

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Secret

43

6 November 1970
No. 0395/70

State Dept. review completed

Page Denied

SECRET

CONTENTS

(Information as of noon EST, 5 November 1970)

Page

FAR EAST

Vietnam: Straws in the Wind? 1

[Redacted]

25X1

Laos: Half a Loaf from Vientiane 3

North Korea: Finally, a Fifth Party Congress 4

Philippines: An Exercise in Constitutional Reform 5

Communist China: Codifying the Cultural Revolution 6

EUROPE

USSR: "Containing" China 7

[Redacted]

25X1

Ostpolitik: Much Movement, Less Progress 10

Yugoslavia Tackles Economic Problems 11

HUNGARY'S TENTH PARTY CONGRESS WILL EXPAND REFORMS

[Redacted]

25X1

MIDDLE EAST - AFRICA

UN: A Controversial Extension of the Cease-fire 12

SECRET

~~SECRET~~

MIDDLE EAST - AFRICA (CONTINUED)

Egypt: Sadat Seeks Support 13

Jordan: The New Cabinet of Wasfi Tal 14

Indian Prime Minister to Face Hostile Parliament 15

Ethiopia: Eritrean Insurgency Continues Unabated 16

Iran: Negotiations With Consortium 17

WESTERN HEMISPHERE

Brazil Prepares for Congressional Elections 18

Guatemala: Arana Government Under Attack 19

New Government Takes Over in Chile 20

NOTES: UN-China; Romania; India-Nepal; South
Africa; Venezuela



SECRET

SECRET

FAR EAST

Vietnam: *Straws in the Wind?**Mobilization in the North*

A country-wide drive to bring more men into the armed forces is in full swing in North Vietnam, but it may not be going smoothly. Since the regime's call this summer for a buildup of the home guard and regular army, regional authorities have met throughout the country to implement accelerated recruitment and conscription in their localities. Official statements in the press convey a sense of urgency about the undertaking and indicate that it is aimed at meeting both immediate and long-range requirements for the war. One article urged, for instance, that mobilization "must be stepped up in every respect in each locality...to constantly assist the front line in human resources."

There are signs in the press that Hanoi anticipated difficulties in getting local officials and organizations to respond to its manpower levies and took steps early to secure the fast results the regime clearly wants. It has stressed the need for tight party control and supervision all down the line, urged improved coordination among various echelons, and exhorted party leaders to do a better job so that fresh troops are available "for every needy army unit on the battlefield." Two ranking party leaders, Defense Minister Giap and fellow politburo member Le Thanh Nghi, have journeyed to the provinces to underscore the high priority Hanoi is giving to mobilization.

25X1 [redacted] recently defected in Laos has suggested some of the kinds of problems that might be affecting the regime's campaign. He said that civilian morale has been dipping for about two years, mainly because the long war has steadily worsened the lot of the average North Vietnamese. The problem has permeated the military as well, [redacted]

25X1 [redacted] He said the desertion rate was

quite high and was lowered only after the regime had cracked down hard.

The Infiltration Picture

Despite such problems, the recent press items and the Communist need for more manpower to fight this year's wider war suggest that current draft calls are extensive and will be reflected in a high rate of infiltration in the coming months.

Military Outlook Down South

The Communists' winter campaign in South Vietnam apparently started last weekend with a slight step-up in activity and the first rocket attack against Saigon since last summer. The Communists are planning increased military activity in the coming weeks, but a full-scale offensive is unlikely. Preparations have been slowed by unusually heavy rains in the northern provinces and by supply and personnel problems in the southern half of the country.

The main enemy effort this dry season probably will be aimed at protecting and rebuilding grass-roots assets. Offensive operations are likely to concentrate on continued low-key action against the allied pacification program, which the Communists acknowledge is impeding their efforts to maintain a firm hold on the population in many areas. The pattern of harassments, terrorism, and light shellings, with occasional forays against special targets, is likely to persist.

Allied military operations in the northern provinces are returning to normal following uncommonly heavy seasonal rains that brought the war to a virtual standstill. Many of the low-lying, populated areas in the northern provinces were inundated last weekend—Quang Nam and Quang

25X1

SECRET

SECRET

Ngai provinces were particularly hard hit—and allied military units concentrated on civilian relief efforts. More than 200 Vietnamese civilians were killed, over 245,000 driven from their homes, and a large part of the rice crop destroyed—the most serious losses since the floods of 1964.

The northern coastal region normally receives heavy rains about this time of year as the northeast monsoon moves in from the Gulf of Tonkin. This year's bad weather has been compounded by several typhoons and tropical storms. The rains now are easing and flood waters receding; better weather is improving conditions for both allied and Communist military operations in Laos and Cambodia, in addition to most of South Vietnam.

Supreme Court Reversal

On the political front in Saigon, the Supreme Court's action in voiding the conviction of imprisoned Lower House Deputy Tran Ngoc Chau may cause political difficulties for the government. Chau's arrest and trial before a military field court last March for consorting with the Communists raised a storm of criticism both in South Vietnam and overseas. Because Thieu deeply involved his personal prestige in getting Chau put behind bars, the judiciary's decision is a clear assertion of its independence from the executive. The court has ruled that Chau cannot be retried unless his immunity is lifted by a two-thirds vote in the Lower House, but there are indications that the government will attempt to use some pretext to justify keeping him in jail in the meantime.

Politicians on the Stump

President Thieu and two leading opposition figures—"Big" Minh and former Senator Don—addressed the peace issue in National Day statements last weekend. Speaking at a joint session of the National Assembly, Thieu reiterated his longstanding opposition to any coalition government with the Communists and attacked "cowardly and defeatist persons" who advocate such a course. His strong language seemed intended partly to discourage the peace speculation that developed in some quarters in South Vietnam following President Nixon's proposals of 7 October. It may also be meant as a warning to any political leaders who might be tempted to appeal to South Vietnamese peace sentiment as a political issue in the coming months.

"Big" Minh, however, issued a statement calling peace the "priority objective" and indirectly criticizing the Thieu government for alleged deteriorating domestic conditions in South Vietnam. Minh long has been potentially considered Thieu's most effective rival for the presidency, and his statement may encourage opposition groups who favor his candidacy. Since his return from exile in 1968, however, Minh has been extremely cautious, and his statement contains no hard indications of his plans. Don, meanwhile, has publicly revived his "third-force" solution to the war by asserting that the great majority of the South Vietnamese people support neither the government side nor the enemy and that in such a deadlock the war could end only through some form of reconciliation.

25X1

25X1

SECRET

SECRET

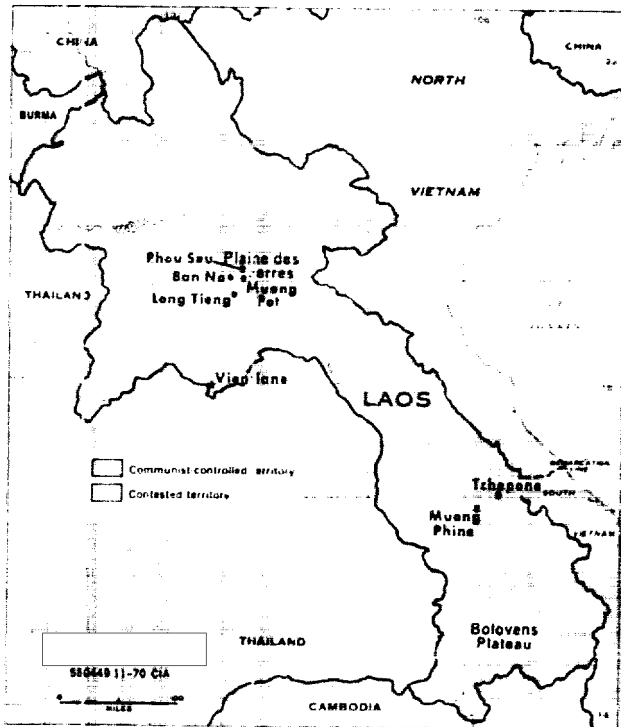
25X1

Laos: *Half a Loaf from Vientiane*

Vientiane has responded to the Communists' 23 October bid for an early start to peace talks in what may be a purposely ambiguous manner. The head of the government negotiating team sent a telegram to his Pathet Lao counterpart on 27 October welcoming the return to Vientiane by Communist special envoy Souk Vongsak to prepare for a meeting between the representatives of the "two princes." Thus the government appeared to be accepting the "two princes" formula on which the Communists have been insisting as part of their effort to deny the legitimacy of Prime Minister Souvanna's government.

Political leaders in Vientiane, however, quickly denied that the government had made any concession. Finance Minister Sisouk told a US official that despite the apparent acceptance of the Communist formula in the text of the telegram, the salutation and signature indicated that Vientiane's chief negotiator was still acting as Prime Minister—rather than "Prince"—Souvanna's representative. These disclaimers notwithstanding, it is possible that the government is making another effort to get around the representation issue by offering the Communists a statement sufficiently equivocal to permit them to ignore those portions not to their liking.

SECRET



On the military front, North Vietnamese forces in northern Laos recaptured Phou Seu Mountain this week and also seized other terrain features on the southwestern edge of the Plaine des Jarres. By re-establishing their control of some of the high ground in this area, the Communists are in a better position to challenge the government's hold on Ban Na and Muong Pot—positions that guard the approaches to the Long Tieng complex. Additional troops have been brought in to defend these points.

In addition, government harassment activities in the Muong Phine - Tchepone area have increased over the past week. Operating in battalion strength, the government irregulars have mined roads and have engaged in several sharp skirmishes with Communist security forces. The enemy has evidently taken some heavy losses.

25X1

North Korea: *Finally, a Fifth Party Congress*

The congress—the first major North Korean political conclave since the party conference of October 1966—opened on 2 November with considerable fanfare but no surprises. Originally scheduled for 1967, the congress was postponed when the regime's flagging seven-year economic development plan had to be extended to 1970. On the agenda are a review of political work and approval of the new economic plan for 1971-76.

Premier Kim Il-song gave some hint of what is to come in his opening keynote address to the nation. His strong criticism of the performance of party cadres and emphasis on the need to strengthen the central role of the party could

signal the opening of a party rectification program. His singling out of the army in this regard is firm indication of his continuing preoccupation with the problem of ensuring party control over the military.

Extolling the correctness of the party's leadership, Kim finessed the problem of apparent shortfalls in the current economic plan by citing an overriding and continuing need for military preparedness. While holding out some hope of raising living standards in the years ahead, he indicated that the new six-year plan would continue to emphasize heavy industry together with defense spending at the expense of consumer production.

SECRET

SECRET

Kim also focused on the problem of reunification of North and South Korea, again rejecting President Pak Chong-hui's recent call for a lifting of the barriers dividing the country. Kim reaffirmed Pyongyang's two long-standing conditions for peaceful unification: complete US withdrawal from Korea and the overthrow of the Pak government. He emphasized, however, that the prime responsibility for achieving these conditions was not North Korea's but belonged to the "South Korean people themselves."

Although not ruling out the use of force by the North to achieve unification on Communist terms, Kim seemed to indicate that at least for the time being Pyongyang intends to continue to rely mainly on propaganda and political subversion against the South rather than on armed harassment. These tactics were adopted after the use of terror by heavily armed North Korean guerrilla teams infiltrated into the South Korean hinterland during 1967-68 failed to generate a war of "national liberation".

25X1

Philippines: *An Exercise in Constitutional Reform*

The constitutional convention to be elected next week apparently will be responsive to President Marcos' wishes to adopt few of the wide-ranging social and political changes being called for by vocal segments of the Philippine population. Marcos, however, is expected to press for revisions that would either permit him to stay in office or run for re-election when his term expires in 1973. His assessment of political realities at the time the convention convenes next June will determine the forcefulness with which he pursues this goal. Confident of a sympathetic constitutional body, Marcos will probably concentrate after the elections on engineering the selection of a pliable leadership.

Intense interest in the campaign is reflected in the fact that an average of eight candidates are competing for each of the 320 delegate seats. Although both political parties are giving under-cover support to candidates in the ostensibly non-partisan election, a sizable proportion of the candidates appear to be private citizens motivated by a sense of civic responsibility.

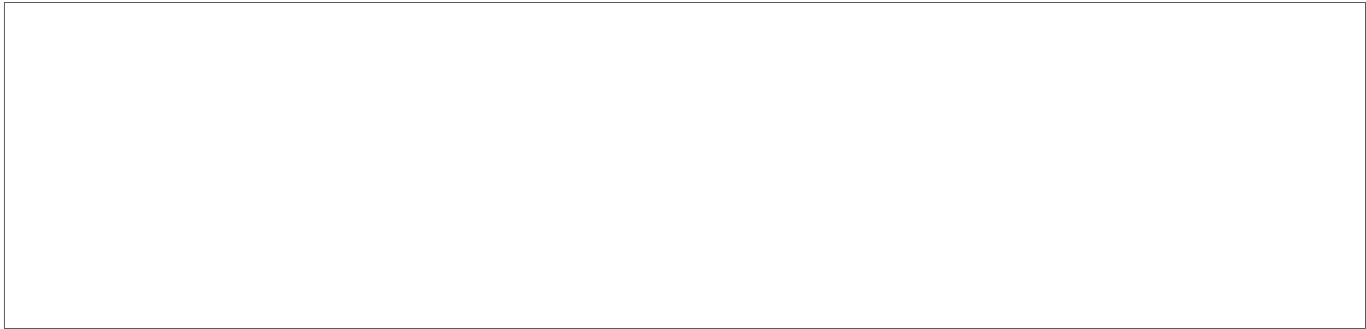
To date the campaign has been the most peaceful in Philippine history. Strict limitations on campaign gimmickry, apparently enforced generally for the first time, have reduced the incidence of vote buying. Although Marcos has released a moderate sum of funds to congressmen of his Nacionalista Party to help favored candidates, he has not felt the need to apply strong-arm methods in view of indications that candidates sympathetic to the party are running strong.

The Philippine public is counting on the coming effort at constitutional reform to provide a panacea for national problems, and the exercise will provide a major test of public confidence in the present politico-economic system. The expected failure of the convention to adopt meaningful reforms of the 35-year-old constitution could set the stage for increased agitation against the government.

25X1

SECRET

25X1



◆ ◆ ◆

Communist China: *Codifying the Cultural Revolution*

The pervasive role of the military in Chinese politics is strikingly affirmed in Peking's new state constitution, an otherwise highly generalized codification of the sweeping structural changes wrought by the Cultural Revolution. The draft document—which was approved by a party plenum last month and is currently being circulated locally pending ratification by the long-delayed National People's Congress—is a drastically shortened version of Communist China's original 1954 constitution. In effect, it is as much a symbolic political manifesto as a legal instrument. It enshrines Mao Tse-tung and heir-designate Lin Piao as the nation's personal rulers, noting specifically that they are supreme commander and deputy commander respectively of the whole nation and the whole army. The army's continuing political mission is further legitimized in a provision authorizing the participation of its representatives, along with veteran civilian cadres and former revolutionary activists, in the administrative revolutionary committees that emerged during the Cultural Revolution and were formally designated by the draft as China's future local governmental organs. Neither Mao nor the army was mentioned in the original constitution.

The new 30-article draft departs from its 106-article predecessor on several other counts. It codifies such "revolutionary" innovations as man-

datory manual labor service for all state officials, the right of the "masses" to circumvent authority by publishing their political views in "big-character posters," and public participation in political trials. Indeed, short shrift is given to the judiciary system, which is no longer authorized to administer justice independently and subject only to state laws. Moreover, the new constitution makes no provision for the office of head of state, thereby abolishing the post last held by the disgraced Liu Shao-ch'i and leaving Mao as the sole head of the party, government, and military apparatus. The duty of the head of state to nominate ministers is now assigned to the Communist Party—which was not mentioned in the body of the 1954 document—and the several legislative powers of the National People's Congress, including the power to remove high officials from office, are pointedly ignored.

The draft also treats the sensitive subject of economic policy in a far more generalized manner than the old constitution. China for the first time is flatly declared to be a socialist state and all references to vestigial capitalist ownership of property, including individual rights of inheritance, are eliminated; instead, there is an overriding emphasis on collective ownership—with the single significant exception that peasants may continue to maintain "small-scale" private plots.

SECRET

SECRET

This section, which reportedly was the subject of controversy, smacks of compromise; in fact, the new draft as a whole appears to be a series of deliberately loose, general propositions that are likely to be subject to varying interpretations.

There is nothing vague, however, about the commanding position in China's power structure provided for Mao and Lin. Such provision attests

both to a determination to avert any possible challenge to their control from other powerful figures in the army, party, or government apparatus and to provide for an orderly transfer of power in the immediate post-Mao era; the personalized nature of the constitution, however, renders it a weak and irrelevant instrument for coping with China's longer term succession problem. [REDACTED]

25X1

UN-CHINA: Voting on the Chinese representation issue—set back by the Middle East debate—has been delayed until next week at the earliest. The co-sponsors of the traditional "Albanian" resolution to seat Peking and expel Taiwan have requested further delay, undoubtedly anticipating developments that will favor their position. This move appears related to word

that Italy will announce recognition of Peking on 6 November. Most estimates of the probable outcome of the voting give the "Albanian" resolution a chance to achieve a plurality for the first time, but it will fall well below the two-thirds majority required under the Important Question ruling, which will surely be adopted again. [REDACTED]

25X1

EUROPE

USSR: "Containing" China

Moscow is displaying fresh signs of concern over Communist China's stepped-up efforts to secure wider international recognition. The Kremlin would clearly like to limit Peking's international contacts in order to maintain China's sense of vulnerability to Soviet military and political pressures and to avoid providing it with additional outlets for anti-Soviet activity. Nevertheless, the Soviets seem somewhat at a loss for an effective means to counter the trend toward increased international acceptance of the Chinese.

Although the USSR has avoided public comment on Canada's recognition of Peking, which was announced on 13 October, its activity behind

the scenes underscores concern that other states will follow Ottawa's lead. [REDACTED]

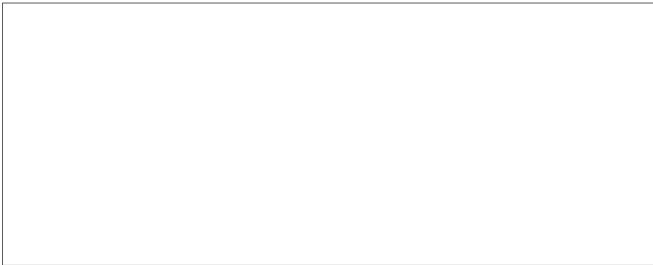
25X1

SECRET

Moscow is also troubled by the prospect that Peking may eventually gain membership in the UN, but the Soviets found it expedient this year to revert to their traditional stance of public endorsement of Peking's "rights" in that body. Last year, with Sino-Soviet tensions at their height as a result of border fighting, Gromyko omitted the usual statement of support for China from his General Assembly speech, but this year he called for "full restoration" of Peking's "rights." This gesture was clearly dictated by Moscow's present policy of minimizing unnecessary public friction with China.

diplomatic gains. A resort to diplomatic arm-twisting would belie Moscow's assiduously cultivated image that its relations with China are on the mend, and might make Peking less willing to persist in its reciprocal restraint. Moreover, such quixotic tactics might also damage Moscow's efforts to improve bilateral ties with states now seeking closer relations with Peking. Finally, the USSR undoubtedly appreciates that many of the most important factors improving China's international position are beyond its power to influence.

25X1



In the immediate future, the Soviets can be expected to make additional low-key approaches in an effort to delay Chinese recognition and UN representation. On certain issues, such as "two China" proposals, Moscow will be free to campaign more vigorously, arguing publicly that Peking is the sole representative of China but privately admitting, [redacted]

25X1
25X1

Ironically, Moscow's effort to establish a degree of stability in its state relations with China is inhibiting the Soviets from undertaking a more forceful and open campaign to limit Peking's

[redacted] that Peking's presence on the Security Council would be "embarrassing" to the USSR. Over the longer term, however, the Soviets may fall back on the widely shared hope that broader diplomatic ties will increase pressure on Peking to follow a more moderate international course. [redacted]

25X1

♦ ♦ ♦

ROMANIA: President Ceausescu was pleased with his two-week private visit to the US. The Romanian press has, since the conclusion of the trip on 27 October, expressed optimism that it will lead to increased bilateral economic ties—one of the Romanian's primary goals. Ceausescu was able to satisfy his personal curiosity about the

US. He is reported to have been visibly impressed by tours of aircraft, electronics, and auto plants, as well as by California's mechanized agriculture. Several bankers and industrialists to whom he spoke about increased trade and financial ties are slated soon for follow-up visits to Bucharest. [redacted]

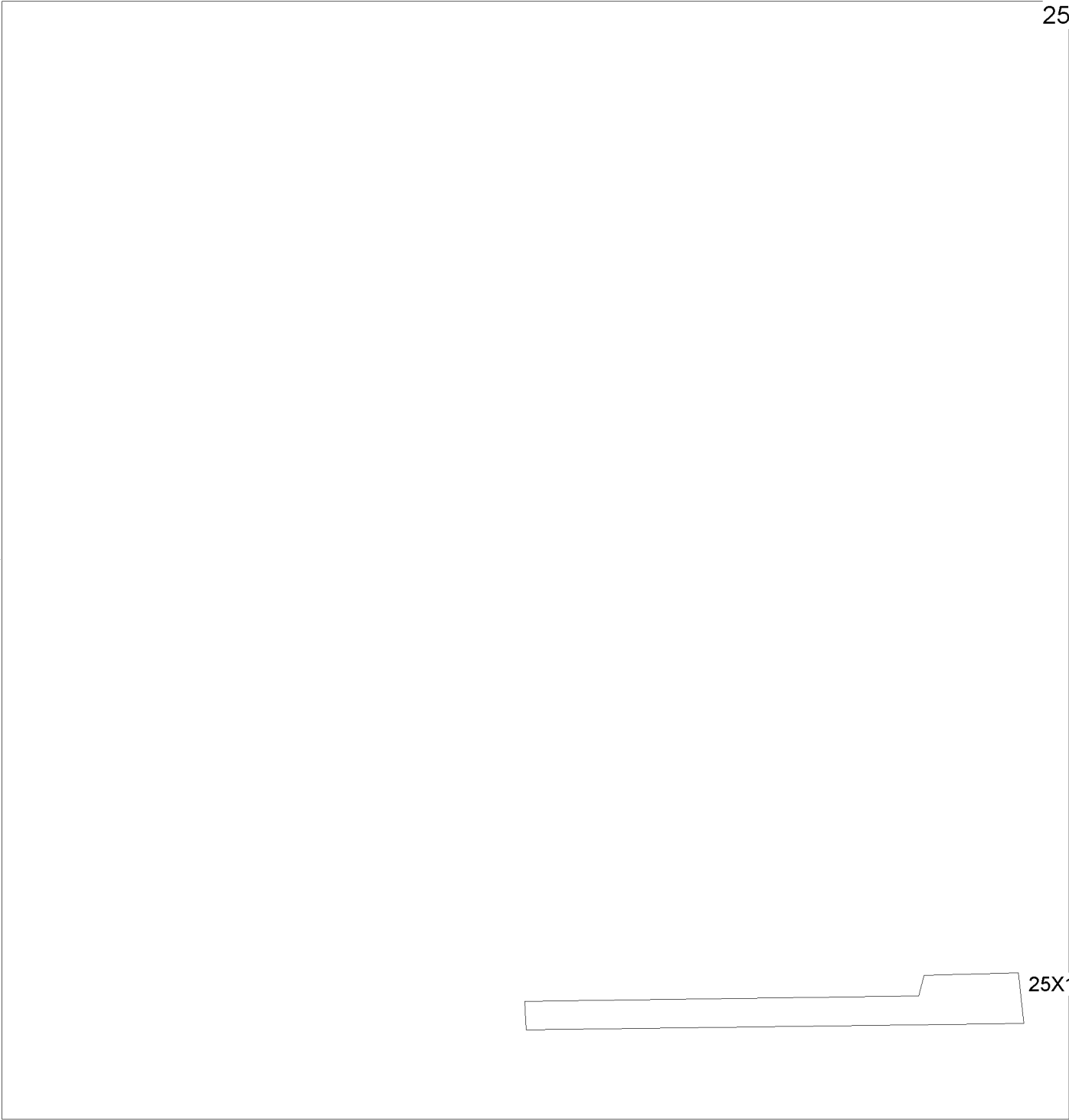
25X1

♦ ♦ ♦

SECRET

SECRET

25X1



25X1

SECRET

SECRET

Ostpolitik: Much Movement, Less Progress

Bonn's campaign to improve its relations with Eastern Europe continues to move ahead on a broad front. [REDACTED]

Sparring With Moscow

Although trying to promote a posture of reasonableness, the Soviets show little apparent readiness to make meaningful concessions on Berlin. The Bonn government has publicly made such concessions the price for ratifying the non-use of force treaty signed on 12 August arguing with some justification that German public opinion would not tolerate ratification in the face of Soviet intransigence in Berlin. The Soviets, even though eager for ratification, clearly want to give up as little as possible in the Four-Power Berlin talks.

Soviet Foreign Minister Gromyko underlined Moscow's effort to appear forthcoming by making an unprecedented stopover in West Germany on 30 October on his return home from the UN General Assembly. Before departing Frankfurt, he said his conversation with West German Foreign Minister Scheel had been "useful" and that bilateral relations were improving. Neither Scheel nor Gromyko, however, indicated that the two had been able to agree on more than the broadest of principles.

East Germany Gets in Step

Only hours before Gromyko's arrival, East German emissaries arrived in Bonn to announce Pankow's willingness to begin talks on access and other Berlin issues. This is the first expression of East German interest in bilateral talks since the abortive meetings last spring between Chancellor Brandt and Premier Stoph. The East German initiative was not entirely unexpected, however, for the Soviets have been pushing the line that the

Four-Power talks should decide "principles" while the Germans themselves arrange details. Bonn and Pankow have agreed on an informal exchange of views, and Bonn has promised careful coordination with its Western allies.

25X6
25X6*More Progress in Eastern Europe*

There is guarded optimism in Bonn and Warsaw, meanwhile, that Scheel's visit to Warsaw this week will result in final agreement on a treaty to improve their relations. The two sides are close, but they still differ on the precise wording of Bonn's acceptance of Poland's western border, and on the Four Powers' continuing responsibilities in German affairs. Signature of the treaty would pave the way for re-establishment of diplomatic relations, although neither side has projected a date for this development.

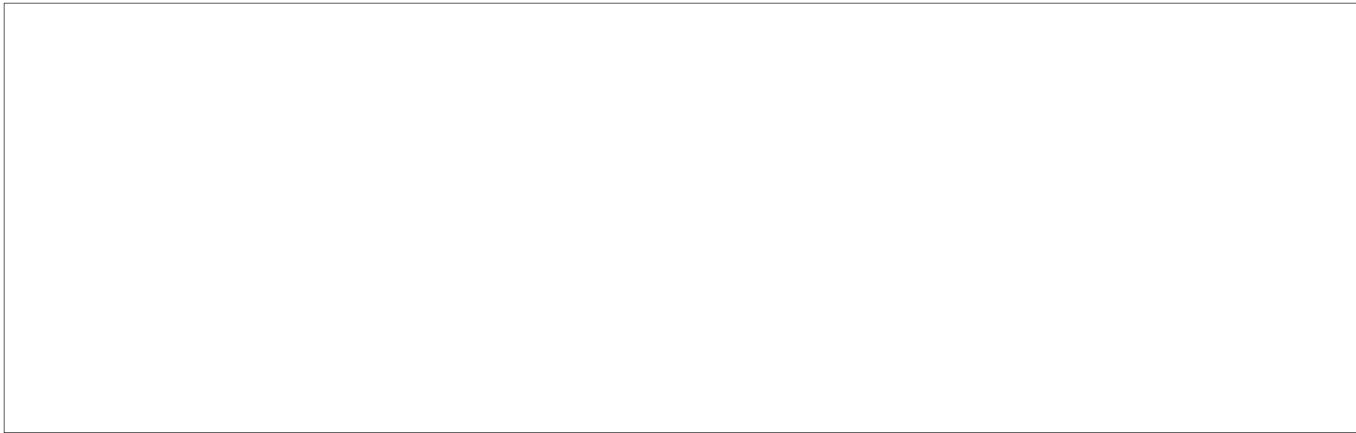
Preliminary talks on a similar treaty between Bonn and Prague opened in mid-October with the visit to Prague of a West German Foreign Ministry official. Both sides appear satisfied with these technical talks and have agreed to resume discussions in mid-November. The main issue remains Prague's public insistence that Bonn denounce the 1938 Munich Pact as void from the outset. The West Germans believe, however, that the Czechoslovaks will accept some wording that will minimize or eliminate possible legal problems such as property claims.

The Hungarian regime has also told Bonn that it wants to establish diplomatic relations. There are no territorial problems to be negotiated, but Hungarian officials say that they wish to await Bonn's ratification of the Soviet treaty and the conclusion of its pacts with Warsaw and Prague.

25X6

SECRET

25X6



◆ ◆ ◆

Yugoslavia Tackles Economic Problems

Yugoslavia's first party conference focused on the nation's chronic economic problems and pending political reorganization. The net result was almost unanimous support of several economic changes and a call for the clear delineation of federal and republic prerogatives.

Leading party official Krste Crvenkovski's address on the proposed governmental reorganization asserted that the party would not lose its authority to the proposed collective presidency. He indicated that political decentralization has its limits by saying that the new executive body would have the power to make decisions that would be unpopular.

By far most of the conference time was devoted to Yugoslavia's economic problems, and some stopgap stabilization measures to halt inflation and improve the balance of payments were announced. The program consists of a widespread price freeze and tighter controls on consumer credit and on imports.

The price freeze applies to all manufactured goods, most basic foodstuffs, rents, public utilities, and some services. The government, however, has proposed safeguards guaranteeing adequate supplies of basic consumer goods and industrial stocks. Consumer bank credit allowed to each individual was severely restricted. To limit

imports, merchants must now make a 90-day dinar deposit with banks equal to one half the value of their purchases.

These controls are only temporary to give the Federal Executive Committee breathing space to enact a broader stabilization package. Its aim is two-pronged: to halt inflation but still allow optimum expansion and modernization of the economy.

The details of the package are not yet complete, but it almost certainly will involve decreased budgetary expenditures, tighter controls on enterprise and bank investments, changes in taxation, and additional controls on imports and consumer spending. Conceivably there also could be major changes in the price and foreign exchange systems. According to the Yugoslavs, a wage freeze will not be imposed, although some type of incomes policy may be adopted.

Past experience has shown that a new approach is required. Earlier stabilization programs have turned booms into sharp recessions. Continued stop-go policies would impede efforts to increase efficiency and to lessen regional imbalances. Moreover, such policies could have a negative effect on foreign investments, which have been disappointing despite an increasingly liberal foreign investment law.

25X1

◆ ◆ ◆

SECRET

MIDDLE EAST - AFRICA

UN: *A Controversial Extension of the Cease-fire*

The General Assembly this week adopted a draft resolution—offered by Egypt and several non-aligned co-sponsors—that could aggravate the difficulty of implementing the 1967 Security Council resolution, the basis on which the search for a Middle East peace settlement has so far proceeded. The resolution does, however, recommend to the parties concerned an extension of the cease-fire for another three months.

Although the text approved by a 57-16 vote in the Assembly contained modifications that toned it down, it still made no reference to violations of the cease-fire - stands:ill agreement and included an ambiguous request to the Security Council to consider imposition of economic sanctions against Israel. The resolution was also very selective in its references to the 1967 Council resolution, emphasizing in particular the need for Israeli withdrawal from territories occupied in the six-day war. Before the vote, Israel stated clearly that adoption of the resolution could cause it to refuse to cooperate further in peace efforts under both the 1967 resolution and the 1970 Rogers Plan.

The US failed to obtain significant backing for its alternative draft, which endorsed the 1967 Council resolution in toto and called for at least a three-month extension of the cease-fire. The Arabs especially objected to its stress on the need to create the conditions of mutual confidence essential to permit a resumption of talks under the auspices of Gunnar Jarring, Secretary General Thant's Middle East envoy.

For a time during the week it appeared that a compromise resolution offered by several Latin American states would satisfy both sides and thereby prevent a contentious outcome. It endorsed the 1967 resolution and recommended resumption of the Jarring talks as well as the extension of the cease-fire for at least three months. As such, the Latin American draft was believed to cover the minimum demands of Egypt and its co-sponsors

and to be responsive to their keen desire for some sort of Assembly statement before expiration of the cease-fire on 5 November as agreed to in August.

France played a major role in securing sufficient modification of the Egyptian draft to ensure it of the Western and Francophone African support to gain the wide margin necessary in Assembly voting because the issue was an Important Question requiring a two-thirds majority. Several Arab states abstained—including Saudi Arabia and Kuwait—inasmuch as they refuse to be a party to any endorsement of the 1967 Council resolution. The Latin American draft subsequently failed to gain even a majority, a setback partially attributable to London's refusal to support it. The British abstained on both votes, maintaining that both drafts jeopardized the status of the 1967 resolution.

Neither Egypt nor Israel appears eager to see active hostilities resume; Tel Aviv is likely to continue to observe the cease-fire as long as Egypt does. Popular sentiment in both countries, including military opinion, appears to favor the continued suspension of active hostilities. Following the UN vote, Egyptian Foreign Minister Riad stated in New York that his country would observe the three-month cease-fire extension. In Cairo, however, the semiofficial *al-Ahram* reported that although Egypt would accept a short extension of the cease-fire, a full 90-day extension was incumbent upon progress in peace negotiations.

Despite good intentions, however, the initial period of any cease-fire extension will probably be somewhat fragile. Each side is unsure of the intentions of the other, and will be on a high state of alert to guard against surprise attack. As before, a cease-fire will remain vulnerable to incidents initiated by undisciplined or disgruntled military personnel, and this in turn could lead to a general resumption of hostilities.

25X1

• • •
SECRET

Egypt: *Sadat Seeks Support*

The formal organization of the new government has been completed, and Egypt's new leaders are attempting to develop stronger domestic support.

Husayn al-Shafi and Ali Sabri were named this week apparently as co-equal vice presidents. Both men were vice presidents under Nasir, but they were dropped from their positions before his death. Neither man was named first vice president, nor were they assigned areas of responsibility, and continued dissension over their future roles is likely. Al-Shafi is generally considered a political lightweight; left-leaning Sabri appears to have more influence, particularly within the Arab Socialist Union (ASU), Egypt's sole legal political organization. Nasir put Sabri's organizational talents to use in rejuvenating the ASU in the mid 1960s, but it still lacks any meaningful grass-roots support and remains a creature of the regime.

Meanwhile, the government appears to be making an attempt to capture the support of the masses by an increased interest in consumer problems. Prime Minister Fawzi appeared to emphasize internal matters in his acceptance speech when he declared that foreign policy is the re-

flection of domestic policy. Moreover, the regime recently instituted a series of measures designed to improve the lot of the masses. The annual price reductions on certain consumer items and the distribution of profit-sharing allotments to workers during the fasting month of Ramadan were more generous than usual. Additionally, the government announced the allotment of funds for the establishment of 400 new health units and claimed it was expanding Egypt's overworked telephone system. Although such measures may be somewhat helpful politically, if pursued too far they will adversely affect Egypt's already shaky economy.

President Sadat's performance in the past few weeks indicates an effectiveness not anticipated initially.

25X1

Although he must continue to share political power with other leading figures, Sadat has appeared to be one of the leading participants in Egypt's decision-making process since his inauguration. He still, however, lacks any degree of meaningful popular support.

25X1

INDIA-NEPAL: A disappointed team of Nepalese trade officials has returned to Kathmandu from New Delhi without a new trade and transport treaty to replace the ten-year-old one that was to have expired on 31 October. The reasons for the deadlock are not clear inasmuch as the talks opened on a note of optimism, but India apparently is not yet willing to concede to Nepalese demands for trade preferences that would help Nepal's fledgling industrial efforts, or to

permit the shipment of Nepalese goods through India to Calcutta and Pakistan. The old treaty, however, has been extended at least until the next round of talks, slated to begin on 12 November. In the meantime, the stalemate can be expected to rekindle Nepal's long-held resentment over its dependent relationship with India, and Indo-Nepalese relations are likely to suffer a new—but possibly brief—period of strain.

25X1

SECRET

Jordan: *The New Cabinet of Wasfi Tal*

Last week King Husayn appointed his fourth government in less than six weeks. The cabinet is headed by a four-time former premier, tough-minded Wasfi Tal, who has considerable support within the army and among East Bank Jordanians. For years he has been known as the strongest anti-Nasir supporter of the King, and he has no love for the Baathist regimes of Iraq and Syria. He has also been a leading advocate of firmness in dealing with the fedayeen, and fedayeen leaders can hardly be pleased by his appointment.

The King has obviously served notice on the fedayeen that he intends to perpetuate the pattern of governmental self-assertion that has been appearing recently. After having previously offered the fedayeen the carrot-and-stick team of the conciliatory former premier Tuqan and hard-nosed Major General Zaid bin Shakir, Husayn is taking one more step to consolidate the success so far attained. With the replacement of Tuqan by Tal, the King has given Shakir a strong, decisive partner in the civilian side of the government. Moreover, the average level of competence of the new cabinet—which contains a rough balance between East and West Bankers—seems fairly high. Five members are holdovers from the previous cabinet, and several others are competent civil servants and businessmen. Only two ministers have a military background, and this predominantly civilian character of the cabinet may help allay some of the criticism directed at the military aspect of the previous cabinet.

The reaction of other Arab governments and the attitude of the fedayeen leaders to the new appointments are not yet clear. Initial press stories seemed to indicate that Tal particularly would be the target of attack from all sides. The official Baathist organs in Syria and Iraq have come out against him; the Egyptian ambassador

has been summoned home, and the Cairo press has accused Tal of being the prime mover behind the recent crisis in Jordan. The Arab governments, however, have withheld official comment and appear to be adopting a wait-and-see attitude.

Most of the fedayeen leaders also have been wary in their comments about the new cabinet. Although the newspaper of the radical Popular Front for the Liberation of Palestine in Beirut said that the new government would drag Jordan into a new round of fighting, other fedayeen leaders have been temperate in their comments. The fedayeen central committee chairman, Yasir Arafat, said in an interview that "the important thing for the resistance is that the Palestine revolution should remain and continue." Other leaders are quoted as saying that they would not object to Tal so long as the Cairo agreement was implemented.

The first test of the new government may come on 9 November when the expiration of the two-week grace period for the enforcement of the recent agreements could bring a flurry of provocations. Both the government and the fedayeen leadership, however, have taken steps to eliminate potential sources of friction by such measures as issuing new ID cards and gun permits. Barring some unusually recalcitrant and unauthorized act by the fedayeen fringe element or heavy-handed actions by government security personnel, the present "cold war" between the government and the fedayeen may continue for some time. Snowballing incidents such as the one that threatened the cease-fire on 3 November are likely to recur, but the fedayeen are not yet prepared to renew full-scale hostilities, and the Tal government probably does not wish to stir things up by unduly provoking them.

25X1

SECRET

SECRET

Indian Prime Minister to Face Hostile Parliament

The forthcoming session of the national parliament, which opens 9 November, is expected to present Prime Minister Gandhi with the most serious criticism of her administration since the split in the Congress Party in 1969 deprived her of a majority government.

Although her political opposition is still fragmented, her opponents are finding an increasing number of anti-Gandhi issues on which they agree. Chief among these is condemnation of the prime minister's use of central powers to interfere in local affairs for her own political gain. A bill that may be introduced to limit the central government's control over the states has the backing of some parties normally aligned with the prime minister. In the foreign affairs field, Mrs. Gandhi may be attacked for leaning too heavily toward the Soviet Union. Although she can argue that US neglect has forced her closer to the USSR, some of her opponents may seek to reverse the argument, charging that her "pro-Soviet" policies were what triggered the recent US offer to sell limited quantities of arms to Pakistan. Washington, however, will remain the major target of this issue.

Morale within the prime minister's own Ruling Congress Party has declined somewhat in the last few weeks. For one thing, Mrs. Gandhi's abortive attempt last month to impose a Ruling Congress government in Uttar Pradesh—India's most populous and politically important state—has hurt her image. Her alleged pro-Soviet policies and her apparent willingness to establish closer ties with the pro-Moscow Communist Party of India (CPI) have run into some high-level resistance within her party. These events, together with her earlier unsuccessful attempts to persuade local

political leaders of her party to come out strongly for land reform, have exposed weaknesses in her control over the party organization.

Heretofore, Mrs. Gandhi's archenemies in the Organization Congress Party and their allies on the political right have been eager to avoid forcing a snap national election out of concern for the weakness of their electoral machinery. Constitutionally, the country must go to the polls by February 1972. Indian politics, however, seem to be polarizing between the left and right and the possibility that this phenomenon will increase support for the opposition camp could prompt the prime minister's opponents to re-examine their position toward early elections. Even if they still opt for stopping short of voting her down on a no-confidence motion, their enthusiasm for confronting her in other parliamentary tests of strength is likely to increase.

On balance, the odds appear good that Mrs. Gandhi will survive the coming parliamentary session. The leader of the Dravidian Progressive Federation, a key regional party from South India that generally supports the government but finds itself opposed to Mrs. Gandhi on the states rights issue, has said that he would not support a move to topple her. In addition, the CPI—which has gained new respectability and prestige from its association with the Ruling Congress—would be unlikely to vote against the government on an issue crucial to its survival. Mrs. Gandhi has indeed suffered some recent setbacks, but so far she has outwitted most of her opponents; her left-wing policies are popular, and she is generally recognized as the only person in India capable of attracting widespread support in each of India's 17 disparate states and 10 union territories.

25X1

SECRET

SECRET

Ethiopia: *Eritrean Insurgency Continues Unabated*

The tempo of Eritrean Liberation Front (ELF) activity within Eritrea has picked up over the past few months, although the insurgency itself still appears to be a standoff between the guerrillas and Ethiopian security forces. The ELF has not basically altered its pattern of activities, but it has succeeded in shifting the emphasis more noticeably to sabotage and terrorism.

In the latest upsurge of activity, the ELF has demonstrated an improved capability in the use of demolitions and now poses a new and potentially serious threat to traffic on the provincial road network. Sabotage against bridges has increased and attacks on military-escorted civilian convoys have been noted for the first time. There have also been incidents in the rural areas of wanton shooting of Christian villagers by the Muslim insurgents.

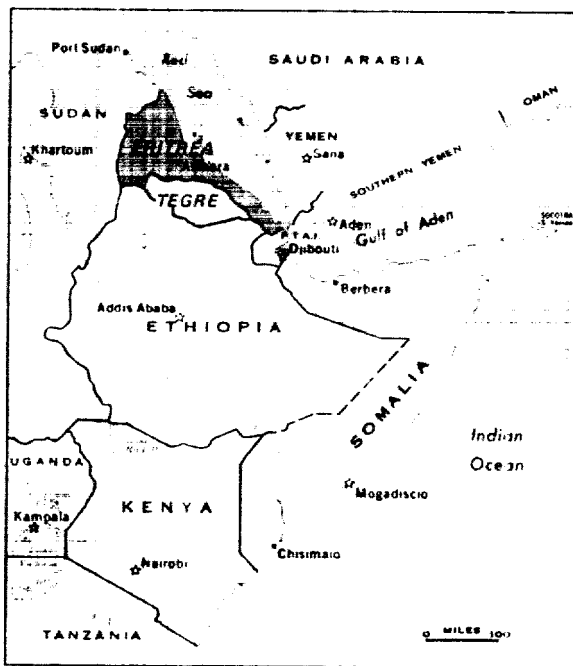
Foreign support for the ELF apparently has not increased significantly, although the Communist Chinese may have been furnishing additional supplies. One new development that has the Ethiopians worried is the emergence of Aden as a major staging area for the infiltration of men and supplies along the Eritrean coast. The Ethiopian Navy and land forces are incapable of interdicting this movement.

The authorities in Eritrea maintain that pressure from Ethiopian security forces is requiring the ELF to act out of desperation, a judgment that is in part correct. On the other hand, the usually optimistic Governor General Asrate Kassa recently admitted that he had asked Addis Ababa for more reinforcements and small arms to distribute to villagers who have been harassed by ELF bands. Moreover, the ELF has moved gradually into new regions in the province outside of its traditional areas of operation. Guerrilla bands

have now been noted in neighboring Tegre Province where security is lax and the guerrillas have been able to disperse to escape pursuing forces.

These developments do not seem to indicate any dramatic change in the internal security of the province, at least over the short run, nor does the ELF seem to be at the point of developing into a full-fledged, hard-core terrorist movement. The ELF has enhanced its capabilities, however, primarily because of the growing number of terrorists in its ranks who have returned from training with the fedayeen in radical Arab states. The increase in the organization's radical Muslim orientation and in its terrorist expertise is an indication of this expanding Palestinian influence.

It is still too early to tell whether the ELF can sustain the present campaign. Recent terrorist



SECRET

SECRET

excesses suggest it may have abandoned the strategy that marked the first few years of the insurgency—that of trying to enlist the support of Eritrean Christians, who constitute about half of the population. In so doing it runs an increased

risk of alienating much of the rural population. At the same time, the Ethiopian Government has stepped up its military pressure in Eritrea and will not hesitate to strengthen its security forces if necessary. [REDACTED]

25X1

SOUTH AFRICA: The opposition United Party made some gains in the provincial elections held last week, although the ruling National Party retained control of three of the four provincial councils. Many observers, particularly within the United Party whose main base of support is the English-speaking population, portrayed these elections as a test of whether the party would be able to sustain the momentum it gained after winning nine seats from the Nationalists in last April's general election.

among its staunchly conservative Afrikaner supporters rather than a significant increase in United Party popularity, however. Many National Party supporters apparently abstained, thus helping the opposition to pick up a few seats in three of the provincial councils and to reduce the winning margin of many Nationalist candidates. Whether Prime Minister Vorster will interpret the results as a sign that he must provide more vigorous leadership in order to recapture the support of the rank and file of National Party adherents remains to be seen. [REDACTED]

25X1

The outcome seems to reflect a continuing dissatisfaction with the Nationalist government

Iran: *Negotiations with Consortium*

The second round of negotiations between the government and the consortium of Western oil companies will begin in Tehran on 7 November with the two sides seriously at odds. Pressed for funds by a growing balance-of-payments deficit brought about by increasing military expenditures, a large-scale development program, and substantial debt repayments, the Shah has taken a tough stand. In his Speech from the Throne in October, he warned that unless the consortium increases its output, legislation designed to "protect Iran's interest" will be enacted. Either way, the Shah insists that a minimum of \$5,920 million be raised during the five-year plan

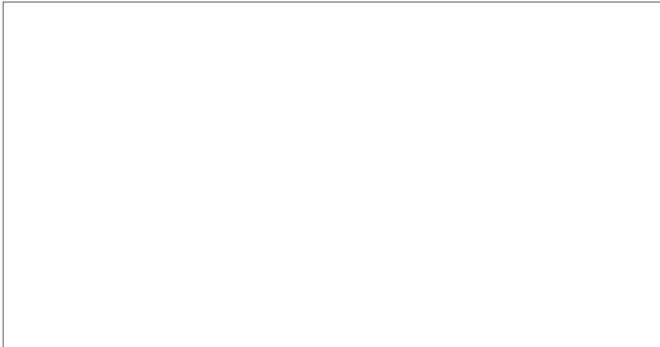
ending in March 1973. So far, the consortium has provided or pledged to the government a reported \$2,830 million.

The government negotiators presented the consortium with a series of stiff demands during the first round of talks in October. Iran asked for a higher posted price—the first Middle East country to tailor its demands to the new terms exacted from major oil companies in Libya. The government also demanded that the consortium increase its program for capacity development beyond 1972, the present project being "neither reasonable nor acceptable."

SECRET

SECRET

25X1



25X1

It is doubtful that the consortium would care to see any of its concession areas lost, and it is most probable that at the end of what looks like a long and bitter bargaining session, Iran will extract a new price-tax structure, a source of cost oil, and the revenue it needs for another year.

25X1

WESTERN HEMISPHERE

Brazil Prepares for Congressional Elections

The balloting for members of Congress on 15 November will be the first nationwide popular elections since President Medici came to power in October of last year. The voting is an important step in the government's "political renewal" program. For a number of reasons, however, the approximately 30 million registered voters have little interest in the campaign or the outcome of the election, and a considerable number of blank ballots may be cast.

All members of the Chamber of Deputies will be chosen to serve from 1 February 1971 through 31 January 1975. Under a constitutional amendment of October 1969, the new Chamber will consist of only 293 seats rather than the present 409. Normally, two thirds of the 66 Senate seats would be up for grabs, but the cancellation of the political rights of some senators has made it necessary to elect 46 rather than 44. The senators will serve eight-year terms starting on 1 February 1971.

Party representation in the new Congress is likely to be about the same as it is now. The progovernment National Renewal Alliance (ARENA) will control two thirds of the seats and the opposition Brazilian Democratic Movement (MDB)—the only other legal party—the remainder. Roughly the same division will probably take place in the races for state legislatures and for public offices in over 2,000 municipalities.

The administration's key political slogan is "renovation"—the replacement of politicians who were active before the 1964 revolution with new men who are competent administrators dedicated to such national goals as economic development and effective education. These "technicians" were perhaps the dominant group among the men hand picked by Medici as governors in all 22 states last month. Although the administration hoped that this new political breed would also predominate in the congressional races, it appears that this will

SECRET

SECRET

not be the case. Rather, the traditional politicians, who rely on understandings with other influential politicians, on arrangements with urban "bosses" and rural large landholders who control large blocs of votes, and on the liberal allocation of cash to get elected, will win a large share of the races and will continue to dominate the federal and state legislatures.

Because of the steady increase of the powers of the executive and of the influence of the military and the "technicians" since 1964, the traditional politicians have been largely relegated to positions within the legislative bodies and the lower levels of the federal and state executive branches. Spiraling campaign costs; the increasing difficulty in arousing voter interest and thereby obtaining contributions; a decline in the power, prestige, and pay of legislators; and military distrust and hostility toward most politicians are additional deterrents to running for office. These handicaps particularly apply to MDB, which has largely been kept alive by the government to preserve the semblance of a two-party system for domestic and foreign public opinion. The party,

however, has had little opportunity to act as an effective opposition because of the numerous legal and informal restrictions placed on its activities. The members of the progovernment ARENA are only slightly less hampered in their political maneuvering because of their need to defend all aspects of the administration's policies regardless of their personal beliefs.

Politicians of both parties—which were created by the government and have little genuine popular support—have continued to participate in the game under the rules set by the administration because they believe that eventually the political process will change to their advantage. The possibility that the politicians might eventually regain their pre-1964 dominance is a prime cause of military frustration. The administration's and the military's conviction that severe restrictions on political activity are necessary may mean that Brazilian "democracy" under Medici will be a very different brand from the usual concept.

25X1

Guatemala: *Arana Government under Attack*

The government's poor showing in the security field is enhancing the appeal of extremist solutions to Guatemala's insurgency problem. Many of President Arana's supporters regard as absurd his fixation with legality in countering the subversive threat in the face of the rise of terrorism over the past two months. Elements within the security forces have even begun to ignore the President's insistence on playing by the constitutional rules.

The President is finding that his own determination to transform the army and police into effective forces is no match for the entrenched inefficiency and corruption that characterize these services. His efforts to forge a professional

investigation team that would coordinate its activities have shown almost no promise, and he, for that matter, seems to have little understanding of the magnitude of the problem. Arana, who recently told the US ambassador of his frustration at the competing demands for money and of his reluctance to divert resources away from social and economic programs, is beginning to realize that a professional security force is a long way off and will require large inputs of manpower and funds.

The immediacy of the terrorist problem, plus rising discontent with the government's inaction, will probably make Arana more amenable to the advice of those who advocate "fighting fire

SECRET

SECRET

with fire." If he decides to resort to counterterror, this may merely grant official sanction to an ongoing process. Mysterious disappearances and the murder of students and others associated with the left indicate that some of the security forces may already be using interim extralegal tactics.



25X1

The pressure on the government will grow substantially in the event the Rebel Armed Forces (FAR) carries out its plans to stage some sort of a "spectacular operation." Most of the FAR's recent actions have been directed against policemen and other low-paid security officials.



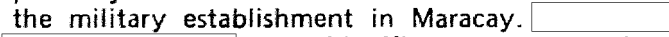
If Arana abandons his commitment to the legal path, Guatemala will see a revival of the long cycle of political violence that took place under his predecessor. In the past, the tendency on both the left and the right to include moderates on their lists of extremists and the generally unsophisticated approach to "eliminating the enemy" have meant the victimization of many innocent citizens.



25X1

VENEZUELA: Student demonstrations broke out across the country following last week's occupation of Central University in Caracas, but the protests were vigorously put down by the police and national guard with a minimum of property damage. The problems at Central University remain unresolved, however. No replacement has been found for the rector, Jesus Maria Bianco, who was suspended for his refusal to abide by the new university reform law. Sixteen school deans and 14 of the 19 members of the university council have come out publicly in support of Bianco.

Nervousness over the student situation probably contributed to an unusual incident in the military establishment in Maracay. about 10 officers were arrested, apparently for disciplinary rather than political reasons. The Maracay incident is unusual because of the generally stable economic and political situation and because the government's firm action against leftists in the university has tended to minimize military discontent.



25X1

25X1

25X1

New Government Takes Over in Chile

Salvador Allende was inaugurated President on 3 November in a mixture of traditional pomp and Marxist demagoguery. His promise to "build socialism" through a pluralistic government is belied by his appointment of a cabinet dominated by Communists and Socialists.

Atheist Allende's first act as President was to attend a high mass in his honor, then to hold a reception where unofficial Communist delegates from around the world were welcomed as warmly as the 70 official delegations that preceded them. Shortly after moving into an expensive new

SECRET

SECRET

residence, Allende told newsmen that only through the profound structural changes, hard work, and "liberation from imperialism" that he offers can the Chilean people benefit from their country's great potential.

Allende's hard-line, militant cabinet was named after a bitter power struggle within his six-party Popular Unity coalition. His own Socialists won the two top ministries and two other patronage posts. The Communists also received four key ministries, although influential Minister of Economy and Development Vuscovic does not publicly admit to being a party member. The largest non-Marxist member of the coalition, the Radical Party, got three ministries, and the remaining three members had to share the other four posts. Communists and Socialists, however, are capturing the vital secondary posts in these seven ministries, giving them effective control. The average age of the generally unimpressive cabinet is over 50, in contrast with the Frei administration's emphasis on young, activist leaders. An exception is the revolutionary Catholic and intellectual, Jacques Chonchol, the new minister of agriculture. He left a key post under Frei and the Christian Democratic Party in protest against the "slow pace and moderation" of the agrarian reform program, of which he was the chief architect. In the early 1960s, Chonchol served as a UN agricultural adviser to Fidel Castro.

Also intelligent and articulate is Allende's close Socialist confidant, Jose Toha, who as minister of interior is first in the line of succession if the President leaves the country, dies, or is incapacitated. Toha also controls the administration of Chile's 25 provinces and all of the police forces. He already has appointed a Communist and a Socialist as governors of the two major provinces. Allende is particularly interested in en-

surging support from the paramilitary national police force of 25,000 men, which is better trained and slightly larger than the army. The new police commandant is not an outstanding officer and was probably chosen for his malleability.

The defense minister is a 69-year-old leftist Radical whose many years as a teacher at the military academy appears to be his major qualification. His appointment may be short-lived and designed primarily to reassure the military, as were the appointments of three retired officers as subsecretaries for the three services. The new commanders in chief of the services are all senior and experienced officers known to be acceptable to Allende.

Allende's foreign relations may test his ability to please everyone. His foreign minister, Clodomiro Almeyda, is from the most radical wing of the Socialist Party, which even distrusts Allende. Almeyda has little use for the US or the USSR, but favors Cuba and Communist China.

Almeyda's appointment is unlikely to change the USSR's considerable reserve thus far toward the new government. The main thrust of comment from Moscow has been that Chile will pose no threat to other countries in the hemisphere. The election has been described as a national liberation and social development, Soviet terms for "progressive," nonaligned countries. Moscow's caution seems prompted in large part by fear that Allende may sooner or later seek Soviet financial assistance. In keeping with this approach, a third-stringer, one of 15 vice presidents of the Presidium of the USSR Supreme Soviet, headed the four-man Soviet delegation to the inaugural.

25X1

SECRET

Page Denied

Secret

Secret

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Hungary's Tenth Party Congress Will Expand Reforms

Secret

№ 43

6 November 1970
No. 0395/70A

Page Denied

SECRET

25X1

HUNGARY'S TENTH PARTY CONGRESS WILL EXPAND REFORMS

During his 14-year tenure as Communist party first secretary, Janos Kadar has worked out a uniquely successful system of gradual reform predicated on cautious pragmatism and ideological flexibility. Kadar bases his domestic rule on a shrewd economic policy that emphasizes relatively wide availability of consumer goods while avoiding excessive foreign debt and inflation. He has introduced a reform of the economic system in many ways similar to Ota Sik's aborted plan for Czechoslovakia. The economic reform has not caused major political or economic disruptions and has laid the groundwork for badly needed political reforms. At the tenth party congress opening on 23 November, the Hungarian leaders intend to set the parameters for a precedent-setting, political modernization program intended to reverse the current inefficient centralization of authority in Budapest, to raise the present extremely low level of popular identification with the system, and further to weaken the vestiges of Stalinism. The modest "social democratization" program proposed is to be brought about by institutional changes, the first since the reconstruction era immediately following the 1956 revolt.

Although the specific measures envisioned are not likely to cause domestic upheavals, some of Kadar's more conservative allies in the USSR and East Germany may see the program as a threat to the post-Dubcek status quo in Eastern Europe. At the same time, however, moderate Communists throughout the area will be watching the Hungarian experiment for potential leads on solving similar problems. In the end, Kadar's prestige, his skills at judicious compromise, and his success in maintaining order in Hungary, should help him avoid any serious difficulties.



SECRET

25X1

The "Kadar Era": Successes and Failures

Kadar's reign, begun amid the rubble of postrevolt Budapest, set off a grim authoritarian tack. Behind the scenes Kadar was waging a bitter struggle with the remnants of the party's Stalinist wing, and only with the firm support of Nikita Khrushchev was he able to gain mastery over the party in the early 1960s. Kadar then embarked on a program of "national reconciliation," whose growth he nursed consistently if gradually. This program even survived the fall of Khrushchev, and Kadar emerged late in the decade as the Warsaw Pact's most successful reformist leader.

Kadar's accomplishments are remarkable even when taken out of the context of the post-revolt years. He has established a modus vivendi with the nation's creative intelligentsia unparalleled in the Soviet orbit of influence, done away with coercion as a primary means of control, drastically reduced the traditional subjugation of peasantry to the urban class, successfully launched one of the most liberal economic reforms ever introduced in the Soviet orbit of influence, and refurbished the country's international reputation.

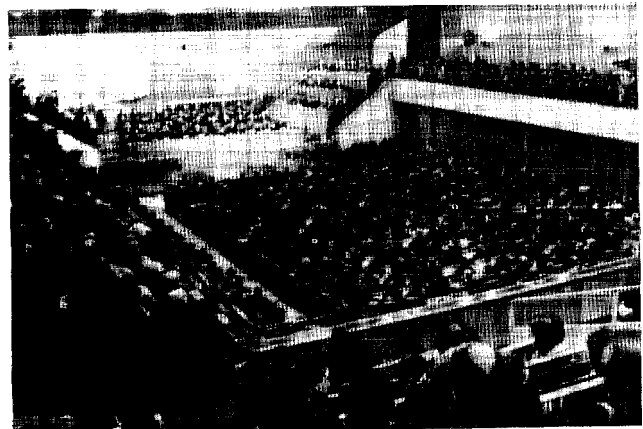
Despite conspicuous successes, there have been galling failures. Kadar's reform has been rigidly controlled, and consequently there has been no mass public identification with the system. His distrust of grass-roots spontaneity and his seeming alacrity in following Moscow's lead in foreign affairs have also diluted the effectiveness of his leadership of the independent-minded and highly nationalistic Magyars. Moreover, his failure to deal conclusively with the legacy of Stalinist terror and postrevolt repression still prejudices his relations with key segments of society. He has been most successful in reaching the population through the judicious use of material incentives, but this tactic also has had negative side effects; it has produced a cynical and materialistic public mood that has infected even members of the party.

To Kadar, who has publicly admitted his desire to unify the nation regardless of ideological differences of opinion, these failures are most disturbing. Refusing easy paths, however, he forswears the use of nationalist demagoguery, which he considers caused national ruin in two world wars and sparked the revolt of 1956. He predicates his policies on close ties with the USSR, even though such a policy limits his options in developing corrective programs. He has taken the difficult political course of turning the basic Soviet institutional model into one suitable for Hungary, which at the same time is acceptable to the USSR.

Economic Reform, the First Link in the Chain

At the eighth party congress in 1962, Kadar brought economic specialists, headed by party secretary Rezső Nyers, into the leadership. Armed with hard evidence and professional projections, the economists warned that without a drastic restructuring of the economic system, stagnation and possibly even reverses were to be expected by the mid-1970s.

The problem of posing alternatives to the Soviet economic model was eased by



Hungarian Ninth Party Congress convenes,
26 November 1966.

SECRET

SECRET

25X1

Khrushchev's toleration of economic experiments in the USSR. The participation of Hungary's most capable economists in this study, irrespective of their standing within the party, ensured a thorough hearing for national interests. After three years of detailed research into shortcomings, projected needs, and possible solutions, the findings and recommendations were adopted at the ninth party congress in 1966, and, after further polishing, were introduced as the New Economic Mechanism (NEM) on 1 January 1968.

The NEM's basic strategy, built around a break with the rigid centralization of authority in the economy, involved the introduction of the profit motive as a factor in economic life. Central Planning was to be limited to setting general nationwide guidelines, and the central ministries' role in directing the everyday operations of local enterprises was consequently restricted. Local factory management received considerable authority over its own financial and production problems, and there was also a counterbalancing increase in authority of local trade union organizations to protect workers' interests against abuses by managers in pursuit of profits. Various other rationalization measures were introduced, including a more flexible price system designed to allow market forces to have some effect on the economy and the granting of authority to some factories to deal directly with foreign firms. Even while the economic reforms were being effected, party experts admitted that they were linked with the need for eventual political changes, saying that it was as desirable to free the political as the economic system from the pervasive grip of central authority.

Intervention in Czechoslovakia; Eddies in Hungary

The turmoil accompanying the "Prague spring" in 1968 and military intervention in Czechoslovakia later that summer had the unexpected side effect of accelerating the Hungarian party's political reform program.

**Khrushchev's description of the Hungarians after the 1956 revolt.*

The intervention, in which Hungary reluctantly participated, came as a deep shock to the nation. Kadar sought to dissociate himself from it by dropping from public view for six weeks. Public concern about Kadar's safety became linked with fears of a resurgence of conservatism throughout Eastern Europe, and for the first time there was a palpable mass identification with a Communist leader in postrevolt Hungary.

Beyond this increase in Kadar's personal popularity, there was another important turn in Hungary's history. The Hungarians behaved themselves. Ulbricht, Brezhnev, and Gomulka were faced in 1968 with student protests and mass disaffection on the part of intellectuals, but the Hungarians by and large remained quiescent. This demonstration of self-control in a critical period marked a high point in Kadar's efforts to establish stability among the "eternal rebels on the Danube"* and presented the regime with a unique opportunity for starting new programs.

Kadar announced his political reform program in early March 1969 during the virulent anti-Dubcek propaganda campaign taking place elsewhere in the area following the "hockey riots," in February. Kadar's public commitment to political reforms and his decision to buck the conservative tide that was building in Eastern Europe were widely recognized as demonstrations of personal courage, especially because most Hungarians had despaired of such boldness on the part of the national leadership. Kadar utilized the hypersensitive atmosphere of the crisis period in Czechoslovakia to make a rare, direct appeal to the Hungarian nation for support. He contended that gradual reform was "the only possible way" of building socialism in Hungary.

The announcement was made to a highly unusual convention of the party central committee, national assembly, regional party leaders, and heads of the party's national front. Before the meeting, Kadar and his most trusted advisers

SECRET

SECRET

25X1

made the rounds of cultural groups, editorial offices, and factories, explaining their decision and the need for continued public order. As if to emphasize the intention to bury the past, on the day following this meeting, the regime held a public honorarium for former premier Laszlo Rajk, the nation's best-known victim of Stalinist terror.

Such an essentially nationalistic gesture, however, has not been, and probably will not be, a main feature of Kadar's reform strategy. He has since relied mainly on private personal diplomacy among key groups (students, intellectuals, and workers). Whether openly or not, however, the "Hungarian way" is based on an inherent appeal to the receptively nationalistic population.

Reform Under Soviet Scrutiny

One of Kadar's primary concerns has been the retention of the Kremlin's military, economic, and political support. In return for leeway in domestic affairs, Kadar has generally offered to Moscow his support—although often not wholehearted—of Soviet foreign-policy objectives, and a seeming stability in Hungary. The means of providing stability had been largely left to Kadar until 1968, when Czechoslovakia and the Hungarian economic reform brought more detailed Soviet scrutiny.

During the six months after the announcement of March 1969 that Hungary intended to initiate political reforms, an unusually heavy stream of Hungarian party "study" delegations beat a path between Moscow and Budapest. No details of the discussions are available, but it is almost certain that Moscow probed the Hungarian programs and intentions in detail. The Soviets had already registered suspicion of the Hungarian economic reform with Kadar early in 1969 when he sought clearance to proceed in March.

The Hungarians appear to have obtained Moscow's qualified approval for their reforms, although the Soviets have posed some definite

criteria for the economic reform (e.g., no heavy indebtedness to the West, no heavy unemployment or rapid inflation, and no disruptions in contracted trade with the USSR). Specific Soviet requirements regarding the proposed political changes, no doubt have been made clear to Budapest, and there has been a sudden resumption of training in the USSR for local Hungarian party officials.

For the most part the Soviets have maintained a reserved official silence on the Hungarian reform process. The closest thing to a Soviet endorsement was some vaguely worded praise by Brezhnev at the Hungarian 20th liberation anniversary in April 1970. The Hungarians have pointed to the successful completion of the five-year plan trade negotiations this fall as an indication of Soviet support for the economic reform, but the Kremlin has steered clear of specifics.

Whatever the reason for this reticence, the Hungarians know that their own margin for error is small. They have therefore made a concerted effort to improve Hungary's image in Moscow as a reliable ally. Articles in the Hungarian press expressing irritation about laudatory Western press coverage of so-called liberal trends in Hungary are directly attributable to nervousness that the Soviets might be misled about Hungarian intentions.

Budapest's concern is well founded. Moscow's acquiescence in the Hungarian political and economic reforms presupposes above all the assurance of centralized party control. It was the Czechoslovak leadership's apparent inability to control the reform process, more than any other factor, that aroused Soviet fears and doomed the Czechoslovak experiment in 1968. Despite Moscow's greater confidence in the Hungarian leadership, failure to maintain party authority in Hungary would be almost certain to spark a reaction in Moscow as hostile as that to Prague's earlier failure.

Kadar's other major external obstacle to success in his programs is Walter Ulbricht, East

SECRET

SECRET

25X1

Germany's dogmatist in matters of ideology. Hungary's NEM is the antithesis of East Germany's centralized economic reform, in concept and in execution.

relations between the two leaders can only be described as coolly correct. Ulbricht worries about Kadar's lack of support for Pankow's policies vis-a-vis West Germany and about Hungary's eagerness to establish diplomatic relations with Bonn, East Germany's wishes notwithstanding.

Elsewhere in Eastern Europe, the Hungarian experiments are watched with more sympathy. The Poles, in particular, have shown positive interest and have openly supported various aspects of the NEM that seem relevant to their similar economic problems. Hungarian-Polish efforts in pushing for a restructuring of CEMA and their common interest in seeking normalization with Bonn have further enhanced the cooperative atmosphere. Also, Kadar's relations with the new Husak regime in Czechoslovakia have produced some examples of favorable support. Although the internal stabilization process in Czechoslovakia drastically limits the moderates' readiness to involve themselves deeply in problems outside their country, there is a conscious feeling in Prague that Kadar's tactics can be selectively applied in rebuilding the domestic order there. Moreover, the Hungarians have established close ties with their Yugoslav neighbors that the Yugoslavs themselves have described as a model they would like other Pact countries to follow.

Political Reforms: Strategy and Tactics

Kadar is convinced that Communism can thrive in Hungary as long as the right adaptations are made at the right time. His current goals appear to be to increase the efficiency and responsiveness of the system and to widen the base in meaningful popular participation in politics. His tactical approach leans heavily on partial de-

The Hungarian people would have perished long ago if its political wisdom had not succeeded in preserving it.... It is very characteristic...that by giving up the battle it has in fact consolidated its position and its opportunities in Europe...the whole existence of this people has been a series of lucid compromises and an uninterrupted meditation on its actual possibilities....

Mihaly Babits, *On the Hungarian Character*, 1939

Developments in building a socialist society are not attained by large scale use of force, but by eliminating antagonistic interests in the social and economic spheres, by systematically decreasing the use of force to eliminate existing differences, and by utilizing democratic forms and methods in the interest of close cooperation on the widest possible scale with the masses of the working people.

Imre Nagy, *On Communism*, 1955-56

There are those who like what we are doing: others are indifferent or dislike it. Let our reputation be "the Hungarians know what they want and what they want they are able to achieve." We want socialism, Communism, progress and peace in the world. This is what we are fighting for and, according to our powers, we contribute to it. The recent stock-taking carried out by the central committee was realistic.

Janos Kadar, *speech to Angyalfold Workers*,
Dec. 1969

centralization of political authority, a firmer adherence to legal requirements, and the legitimization of the principle of group participation (e.g., trade unions, youth groups) as a check on the often arbitrary and abusive bureaucracy.

The development of practical mechanisms for this scheme has been very difficult. Because

Special Report

- 5 -

6 November 1970

SECRET

SECRET

25X1

the track records of other reformers (excluding Tito, who stands in a class by himself) have been unimpressive and conditions in Hungary call for some unique approaches, no one foreign model has been applicable to Kadar's problems. Moreover, Dubcek's adventure in 1968 boded ill for nationalistic experiments in Eastern Europe. The Hungarians have largely got around these problems by selectively adapting aspects of their conservative neighbors' political systems relevant to their problems, mixing them with some cautious formulas of their own. From the Poles, for example, they have taken certain concepts of decentralization and parliamentary reform.

Creating the right atmosphere to accompany the reform process has been another, considerable problem for Kadar. Too much ballyhoo could raise expectations to dangerous levels and invite foreign interference. Too little could give an academic tone to the reform, and cause it to be dismissed by the average Hungarian as meaningless. The latter danger has been acknowledged to be the more acceptable, and the party leadership has opted for a generally low-key approach. The main problem from the regime's viewpoint is convincing the public of the need for personal discipline during the sensitive reform period.

Kadar does not intend a rapid, inflexible about-face for either the political or economic system. He is a past master at judicious compromise and is willing to retard troublesome aspects of his programs that might threaten the safety of the total program either because of domestic objections or because of Soviet suspicions. Experience with the economic reform of 1968 is illustrative of the impact of Kadar's pragmatism. Although the economic reform was enacted as a package on 1 January 1970, several important elements of the NEM were not put into effect immediately because of "political considerations." The most prominent digressions from the plan were the regime's decision to hold up implementation of wage differentiation and the failure to close down inefficient factories, as scheduled. Worker opposition to a change in the traditional

egalitarian pay system and to potential unemployment gave ammunition to domestic conservatives who disagreed, and still disagree, with the "concessions to capitalism" inherent in the NEM. The party leadership has patiently worked out compromises with the advocates of workers' rights and seems to have reached an understanding that will allow the preliminary introduction of wage differentiation after the tenth party congress. The issue of closing down inefficient plants, however, appears still to be unsettled.

Throughout the preparatory stages of the political reforms, the Hungarians have cautiously refused to construct an ideological model justifying their approach. They probably believe that such a move would restrict their options and invite needless attention from the high priests of Marxism-Leninism in Moscow, Pankow, and elsewhere. Their insistent denials of an intention to create "a Hungarian way to Communism" and their equally forceful commitments to "continue creative applications of the universally valid tenets of Marxism-Leninism according to local conditions" are among the anomalies resulting from the absence of a firm ideological foundation.

Electoral and Parliamentary Reform

The area in which Kadar hopes to make the most gains in obtaining deeper national involvement in the system is in public participation in the parliamentary process. To make this attractive, the regime has ordered another face lifting for the largely rubber-stamp national assembly and an electoral reform that contains aspects of genuine democratization.

Nevertheless, the changes proposed in parliament's political role so far are severely restricted. The almost total lack of legislative initiative in that body may be modified slightly, but it is fairly clear that parliament will not reassume its pre-Communist era role as supreme lawmaker. Other bodies, i.e., the Council of Ministers and

SECRET

SECRET

25X1

the Presidential Council, will probably retain legislative initiative in major matters.

The party hopes to improve parliament's effectiveness in widening the scope of its authority to debate certain problems and to increase its supervision over the government. It is unlikely, however, that critical areas, such as trade, foreign policy, secret police activities, or defense policy will get more than approving nods from the legislature. At the same time, there is a good chance that parliament's authority to look into domestic consumption policies, corruption, and programs such as education, welfare, and medical services will be enhanced. Whether this investigative authority will be complemented by the power to force the government to comply with the parliament's will has not been made clear. The regime hopes that the concessions it plans will be generally viewed as an upgrading of public control worth supporting.

Another and a more solid step is the reform of the electoral system, already passed by the national assembly on 3 October 1970. Under this new system, the populace receives the right to nominate candidates to run against the list drawn up by the party for national assembly and local government seats. The scheme also provides for the eradication of the most flagrant bias of the old system; it abolishes the "negative vote" (whereby all unmarked ballots were regarded as votes for the official candidate), provides for possible party endorsement of two contending candidates, and promises that all candidates, despite their endorsement or lack of it, will have equal opportunity to use public forums in their campaigns. There are still prohibitions against the nomination of openly hostile persons, but there appears to be no internal mechanism that assures the election of an official candidate.

The party will fight actively for its endorsements, and its influence (and block of votes) still is a strong prejudicial factor in the system. If a district's voters prove adamant about nominating and supporting their own candidates, however,

there appears to be no certain means of pushing through an unpopular official candidate. This aspect of the system could eventually cause serious embarrassment to the some 20 party leaders who hold elective posts and under the electoral reform must take their records before a popular nomination system.

The regime, however, is not considering and will not countenance the creation of a cohesive or a national opposition. The popular nomination system is limited by geographical boundaries. The Hungarian Communists have not seriously contemplated a multiparty system since the 1956 revolt, and they have no intention of doing so in the foreseeable future. All candidates will have to swear allegiance to the party's policies.

State Administration

The Kadar regime has admitted and has set out to rectify some of the shortcomings of monolithic command authority vested in the central state bureaucracy. In the economy, where the defects of the system were most glaring, the Hungarians moved early, introducing the NEM in 1968. Now, partially as a result of new requirements generated by the economic reform and partly by a desire to rationalize the cumbersome and inefficient process of state administration, consistent political decentralization in the form of new local council law is to be discussed by the party congress.

"All tasks which solely concern local interests, or which can most efficiently and most economically be resolved locally should be relegated to the jurisdiction of the local councils" is the slogan behind the program. In effect, however, the party probably intends initially to restrict this authority to matters of culture and education, social welfare, and local economics. To emphasize its firm intentions, the party leadership has already taken steps to establish the economic and political power base for the local councils.

SECRET

SECRET

25X1

The Hungarians are keenly aware of charges that they are "playing at self-management" (Yugoslav style), but they deny that there will be any local power bases that could pre-empt general party prerogatives in forming national policy. In fact, the congress will specifically order the party apparatus to "interfere in any politically important matter irrespective of jurisdictional considerations." On the other hand, the Hungarians bridle at the suggestion that this provision negates the whole purpose of the decentralization and emphasize that the Yugoslav restrictions on the integrity of "self-managing units" in practice are not much different from what the Hungarians plan.

At the same time, the party hopes that by giving local government bodies the tools and authority to conduct local affairs it can develop an effective alternative to centralized inefficiency. Arbitrary abuses of power and protected chicanery in the present system have already caused serious criticism of "institutionalized irresponsibility," and frank warnings by party intellectuals of a deterioration of respect for the state and socialism itself are no longer taken lightly by the regime.

Intellectuals and Youth

As can be seen from events in Poland and Czechoslovakia in 1968, an East European regime's relations with intellectuals and youth are central to domestic stability. The Kadar government's recent achievements with both groups are promising, but some negative trends are building that the first secretary is moving to avoid.

Hungary's creative intelligentsia in particular have been rather content with the *modus vivendi* achieved with the regime. There is no comprehensive censorship, regime restrictions on artistic content are fairly light, and the means of enforcement are generally limited to manipulation of material incentives, personal argumentation, and stern warnings. Imprisonment of intellectuals for dissent is all but unheard of: the most recent

known case, in 1964, involved charges of subversive activities by the Chinese Communist Embassy—and the Hungarians pride themselves on avoiding the "Asiatic" cultural controls employed by the Soviets. Kadar's promise to fight hostile ideas but not the people espousing them lies at the core of this pragmatic policy for winning the cooperation of the nation's intelligentsia.

This is not to deny that there are still underlying frictions in relations with the intellectuals. For one thing, the early granting of relative freedom to the intellectuals has brought them much closer to the limits of permissiveness than any other sector of society. As a result, the party congress reform package contains no new concessions for the intellectuals and, in fact, shows evidence of an attempt to consolidate the regime's hold over them by introducing a new propaganda concept, that of the "socialist champion," with suitably ideological criteria for judging cultural products.

Hungarian writers have quietly countered by pushing a scheme for freeing themselves from the grip of centrally formed policies. An unprecedented influx of once hostile liberals into the

INTERROGATION

behind the door
they are plotting our lives
we don't even know the questions
we try to pass off answers
memorized beforehand
anxiety
beads our faces
solitude of minus 273 degrees
maybe our turn will come soon
before the granite
slabs of waiting
topple and crush us

Sandor Rakos (newly elected member of Hungarian Writers Union Steering Committee)

SECRET

SECRET

25X1

Writers' Union hierarchy at its congress last spring has created an unusual degree of unity behind the intellectuals' drive for a "new cultural mechanism." Orthodox critics have sent up a howl of public protest decrying the low state of ideological purity and the "uncritical acceptance of Western ideas" in the cultural community. Kadar has refused, so far, to take sides in the squabble and hopes to avoid open ruptures on the issue because factional infighting in Hungary could spread rapidly and uncontrollably beyond the dispute's original limits.

Hungarian youth have been so quiescent in the past decade that they have hardly figured at all in the regime's daily considerations. For young people, overt political activity has largely been limited to torpid demonstrations organized by the party's front organization, The Communist Youth League (KISz). Infrequent antiregime activity has been squelched by the regime's secret police through their effective network of informants. Furthermore, Kadar's permissive attitudes toward the emulation of innocent Western fads have provided a useful means of allowing the young people safely to blow off steam.

In this atmosphere young people have largely turned their attentions toward individual goals, participating in "required" political activities out of cynical self-interest but avoiding any real identification with the regime and its aims. The party leadership, lulled by the ability of KISz to create satisfactory demonstrations of youth support, had largely left the formulation of youth policy to second-rate party hacks. The student disturbances that swept through Poland, Czechoslovakia, and East Germany in 1968, however, caused the Hungarian leadership to review its policies. Proceeding from detailed samplings of youth opinion, a study made by the regime found that the situation was not quite as benign as it had assumed.

Widespread dissociation from the regime and its goals, deep pessimism over the nation's future possibilities, and dissatisfaction with the forma-

tion of long-range policy without reference to youth's aspirations were some of the findings of the study. After a brief flurry of finger-pointing and mutual recriminations, the party announced a detailed program that was to prepare a new youth policy. The first step was the sacking of the old KISz leaders and the breaking of that organization's monopoly of authority in youth affairs. A nationwide canvas of all state, party, and front groups for suggested reforms of youth policy was undertaken, and these are to be discussed at the party congress. Another step taken was the preparation of a "youth constitution" (similar to East Germany's) aimed at detailing in a legal document the responsibilities of the various units of society to young people, as well as the duties and rights of the country's youth.

The party also has promised young people more opportunities to rise to leading positions. It has stressed its sincerity by opening its ranks to 18-year-olds for the first time. It has undertaken some changes in the administration of higher education, granting university administrations and students more authority to deal with their campus problems. It has also promised to remedy some of the social ills influencing young people's attitudes.

Legal Structure and the Police

The question of legality in Hungary is emotion laden, because any discussion of the topic inevitably leads backward to the Stalinist terror and the gross illegalities accompanying it. One of Kadar's most galling failures has been his inability to find a suitable means of rationalizing the events of the Stalin era. All of Kadar's amnesties, exonerations, and symbolic honoring of the victims have not and cannot erase the shameful memory of the degradation of the whole nation that supplied cheering ranks for senseless executions, tortures, and imprisonments. Moreover, events outside Kadar's control, such as the intervention in Czechoslovakia and the anti-Semitic purge in Poland during 1968-69, renew tensions and suspicions, forcing Kadar constantly to revive his assurances.

SECRET

SECRET



25X1

Because Kadar cannot conclusively rid himself of this problem by any other means, he has opted for some institutional guarantees. Although denying any intention to instill artificial "legalistic" inhibitions on the power of the party, he has gradually turned to the law as a means of diluting the arbitrariness of state power. For example, although the "new" passport law passed in 1970 is little more than a public codification of once-secret administrative decisions, it contains the significant addition of a right to obtain a written statement of the reason for being refused a passport and the establishment of a process for appeal of the initial decision. The law contains no airtight assurances of freedom to travel, but it does make it more difficult for the police arbitrarily to reject passport applications.

Similar qualitative reforms are scheduled in legal administration. Changes upgrading the procedural rights of defense counsels have been proposed, as has a review of the unnecessarily complicated (and prejudicial) organization of the court structure. There is also a discernible movement to decrease the number of "political crimes" that should be dealt with as misdemeanors punished by fire.

Another central issue is the role and authority of the secret police. Since Kadar came to power, he has extended party control over that once-autonomous and all-powerful body. Abuse by the secret police of its extralegal powers has been slowly restricted, but until early 1970 there had not been any serious official questioning of the powers themselves. In January 1970, however, Interior Minister Andras Benkei announced his office's dissatisfaction with the effects of this unique authority. Benkei complained that the police are often used as final arbiters of disputes in which no illegality is even suspected and which in many cases are simple failures of officials to work out their own problems. He announced administrative decisions within the ministry aimed at checking such proceedings and asked for a clear codification of his ministry's duties vis-a-vis other government ministries. Furthermore, Benkei

specifically asked that certain, unspecified duties that more properly belong to other ministries be specifically deleted from his charter.

As a practical political program, the changes requested by Benkei have not received much public exposure since their announcement. There are very delicate secondary effects of such a program—not the least of which is the Soviet attitude toward any weakening of the power of the secret police—and it is not likely that the party will push these changes while other aspects of the domestic reforms still present some potential for internal disruption.

Constitutional Reform

A central issue of political reform in Hungary is modernization of the constitution. This involves more than just semantics. The old constitution, a relic of the Stalinist period, is sadly lacking in any serious relationship to present-day realities. The party's role is obscured by the conspiratorial, underground psychology of the old constitution's drafters, and the rights and duties of the citizenry are less than clear.

Although it can be argued that constitutions have little practical importance in Communist countries, Kadar nevertheless sees a new constitution as a basic prop for his reform programs. Up to now, his continuous assurances of an intention to eradicate Stalinism have not been popularly considered a serviceable guarantee of the future. Furthermore, disparities between the letter of the constitution and the bureaucracy's practice hinder the regime's ability to establish credibility among a wary population. Kadar needs a realistic constitution—one that more accurately reflects the political realities in terms of legitimizing the present power structure, and at the same time provides a basis for developing reforms.

The Tenth Party Congress

Kadar controls the party leadership, but this does not mean that he is always able to reconcile

SECRET

SECRET

25X1

differences within the party or in every instance to get the party apparatus to do his bidding. Conservatives in the lower- and middle-level hierarchies still oppose the more liberal aspects of his programs and are quite skillful at using bureaucratic means to muddy the party leadership's original intentions. Their numerical and organizational strength is not known, but the conservatives have been powerful enough to bring their objections to bear against Kadar on the floor of past party congresses. There has been evidence of similar conservative dissent during the preparations for the tenth party congress.

A furor among party rank and file over declining party influence, at least so described in the conservative-oriented trade-union journal, is the latest overt pegpoint for attacks on leadership policies. The journal contends that party members are losing their prestige in their places of work because of the increased authority of local management, and it complains of a widespread "lack of respect" for party members. The attack used some of the hard-line jargon seen in Czechoslovakia during the recent purges. To dramatize the case, it charged the existence of a "moral terror...against those in the party who should speak out."

The appearance of such a diatribe in the official trade-union journal suggests that Sandor Gaspar, the head of the trade-union council and a member of the party politburo, may be one of the leaders of the opposition. The Communists in the trade-union movement and particularly in the leadership positions appear to be trying to get the support of workers who are apprehensive about inflation and possible unemployment. Regime leaders have countered, promising that the tenth party congress will adopt "a grand social program," including better wages and living conditions.

Aside from expected minor factional infighting, the congress will have the traditional duties of praising the past, explaining the present, and planning the future. The economic reform pro-

gram will be cautiously extended into new areas, the political reform will be adopted, and party personnel and administrative policies for the next four years will be set.

A new cadre policy will involve some thorny problems. Kadar always insisted on "maintaining the stability of leading organs" as a key in his efforts to preserve domestic order. This policy has succeeded, but perhaps a little too well. Party leaders from the central committee on up are fairly balanced in terms of social and political roles, and their average age is in the early fifties. But there is attitudinal isolation between this group and the 20-25 percent of the people who have grown to maturity in postrevolt Hungary. The Kadar regime has failed to elevate a single party member from the postrevolt generation to a policy-making post. Furthermore, the presence of honorary central committee members in their dotage exacerbates the frustrated ambition of the generation in waiting, particularly in view of the fact that this better educated young generation has assumed many responsible administrative posts in the economy, government service, and even in the local party apparatuses.

Because Kadar's past personnel policies have not precluded an average 20 to 25 percent turnover in the central committee, it is expected that many of the 20-odd openings resulting from the upcoming congress will be filled by members of this so-far-unrecognized generation. It is doubtful, however, that many young people will emerge in policy-making positions in the politburo or secretariat.

There are also compelling administrative reasons that recommend an injection of new talent into the party leadership. Kadar's intention of reorienting local party work away from detailed daily interference in routine local government and factory matters will run against the grain of old-timers who are either incapable or unwilling to adapt. Under the new requirement, a more sophisticated party presence will be expected, and in many cases new blood will be necessary to carry out the changes.

SECRET

SECRET

25X1



These two photos, taken a year apart in May 1969 and April 1970, demonstrate the heavy toll that Kadar's duties take on his health. He seems to snap back from periods of excessive fatigue after a suitable rest but the rests are becoming more common. Kadar's succession may present an important underground issue at the tenth party congress.



There will not be many high-level party personnel changes at the congress. Age and failing health may force the retirement of the 60-year-old Foreign Minister Peter, which would also result in his replacement on the central committee. Gyula Kallai, president of the national assembly and politburo member, has also reached the legal retirement age, and his political eclipse probably will be accelerated by Kadar's desire to revamp parliament's image. Politburo members Dezso Nemes and Antal Apro are, respectively, over or near the retirement age, but their status as the leadership's symbol of continuity from the 1940s might recommend continued tenure, particularly inasmuch as the two wield only ceremonial authority. Other shuffles might occur among those party leaders entrusted with responsibilities in such chronic problem areas as internal trade and construction, but these changes would cause few policy problems.

There is a chance that the 58-year-old Kadar will make some slight reference intended to clarify the problem of succession to himself. Af-

ter the ninth congress the two front-runners were party secretaries Bela Biszku and Zoltan Komocsin. Since that time, however, there have been persistent rumors that Karoly Nemeth, Budapest city party boss, has been tapped for eventual succession to Kadar's mantle. Kadar's health is not robust (he takes periodic rests of two to three weeks' duration and is rumored to have a nervous condition), and there already have



Karoly Nemeth, currently an alternate Politburo member and party boss of Budapest, is a new, but promising, candidate for eventual succession to Kadar.

SECRET

SECRET




25X1

been some hints that he should delegate more of his authority. Beyond clarifying Nemeth's position, Kadar is unlikely to open any succession sweepstakes, to concede any of his authority, or to take any other steps that could lead to instability.

Outlook

Kadar's chances for a successful, gradual political reform are better than even for the short run. He is better armed than most other leaders in Eastern Europe with precise data concerning the nation's problems. He has enlisted and received the cooperation of the most important segments of society in finding solutions and setting out on

this new tack. As a result, the program will receive at least a modicum of popular support. Nevertheless, small as the scope of the reform seems from Western eyes, from a Hungarian point of view it will, if successful, denote the first major move to create a modern Hungarian state that is not merely an appendage of the USSR. If there is a subliminal message inherent in Kadar's programs that make them salable to the public, this is it. In the long run, however, the very idea that is so attractive to Hungarians may prove to be more than the Soviets could tolerate. Indeed, if the political reforms were carried some day to their logical conclusion, it would be more than Kadar could tolerate. In the meantime, a cautious Magyarization of Communism will be under way. 

25X1

* * *

Special Report

- 13 -

6 November 1970

SECRET

Secret

Secret

Page Denied

Next 29 Page(s) In Document Denied