuals whose views conflict markedly with his own. He has imprisoned a few would-be opposition leaders or otherwise restricted their activities, but has avoided creating a martyr by executing any of them.

Ferhat Abbas, the moderate former president of the Constituent Assembly who had jumped on the Ben Bella bandwagon in mid-1962, retired to semioblivion a year later when the two disagreed on the form of government to be provided by the constitution. Hocine Ait Ahmed, who shared with Ben Bella the early leadership of the Algerian rebellion and nearly six years of imprisonment, resigned from the Constituent Assembly to lead the Kabylie Berbers into open defiance when the assembly failed to respond to his warnings against personal dictatorship. Ait Ahmed has been virtually isolated in the rugged and populous Kabylie area since the defection of Col. Mohand ou el Hadj, his principal lieutenant.

So far the potential opposition has remained ineffective and fragmented largely because individual opposition leaders are unable to compromise

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their differences and concert their activities.

Ben Bella relies heavily on the National Liberation Front (FLN) to consolidate his control. This coalition of nationalist groups, which was formed to direct the fight for independence, is named by the constitution as the country's only legal political organization. The FLN is charged with determining national policy, and Ben Bella, as secretary general of its political bureau, has gathered power to himself.

The political bureau has four other members. Hadj ben Alla, the FLN's chief organizer and president of the Constituent Assembly, is the party's second most powerful figure. He oversees the work of a central direction committee which is charged with executing top-level party policies. Two other members of the bureau are Mohamed Khider and Rabah Bitat, who until last spring were its prime movers but have since lost influence. The fifth member, Mohamedi Said, a deputy premier, also apparently does not count for much in the decision-making processes.

Ben Bella continues to delay holding a long-promised FLN national congress to set guidelines for a "national politico-socio-economic philosophy." Last fall he said that it would be

held by March, although it is not likely at this stage to take place before April at the earliest. He said also that all elements of political opinion would be represented on the planning committee, whereas in fact none of the regime's critics is a member of the body.

Position of the Army

The army, whose backing enabled Ben Bella to achieve power in September 1962, remains the backbone of his regime. Despite its demonstrated inadequacies during the border conflict with Moroccans last fall, the army has been the principal force for maintaining internal order, both against such dissidents as the Kabylie Berbers and against urban demonstrators.

The army's commander, Col. Houari Boumedienne, as deputy premier and defense minister, is Ben Bella's top lieutenant. He is also the most likely contender for power.

Just as he has broken with other associates, Ben Bella is probably looking for the proper time to eliminate Boumedienne. Apparently as a step toward this end, in October he appointed a veteran guerrilla chieftain, Col. Tahar Z'biri, as army chief of staff.

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Z'biri is reported to be an antagonist of Boumedienne, as are Col. Chaabane and Col. Mohand ou el Hadj, who also were brought into the general staff hierarchy last fall. It remains unclear what part each is playing in a reorganization of the Algerian military structure now under way.

Relations With Communist Bloc

Ben Bella's effort to balance his country between East and West has tilted Algeria markedly toward the East. He proclaims that Algeria is neither Communist nor anti-Communist and is developing its own unique form of Arab-Islamic socialism. Nevertheless he places this Algerian socialism "in the tradition of the great revolutionary experiments of the twentieth century pioneered by the Soviet Union, Communist China, Yugoslavia, and Cuba."

Many Algerian leaders, in addition to being grateful for Communist assistance in the struggle for independence, evidently believe that their situation is similar to the earlier stages of development of those Communist countries. Ben Bella has frequently expressed affection for their leaders, particularly for Castro. In recent months, he and most government officials have even affected the Cuban leader's mode of attire.

Algeria's demonstration of friendship has brought it substantial economic credits and some military aid from Communist countries. Moscow has granted

a long-term credit of \$100 million, Communist China \$50 million, Yugoslavia \$20 million, and Bulgaria \$6 million. Several hundred technicians from Communist countries have gone to Algeria. For dramatic impact early this year, the USSR presented Ben Bella with an IL-18 command aircraft; its ten-man Soviet crew will remain in Algeria for a year to train an Algerian crew. Algeria has also exchanged many official and unofficial delegations with bloc nations.

Much of the Algerian Army's equipment is of Soviet manufacture, although in large part obtained from Egypt. Last fall Algeria obtained armor and artillery direct from the USSR as well as from Egypt and, for the first time, from Cuba.

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25X1 [redacted] Several hundred Algerian naval and air personnel are receiving training in the USSR and the European satellites.

25X1 Algerian officials frequently appear unhappy with their experiences with Communist personnel, however [redacted]

25X1 [redacted] The propaganda value of Bulgarian doctors, for example, has been reduced because of language difficulties. [redacted]

Ties With the West

Ben Bella is at the same time permitting continuation of some military training by Western countries; France is conducting a training program for several hundred military technicians in Algeria, while ten Algerian naval cadets are undergoing long-term training in the UK.

Most importantly, Ben Bella has shown a keen appreciation of Algeria's continuing reliance on France for trained personnel and for financial assistance. Under the Evian Accords of March 1962 which paved the way for Algerian independence, France pledged financial aid in the amount of some \$200 million annually for three years. This year it will provide \$30 million in technical assistance, plus

\$160 million in other aid, of which half must be used to purchase French goods. Present indications are that France will sharply curtail assistance when the three-year period expires next year.

Ben Bella also realizes that France is an important outlet for Algeria's excess manpower and an important traditional market for its exports. At the present time, there are more Algerians in France (nearly 500,000) than French nationals remaining in Algeria (about 180,000). More than 80 percent of Algeria's trade is with France.

In his effort to maintain cordial relations with France, Ben Bella has been notably reticent about French atomic tests in the Sahara. Algerian media have made no mention of France's most recent test, and Ben Bella has taken no steps to carry out the threat he made last spring, in response to agitation aroused by a test series at that time, to renegotiate the Evian military clauses. He also has indicated that he does not intend to nationalize Algeria's petroleum resources, but is insisting that Algeria have preponderant control over a third pipeline which is to be constructed to move Algerian crude.

Ben Bella, moreover, is promoting ties with other Western nations, and has concluded negotiations for economic development aid from Britain, West Germany, and the US. The Algerians are also seeking to diversify

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their trading relationships in Europe, especially by extending contacts with other Common Market countries. Ben Bella, in fact, would like special association arrangements with the Common Market, if not actual membership.

Position Among African States

Of all foreign leaders, Nasir appears to be the one who has made the greatest impression on Ben Bella. Ben Bella's concept of nonalignment appears close to that of Nasir. Although some misadventures during Nasir's visit to Algiers last May temporarily disturbed the relationship, Egypt responded with alacrity to Algeria's requests for aid last fall when the Kabylie dissidence and the border fighting with Morocco broke out.

Ben Bella's aspirations to the leadership of a federated North Africa have fallen far short of fulfillment, however. Relations with the two leaders whose cooperation would be necessary, Tunisia's President Bourguiba and Morocco's King Hassan, have been beset with mutual suspicion and recrimination. Hassan suspects that Ben Bella supports Moroccan republican elements, some of which have taken refuge in Algeria. Bitterness from last fall's border clashes will trouble relations for some time,

despite the current air of reconciliation. Bourguiba, for his part, has alleged Algerian complicity in an assassination attempt against him. Differences have been smoothed over in recent months, but Bourguiba probably will still look askance at his larger neighbors.

Ben Bella has continued helping liberation movements in the African dependent areas, mainly Portuguese, by furnishing arms, training facilities, and some funds. He recently reiterated his willingness to send some 10,000 Algerian troops to assist in the liberation of Portuguese Africa. Despite these steps, he has not received the continent-wide recognition as an African statesman that he apparently covets.

Outlook

Unless removed by assassination or incapacitated by serious illness, Ben Bella seems likely to maintain his pre-eminent power position and may even tighten his authority. There is, however, a vast reservoir of unsolved problems which would-be rivals could exploit, and a further loss of popularity seems indicated as the economy continues to flounder. In any event, dissident groups will continue to appear and intermittent disorders seem likely.

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Meanwhile, there is the likelihood of a further leftward drift. [redacted] many of his advisers are much more prone than Ben Bella himself to cultivate the friendship of Communist states. Among them are Mohamed Harbi, editor of the Communist-oriented Revolutions Africaine and leading theorist of the regime, Michel Raptis, architect of the worker-management policy, and Mohamed Lebdjaoui, a government and FLN official who emerged as spokesman during the visit of a high-level delegation to the USSR. Despite Ben Bella's desire to keep open

the doors to the West, pressures from such advisers are likely to increase his already heavy reliance on bloc sources for technical and financial assistance.

Further clarification of Ben Bella's intentions may soon appear. In addition to his current visit to Belgrade (5 to 12 March), he has indicated that he expects this spring to visit the Soviet Union, where he is likely to conclude arrangements for use of the \$100-million credit. [redacted]

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