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29 October 1959

CURRENT INTELLIGENCE WEEKLY SUMMARY

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CONFIDENTIAL

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

SOVIET TACTICS PRELIMINARY TO THE SUMMIT Page 1

Moscow this week continued its campaign for top-level negotiations and exchanges of visits. An official TASS statement expressed the view that the earlier a summit meeting is called the better. There has been no authoritative Soviet comment yet on the announcement that a Western summit meeting will take place in mid-December. The announcement of the future visit of Khrushchev to Paris was accompanied by overtures for a visit by Italian President Gronchi to the USSR and for the rescheduling of a trip by Khrushchev to Norway.

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SOVIET 1960 PLAN AND BUDGET Page 5

The first order of business at the Supreme Soviet session now under way concerned the economic plan and budget for 1960. The budget provides for the same level of explicit military expenditures as in 1959. Unstated defense expenditures are included in other budget categories, however, and the increase in total expenditures budgeted for 1960 permits continuation of the growth of military programs. The economic plan for 1960 calls for an increase of 8.1 percent in industrial production over 1959. This year's performance is well above plan, and Soviet planners probably expect substantial overfulfillment again next year. The Supreme Soviet is also scheduled to hear a report on the international situation.

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MIDDLE EAST HIGHLIGHTS Page 7

Iraqi Communists and "nationalists" in Qasim's entourage are again engaged in intense competition for influence; rumors persist, however, that Qasim's physical condition is not as good as the authorities have claimed. Nasir, in a move to strengthen his position in Syria, has made his trusted army chief, Marshal Amir, in effect viceroy of the UAR's northern region. The Sudanese regime's prestige may be enhanced by further progress in the Nile waters negotiations with the UAR. Libya's King Idriss is considering cabinet changes. Khrushchev, presumably in an effort to draw further concessions from Tehran, postponed formal response to the Shah's proposal to give the USSR a written guarantee that Iran would not allow missile bases on its territory.

25X1

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CONFIDENTIAL

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART I (continued)

THE SITUATION IN CUBA Page 10

The threat of extremist control of the Cuban Government grows as Raul Castro has increased his control of all police and military forces and "Che" Guevara is wielding extensive power through the National Agrarian Reform Institute and has great influence over Fidel Castro, particularly on economic matters and foreign policy. It is unlikely that Fidel Castro will moderate his course.

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NEW BORDER CLASH HEIGHTENS SINO-INDIAN TENSION Page 11

The latest clash between Indian and Chinese border forces in the disputed Ladakh area of Kashmir has stirred such animosity in India toward Communist China that early negotiations on the border problem now seem unlikely. Prior to the incident--the first serious clash since 26 August--both governments had been trying to prepare a proper atmosphere for border talks. The Chinese insist the Indians are responsible for the Ladakh incident but their statements have indicated concern over the effect on Indian opinion. Public pressure is forcing Nehru in the direction of a tougher policy toward Peiping.

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A tougher policy would reduce prospects for creating the "favorable atmosphere" Peiping considers necessary for negotiations.

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PART II

NOTES AND COMMENTS

PEIPING PUSHES COMMUNES DESPITE SOVIET CRITICISM Page 1

Chinese Communist pronouncements in the past two months have shown a determination to push ahead with the commune program in the face of Soviet criticism. By reviving a number of practical features as well as theoretical claims associated with the original commune program, the Chinese Communists have reasserted positions which are distasteful to the Soviet Union. Soviet intransigence and Communist China's renewed assertiveness demonstrate how little progress has been achieved during the past year in resolving the basic policy and ideological conflicts introduced into the Sino-Soviet relationship by China's communes.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART II (continued)

CHINESE COMMUNIST TRADE AND AID PROGRAM FALTERS Page 3

Communist China, involved in a series of disputes with its neighbors, has not followed up last year's intense trade and aid offensive in South and Southeast Asia. By failing to exploit trade opportunities and by threatening economic retaliation to gain political ends, Peiping is losing hard-won economic gains in markets which have provided the foreign exchange it requires for its imports from Western Europe. [redacted]

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PEIPING ATTEMPTS TO PLACATE BURMESE ON BORDER ISSUE Page 4

The deterioration of Chinese prestige as a result of recent clashes on the Sino-Indian frontier has impelled Peiping to give new reassurances to Rangoon on the long-standing Sino-Burmese border issue. Chinese Communist Foreign Minister Chen Yi on several recent occasions has gone beyond protocol requirements to make personal contact with a Burmese cultural delegation in China to stress Peiping's desire to "coexist with its neighbors" and retain Burma's friendship. Differences between Peiping and Rangoon on the demarcation of the border appear to preclude any early resolution of the issue. [redacted]

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SITUATION IN LAOS Page 5

The government's position in southern Laos continues to deteriorate as the tribesmen who predominate in the area are becoming increasingly sympathetic to the Communists. The postponed trial of Prince Souphannouvong and other pro-Communist leaders now may begin in early November. Announcement of the forthcoming trial has inspired a stream of protests from North Vietnam. Although Moscow now opposes Secretary General Hammarskjold's plan to replace the UN subcommittee with his own representative in Laos, the secretary general continues to search for a basis to accomplish this. [redacted]

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REPLACEMENT OF NORTH KOREAN FOREIGN MINISTER Page 7

The replacement of North Korean Foreign Minister Nam Il by Pak Sung-chul does not presage a shift in Pyongyang's foreign policy or bloc orientation. Nam has retained his deputy premiership, and the change has not affected his other functions in the regime. Pak has headed the party's international department for the past year and has risen rapidly in the Foreign Ministry. [redacted]

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART II (continued)

MOSCOW PUSHES CAMPAIGN AGAINST PUBLIC DISORDERS Page 8

Moscow is moving again in an effort to increase the active support of the Soviet public in combating anti-social behavior. Quasi-judicial "public juvenile delinquency commissions" are to be created, and "comrades' courts" are to be given enhanced authority under a draft law published recently for "broad general discussion." Moscow claims that the proposed increase in public responsibility for maintaining law and order is another "visible sign of Communism," pointing out that government functions are gradually being turned over to "public organs" as the Soviet Union begins its "full-scale building of a Communist society."

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MIKOYAN IN FINLAND Page 9

Soviet First Deputy Premier Mikoyan, during a visit to Finland for the signing of a new Soviet-Finnish five-year trade agreement and the opening of the Soviet Industrial Fair, warned Finland against participation in the projected seven-nation little free-trade area, which he said the USSR regards as a remnant of the cold war. Feeling precluded from direct membership, the Finns will probably seek bilateral arrangements with the member states. Mikoyan also warned against any increase in Finnish defense forces, making it clear that Moscow regards Finland as under the protection of the USSR. The new trade agreement calls for an annual average increase of 2.5 percent from 1961 through 1965; the projected growth in total Finnish foreign trade is expected to be 3 to 4 percent annually during this period.

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NEW EAST GERMAN FLAG USED IN CAMPAIGN FOR WESTERN RECOGNITION Page 10

East Germany is displaying its new flag in the West on every possible occasion in order to promote its campaign for recognition. This effort follows the Berlin flag incidents of 6-8 October, which first focused attention on the East German banner. Many Western countries will probably not oppose the flying of the flag when it is displayed during international trade, sports, or other events involving East Germany. There will probably also be no opposition to display of the new flag on East German merchant vessels or on barges using West Germany's inland waterways.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART II (continued)

GOMULKA SHAKES UP POLISH REGIME Page 11

The party and government shifts made on 27 October in Poland indicate that Gomulka is taking a more serious view than previously of his economic problems. He evidently hopes, by bringing into the government men who favor stronger central economic controls, to improve economic planning and administration and to prevent a further deterioration of the situation. It is unlikely, however, that Gomulka has decided to abandon any of the features of his program--such as his opposition to forced collectivization--which make Poland unique within the bloc. [redacted]

25X1

ICELANDIC ELECTIONS Page 13

The combined majority gained by the Conservative and Social Democratic parties in Iceland's 25-26 October general elections points to a further period of cabinet cooperation between these two pro-Western parties. A coalition government formed by these parties, while friendly to Western interests, would probably be compelled to continue to demand acceptance of Iceland's 12-mile fishing limit, and it would be under some pressure to prove that it is prepared to protect Iceland's interests on the question of the Keflavik air base. [redacted]

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PROGRESS ON THE EUROPEAN COMMUNITY Page 14

The Council of Ministers of the European Economic Community (EEC or Common Market) agreed at meetings in Brussels in mid-October to proceed with the organization of political discussions on a six-nation basis. Other steps to strengthen the concept of a political Community were favorably considered, and proposals were advanced to reduce the EEC's 12- to 15-year transitional period to eight years. Increased support for a liberal, world-oriented trade policy by the Common Market is also apparent. [redacted]

25X1

GROWING LATIN AMERICAN INTEREST IN BLOC TRADE Page 15

Brazil's plans to send a high-level trade mission to Moscow in late November typify the interest of a number of Latin American governments in expanding trade with the Sino-Soviet bloc if the terms seem economically advantageous. While four countries--Argentina, Brazil, Uruguay, and Cuba--accounted for 90 percent of bloc trade with Latin America in 1958, others are expected to help increase the 1959 total. Bloc trade offers have been skillfully designed to take advantage of Latin American financial difficulties. [redacted]

25X1

SECRET

v

THE WEEK IN BRIEF

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART II (continued)

BELGIUM REASSESES ITS CONGO POLICY Page 16

Dissatisfaction in the Belgian Congo with Brussels' program of "accelerated political development" poses a threat to communal and territorial elections scheduled for December and has forced Brussels to offer the Congolese a definite timetable for independence or autonomous status by 1964. The two leading African parties rejected the new program, however, and tribal disorders in the interior add to the instability engendered by the nationalist demands of African extremists in the lower Congo.

[Redacted]

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[Large redacted block]

CYPRUS Page 18

The recent Turkish arms-smuggling incident has revived tension on Cyprus and at least temporarily halted the work of a commission writing a constitution for the future republic. Joint appeals by Archbishop Makarios and Turkish Cypriot leader Kuchuk to the Greek and Turkish communities to hand in to the authorities all illegally held arms have paved the way for early resumption of talks. The underlying distrust which exists on both sides in Cyprus, however, probably will be reflected in increasingly difficult Greco-Turkish negotiations before Cyprus becomes an independent state.

[Redacted]

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PART III

PATTERNS AND PERSPECTIVES

THE COMMUNES: A CASE STUDY IN LACK OF SINO-SOVIET LIAISON Page 1

Close review of Soviet journals and newspapers published between March and September 1958--the period of conception, experimentation, and initial organization of

SECRET

vi

THE WEEK IN BRIEF

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

PART III (continued)

the Chinese communes--indicates that the USSR had little advance information, although Peiping must have realized that the commune program had critical implications for the bloc. In effect, if not in intent, Chinese claims challenged Soviet dogma and suggested that the Peiping general line--embodying the communes--was significant not only for the Chinese but for other bloc countries as well. Inadequate consultation between Moscow and Peiping on an issue of such overriding importance calls into question the effectiveness and closeness of the Sino-Soviet working relationship in other respects. [redacted]

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POLITICAL TRENDS IN ISRAEL Page 5

Behind the relatively quiet Israeli election campaign, there are social issues of deep and long-range political significance. The increasing number of so-called "Oriental" and Israeli-born Jews in the electorate may bring greater future support for a more aggressive foreign policy. In preparation for the 3 November election, nearly all parties are attempting to broaden their appeal to these groups, which are becoming more politically conscious and more restive under the domination of the older leaders, who came from Europe. [redacted]

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TRENDS IN AUSTRIAN POLITICS AND FOREIGN POLICY Page 8

Vienna is experiencing a period of accelerated political and diplomatic activity resulting in large part from the impact of last May's parliamentary elections. Socialist influence in and out of the government is on the increase, raising serious problems for the hard-pressed People's party of Chancellor Raab. The intense political competition is an obstacle to formulation of the "clearer concept" of Austrian neutrality which Foreign Minister Kreisky has promised. Such issues as the South Tirol dispute with Italy are increasingly affected by domestic politics. The trend toward political as well as military neutrality seems likely to continue. [redacted]

25X1

SECRET

vii

THE WEEK IN BRIEF

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

PART I**OF IMMEDIATE INTEREST****SOVIET TACTICS PRELIMINARY TO THE SUMMIT**

Moscow this week continued its campaign for top-level negotiations and exchanges of visits. An official TASS statement on 23 October expressed the view that "the earlier a summit meeting is called, the better...for the cause of peace." It also restated the Soviet position that only the heads of government "vested with great confidence and the necessary powers" can find solutions to the international issues dividing the world.

With Macmillan's trip to the USSR last February and Khrushchev's visit to the United States, a Khrushchev meeting with De Gaulle still remained to be scheduled. Khrushchev's acceptance of an invitation to visit Paris was announced on 23 October. No definite date apparently has yet been set for the visit, although the French have announced it will take place during the first three months of next year, nor has any announcement of a return visit by De Gaulle been made.

Soviet Ambassador Vinogradov stated on 22 October that President Eisenhower has proposed a summit conference at the end of this year, and the Soviet Government is in agreement. The 23 October TASS statement, issued purportedly to clarify the Soviet position on the timing of a summit in the face of conflicting foreign press reports,

was a further move to put pressure on the French.

The announcement of Khrushchev's future visit to Paris has been accompanied by Soviet overtures for a visit by Italian President Gronchi to the USSR and for the rescheduling of Khrushchev's visit to Norway, canceled last August. The Italian cabinet is almost certain to recommend acceptance by Gronchi, according to an Italian official, and Norwegian Prime Minister Gerhardsen stated officially in July his government's hope that the visit could take place at a later date. He reportedly has informed Moscow that Norway would prefer to have Khrushchev's visit come after President Eisenhower's visit to Moscow.

Moscow is continuing to avoid actions which might bring about a worsening of US-USSR relations in the wake of Khrushchev's visit to the United States. On 24 October, following President Eisenhower's statement in a press conference that he favored a summit "by the end of the year," TASS withdrew a previous statement which asserted that Khrushchev, during his visit in the United States, told the President the Soviet Government felt a summit conference should be convened before the end of the year. Moscow may have feared that the TASS release might be

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

interpreted as pressure on the President.

In handling the Langelle incident the Soviet Government exercised extreme restraint. It did no more than issue a brief summary of its version of Langelle's apprehension.

French Views

De Gaulle's invitation to Khrushchev, characterized by Paris as the "indispensable" prelude to an East-West summit meeting, appears primarily intended to underscore his belief that Paris should have a leading voice in global affairs. Aside from the prestige accruing from a trip to France by Khrushchev, De Gaulle apparently sees the visit as an opportunity to test Soviet desires for a real detente.

The French President's invitation was, as stated, not precipitant. De Gaulle apparently intends to continue opposing an East-West summit meeting before next spring. He may hope that the explosion of the French atomic bomb--scheduled for next March or April--will strengthen Paris' position. He reportedly intends to receive West German Chancellor Adenauer in Paris, possibly on 1 December, before the scheduled Western summit conference.

De Gaulle still maintains his hard line on Berlin and Germany, in close support of

the Paris-Bonn alliance, and advocates a "common" European policy to present a strong, unified front to the Soviet Union. Nevertheless, he is apparently convinced that East-West tensions must be relaxed, and that Europe--led by Paris--can play a moderating role between the United States and the USSR.

He appears also to be seriously awaiting more specific signs of Soviet intentions to work for a real detente. Statements in Parliament on 27 October by Premier Debré and Foreign Minister Couve de Murville repeated the 21 October cabinet communiqué's condition that the detente be allowed "to show itself" in the United Nations, Southeast Asia, the Middle East, and Africa. In addition, the necessity for "methodical and thorough preparation" was advanced as making next spring the most appropriate time for an East-West summit meeting.

De Gaulle's personal inclinations, his motives for extending the invitation, and the official French statements indicate that De Gaulle will take the "global" approach with the Soviet leaders rather than concentrate solely on specific French-Soviet issues.

25X1

On Germany and Berlin, De Gaulle will probably hold to the established Western position, although he may refer to his earlier public statement recognizing the Oder-Neisse

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

line as indicative of Western willingness to work out a quid pro quo. De Gaulle is almost certain, too, to press his own pet proposal for a joint East-West aid program to underdeveloped areas.

In June, De Gaulle told President Gronchi of Italy that Europe should be prepared for eventual collaboration with the Soviet Union. In a speech last May at Bourges, De Gaulle, pushing his East-West aid proposal, said that such a joint effort would show the peoples of the two camps "that they resemble each other, that regimes do not make any difference, and that they are white men on both sides, that they are civilized people who possess great means, great resources, and that consequently their duty is the same."

French officials, including De Gaulle, have frequently expressed the view that the Soviet Union, under pressure of Chinese expansion, will eventually return to cooperation with the West, and that internal pressures in the Soviet Union are hastening its "Europeanization." A De Gaulle spokesman has written that a new world equilibrium must be found to guarantee the survival of Western civilization and avoid the catastrophe of a nuclear war.

Disarmament

Khrushchev's remarks to Austrian leaders earlier this

month provide further evidence that Moscow's long-range economic and military planning is not predicated on any substantial reductions in military expenditures through an East-West disarmament agreement. According to Austrian Foreign Minister Kreisky, Khrushchev stated that Soviet plans for raising the standard of living are based not on savings from disarmament but on increases in productivity under the Seven-Year Plan.

Kreisky said further that Khrushchev gave him the impression the USSR will accept disarmament controls but expressed doubt that Soviet views on the timing and scope of controls would be acceptable to the United States. The Soviet leader appears to have repeated the vague and ambiguous position on controls that he outlined in his speech before the UN General Assembly on 18 September and in subsequent pronouncements. He called for an international control body composed of all states but made it clear that this body would have "free access to all objects under control" only after complete disarmament has been achieved.

Soviet propagandists continue to place heavy emphasis on the Soviet proposal for "general and complete" disarmament. Moscow cites the fact that disarmament is the "chief point" on the United Nations General Assembly agenda as an indication of the great changes that have come about as a result of Khrushchev's visit to the United States.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

Propagandists have alleged that the "overwhelming majority" of the delegates in the General Assembly approve of the Soviet plan for total disarmament. They called "very gratifying" and a "confirmation of the constructive nature" of the Soviet disarmament proposal, the British delegate's statement in the Political Committee on 19 October that the USSR and the Western countries have been brought closer together on several aspects of disarmament.

Test-Cessation Negotiations

The Soviet delegate's opening statement at the nuclear test-cessation talks, which resumed in Geneva on 27 October after a two-month recess, reflects Moscow's confidence that it is in a strong position to resist Western demands for new technical discussions on underground detection techniques and for relating the annual number of inspections under the limited quota system to the estimated number of unidentified seismic events.

The Soviet delegate charged on 28 October that British support now for new technical talks diverges from the Macmillan proposal for an annual inspection quota. He pointed out that although the new American data had been published a month and a half before Macmillan set forth his proposal in Moscow, the British prime minister did not contend then that the American information required new technical talks prior to agreement on the number of annual inspections. He called for United States confirmation of the Soviet delegation's "assumption"

that the three delegations now agree "in principle" to the Soviet draft proposal following the Macmillan idea, asserting that the conference could then move on to fixing a definite number of annual inspections.

In support of the Soviet contention that there is need for only a "small number of inspections," the Soviet delegate claimed that the right of any party to demand inspection of the other party at any moment would act as a deterrent to a would-be violator of any test-cessation treaty.

Moscow is apparently also confident that its 28 August declaration that it will not resume testing unless the Western powers conduct such tests places its delegation at Geneva in a strong position to reject any new American effort to limit agreement, for the time being at least, to atmospheric tests only. The Soviet delegate called the declaration proof that the USSR will do everything necessary to achieve the goal of "rapid agreement to end all types of tests."

On 28 October, in support of Soviet resistance to new experts' talks, he implied that the United States wishes to prepare the way for eliminating underground testing from any cessation treaty. He asserted that such a treaty would be "worthless" since it would not stop the nuclear arms race, development of old ones, or even eliminate the danger of radioactivity in regions of the tests.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

SOVIET 1960 PLAN AND BUDGET

The 1960 budget announced on the opening day of the current Supreme Soviet meeting reveals total revenues and expenditures at a record high. The increases--approximately 6 percent over 1959 plan levels--are much smaller, however, than the unusually large increases planned for 1959 over 1958. Heavy industry retains its favored position in the economy.

The explicit military allocation for 1960 is the same as that for 1959--96.1 billion rubles. Stated military outlays have thus remained virtually stable since 1956. Defense expenditures are concealed in other budget categories, however, and the increase in total expenditures budgeted for 1960 will permit continued growth in those military programs thus financed. Outlays for scientific research institutes, planned at 27.3 billion rubles in 1959, are to be increased by 15.4 percent in 1960, continuing the rapid growth since 1955 in this area.

In his speech on the 1960 annual economic plan, Gosplan chief Kosygin announced that the successful performance of the economy thus far during the first year of the Seven-Year Plan (1959-65) has made possible higher targets for 1960 than originally envisaged. Gross industrial output, which is expected to increase approximately 11-12 percent in 1959 compared with

the goal of 7.7 percent, is projected at 8.1 percent in the plan for 1960. Soviet leaders probably expect over-fulfillment again in 1960; the average annual rate of increase necessary to fulfill the Seven-Year Plan is 8.7 percent.

Individual industrial output goals for 1960 for iron ore, steel, petroleum, and electric power are moderately higher than anticipated 1959 production. Performance in the fuel industries is expected to be sufficient in 1960 to supply a broader internal market and to permit greater exports. Petroleum exports have already risen from about 10,000,000 tons in 1956 to about 18,000,000 tons in 1958, according to Soviet statistics.

Power consumption per worker is expected to increase 8

**COMPARATIVE USSR AND US INDUSTRIAL PRODUCTION
SELECTED ITEMS**

MILLION METRIC TONS (EXCEPT ELECTRIC POWER)

	USSR				US
	ACTUAL 1958	EXPECTED 1959	PLAN 1960	PLAN 1965	1957
Iron Ore	88.8	94.0	105.0	150-160	96.0
Pig Iron	39.6	42.7	46.5	65-70	71.6
Crude Steel	54.9	60.0	64.9	86-91	102.0
Crude Oil	113.0	129.0	144.0	230-240	355.0
Electric Power BILLION KWH	233.0	262.0	291.0	500-520	754.0

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29 OCTOBER 1959

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percent in 1960, while labor productivity is planned to increase 5.8 percent compared with the annual 5.4 percent goals set for the last three years. The seven-hour day, 41-hour week, is expected to be extended to all workers in all branches of industry during

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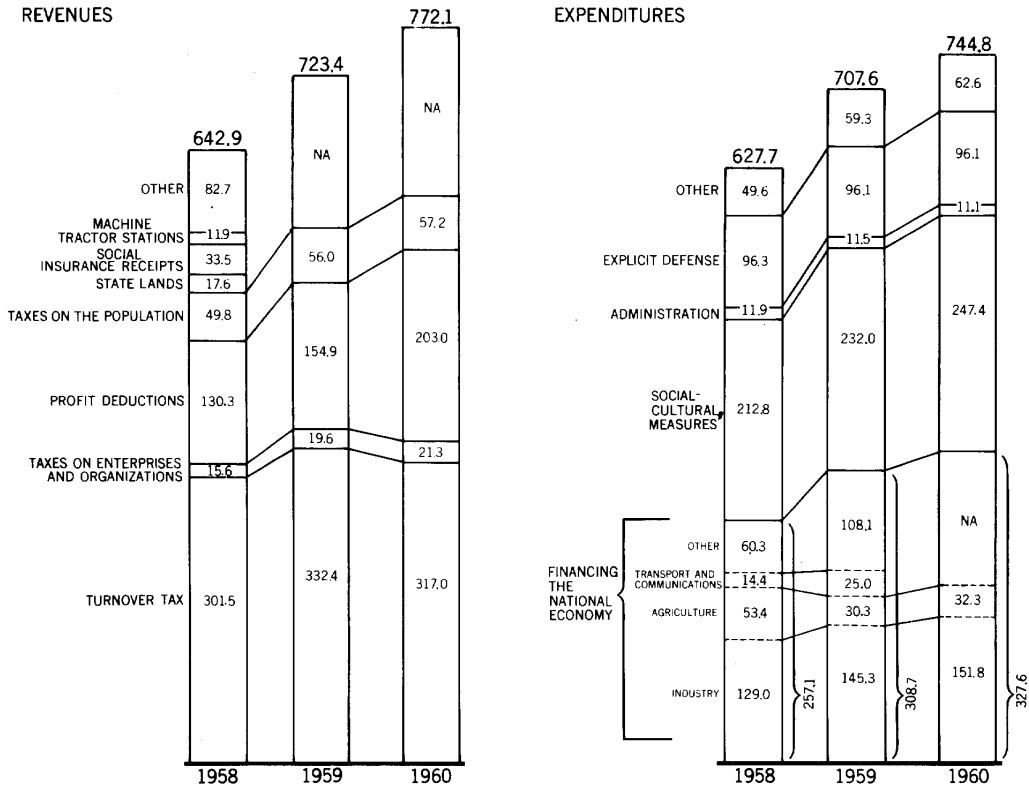
CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

25X1

PLANNED BUDGET REVENUES AND EXPENDITURES FOR 1958-1960

(BILLION CURRENT RUBLES)



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29 OCTOBER 1959

1960, although progress in this line has been lagging recently.

The new plan maintains the growth rate in capital investment, scheduling an 11-percent increase over 1959. Like last year, there is a heavy concentration of investment in metallurgy, chemicals, oil and gas, and machine-construction, although the rate of investment appears scheduled to ease slightly. Preliminary reports imply that state housing expenditures are to increase approxi-

mately 15 percent above the level planned for 1959, thus maintaining the emphasis of the last few years on housing construction.

In agriculture, Kosygin announced that the gross output of grain, sugar beets, and a number of other crops in 1959 "is expected to" surpass the average annual output of the last five years despite unfavorable weather in a number of districts. Kosygin did not dwell on comparisons of this year's

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

harvest with 1958, since results are far less favorable than last year, when a record harvest was obtained. The 1960 goals in agriculture announced by Kosygin are generally in line with the planned goals for 1965. However, the USSR will probably fall far short of realizing these or the major 1965 agricultural goals.

The other item of importance on the agenda besides the budget and plan is a forthcoming report on the international situation and the foreign policy of the USSR. Also on the agenda is consideration of a draft bill on the procedure of recall of USSR Supreme Soviet deputies and confirmation of decrees of the Presidium issued since the last Supreme Soviet meeting.

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25X1

MIDDLE EAST HIGHLIGHTSIraq

Despite the spate of rumors that Prime Minister Qasim has suffered a relapse or complications from his wounds, and has even been flown to a bloc capital for treatment, there is no good evidence to contradict the 26 October statement by Iraq's minister of health that "all is well." A speech by Qasim over Radio Baghdad was broadcast on 25 October. The American Embassy believes it unlikely that optimistic medical reports would be continuing if anything were seriously wrong with the prime minister. Numerous photographs of a smiling Qasim, standing erect or sitting in his hospital room, are being published in the Baghdad press to quash the rumors.

Apparently nettled by statements regarding the danger of Communism in Iraq, Prime

Minister Qasim has taken the lead in castigating enemies of his regime in the UAR and Jordan. In a press interview on 27 October, Qasim called Jordan's King Husayn a "scion of treason," and declared that Iraq stands as the strongest nation in the Middle East. Baghdad radio, which has long characterized Nasir as a fraudulent Arab nationalist, charged that Cairo and Amman, at "imperialist" instigation, are plotting against Iraq.

The Qasim regime is reported to be striking out in another fashion at the UAR in retaliation for its support of dissident Iraqi elements. Representatives of the Iraqi regime in Lebanon have contacted exiled Syrian elements--Kurds and Druze--in an attempt to foment trouble against the UAR regime in Syria. While it is unlikely that these efforts will be successful, it does

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

suggest that Qasim now is prepared to retaliate against the UAR in its own territory.

Tight security measures continue throughout Iraq, and a curfew is still in force between 2000 and 0500 hours. Exist visas are still restricted to holders of diplomatic and special passports. Economic activity has reached a new low since the assassination attempt on Qasim. There has been a general paralysis of government at the decision-making level, and the closing of the frontiers has disrupted foreign business operations.

UAR

Vice President Amir took over last week as Nasir's lieutenant in Syria, in a major effort by the Cairo regime to cure the many ills plaguing the northern region of the UAR. Nasir's presidential decree of 21 October gave Amir nearly absolute authority over Syria's political and economic structure. Amir is expected to move quickly to initiate the economic reform measures to which the regime has devoted much planning over the past year, and he will be responsible for getting under way the Syrian branch of the UAR's single-party political organization, the National Union.

No early changes in Syrian cabinet positions are expected. Interior Minister Sarraj was given the recently enlarged duties of director of propaganda and information by a decree accompanying the one of 21 October; he apparently will con-

tinue as Nasir's security watchdog in Syria. Amir presumably will also give special attention to eliminating dissidence within the Syrian Army.

The prospects for solving the problems of Syria's dislocated economy in the near future are not bright. Two consecutive years of drought and the business community's lack of confidence in the abilities and intentions of Cairo since the union in 1958 have stultified the formerly free and growing economy. Cairo's grandiose schemes for industrialization are unlikely to bear fruit for several years, even if pushed through over the protest of vested government and private interests.

The lag in Syria's agricultural production caused by the regime's too-rapid confiscation and redistribution of land cannot be made up next year, and forecasts for the coming crops are not encouraging. The regime must continue its attempts to persuade the public to live off promises while putting its utmost effort into the reform programs.

The public's discontent may be abated somewhat by the regime's concessions to political autonomy through the establishment of a Syrian branch of the National Union. Membership in this organization was decided by local elections throughout the UAR last July, and the National Union now replaces all former political parties.

Amir is expected to carry forward the regime's plans for

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

selection of local and provincial governing councils from the National Union membership, leading soon to the formation of a new National Assembly for the whole UAR. The assembly's powers will almost certainly be circumscribed by those of the executive, but the regime will probably try hard to give it some semblance of a truly representative body with real legislative authority.

Sudan

Negotiations in Cairo between high-level Sudanese and UAR officials on the Nile waters dispute appear to have made substantial progress. The two countries are reported to be near agreement on the key issue: the quantities of "unallocated" water to be allotted to each. A wide difference remains, however, between the sum the Sudan is asking and the amount the UAR is willing to pay as compensation for Sudanese land which will be flooded after the construction of the UAR's Aswan High Dam.

Important Sudanese religious and political leaders are urging Prime Minister Abboud to take initial steps for a transition back to a civilian government.

Libya

There are reports that 70-year-old King Idriss is considering a shake-up of the Libyan cabinet early next month.

he may decide to invest a revised federal cabinet with increased powers over Tripolitania Province. Elections

for a new membership for Libya's rubber-stamp Parliament may well be put off until early next year.

Arab League Oil Meeting

About 50 oil "experts" from nine of the Arab League's ten member states--Tunisia is not represented--and delegates from Kuwait, Qatar, and Bahrein opened a ten-day conference in Jidda on 25 October. The meeting is supposed to put the final touches on a plan by Sheik Abdullah Tariki, Saudi Arabia's director of petroleum affairs, for a 1,250-mile pipeline which would partly parallel the existing American-owned Trans-Arabian pipeline. The Arab plan calls for linking oil fields in Iraq, Kuwait, and Saudi Arabia with seaports in Syria and Lebanon. A project setting up an Arab oil tanker fleet is also expected to be drafted. These proposals are to be submitted for approval at the 11 December meeting of the Arab League's Economic Council.

the meeting will also study an "ideal contract" between oil companies and producing nations. The pact reportedly would provide for a 57-percent share of revenues to go to the host government rather than the 50 percent now usual in international oil operations. The "ideal contract" apparently will also provide for government participation in the management of the company, as well as for the extension of profit-sharing to all aspects of the oil industry, including marketing.

USSR-Iran

Premier Khrushchev, in a talk with Iranian Ambassador Masud-Ansari on 16 October, expressed interest in the Shah's proposal to give the USSR a written guarantee that Iran would

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

not allow missile bases on its territory. However, he deferred giving a formal response to the proposal--which had been broached by the Shah to Soviet Ambassador Pegov in late September--on the grounds that he would take the matter up with "his government." Khrushchev also criticized Prime Minister Egbal for his "anti-Soviet" statements at the recent CENTO meeting in Washington.

Khrushchev's move in delaying a response to Ansari, who reiterated the offer, may reflect caution induced by the Shah's behavior in causing the failure of the talks in February and confidence that he can draw further concessions from Tehran.

The Soviet premier probably regards the Shah's offer as evidence of the effectiveness in Iran of the prolonged Communist

bloc radio propaganda campaign against the regime. These radio attacks were relaxed somewhat in September, concurrent with Pegov's return to his post after an extended absence, but they have since been largely resumed. Iranian officials, however, are now less concerned with the propaganda attacks, apparently because public interest in them has diminished.

The Shah, who discussed the Khrushchev-Ansari talk with Ambassador Wailes on 23 October, noted that Khrushchev had directed his fire against the US-Iranian defense agreement. The Iranian ruler said he interpreted such attacks as evidence that Soviet leaders look on the agreement as an obstacle to a Soviet attack on Iran, either directly or by a "possible indirect attack by Afghanistan or Iraq with Soviet volunteers." 25X1

THE SITUATION IN CUBA

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Fidel Castro apparently does not recognize the danger of Communism for Cuba and is not likely to be influenced to moderate his course. Qualified observers feel his violent anti-US attacks of the past week will continue and that his demands for US concessions may become more extreme.

Leaders of the extremist forces are Raul Castro and "Che" Guevara, both obsessively anti-American and suspected of Communist sympathies. Raul was recently named minister of all army, navy, air, and police forces, which will enable him to control them even more closely for political purposes than he has done thus far. Guevara is director of industrial regulation and development and considered actually to run the Castro regime's most powerful and unrestricted agency, the National Agrarian Reform Institute (INRA).

Both Raul and Guevara are believed to exert dominating influence in determining high Cuban policy in all domestic and foreign matters and to nullify the influence of moderate officials who hitherto have managed to temper some of the revolution's more drastic aspects.

Among its many nonagrarian functions, INRA is evidently the chief agent in Castro's strenuous efforts to increase trade with countries other than the United States. An INRA mission now is in Asia, and another left for Europe on 27 October seeking to purchase equipment in Italy, Germany, France, and Spain. The latter group is led by INRA's leftist executive director, Nunez Jimenez, and will also serve as the Cuban delegation to the conference in Rome of the United Nations Food and Agricultural Organization.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

While Castro's drastic economic reforms have substantially reduced the purchasing power of private interests, INRA has received large government grants and sizable donations from groups anxious to demonstrate their support of the revolution. Its missions, therefore, are Cuba's biggest purchasers and can enter into large-scale agreements, some of them probably utilizing barter.

One such agreement is reported under consideration with West Germany in the development of Cuba's potentially important mining industry, where extensive American interests are threatened by the cabinet action of 27 October which withdraws important concessions granted by previous governments.

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NEW BORDER CLASH HEIGHTENS SINO-INDIAN TENSION

The latest clash between Indian and Chinese border forces in the disputed Ladakh area of Kashmir has stirred such animosity in India toward Communist China that any early negotiations on the border problem now seem unlikely. Prior to the incident--the first serious clash since those in Assam in August--both governments had been trying to prepare the way for diplomatic talks.

New Delhi and Peiping are standing firm on their conflicting versions of the incident, each claiming the other side was to blame for "intruding" in its territory. The clash, in which nine or ten Indians were killed, occurred some 40 miles inside the generally recognized border between Ladakh and western Tibet, about at the point where the boundary claimed by Peiping slices off a large section of northeastern Ladakh.

Neither Peiping nor New Delhi is precise in defining the alignment of the "traditional boundary" in Ladakh. The Indian claim to his isolated and barren sector of

Kashmir is based on a treaty made by the rulers of Kashmir and Tibet in 1842 and on subsequent British maps. The Indians have not exercised physical control over the area, at least in recent years.

Peiping denies the validity of the 1842 treaty and the British maps, claiming the boundary shown on Chinese maps is based on "historical traditions." Most of the disputed territory has been occupied by Chinese forces since 1956, when they began construction of a military highway between Sinkiang and Western Tibet cutting across the area. Ladakh was the scene of several incidents in 1958 and 1959 when Indian patrols sent to reconnoiter the region were captured by the Chinese. The latest clash probably was the result of a similar effort by forces on both sides to extend the range of their patrol activity in the wake of increased tension along the entire Sino-Indian frontier.

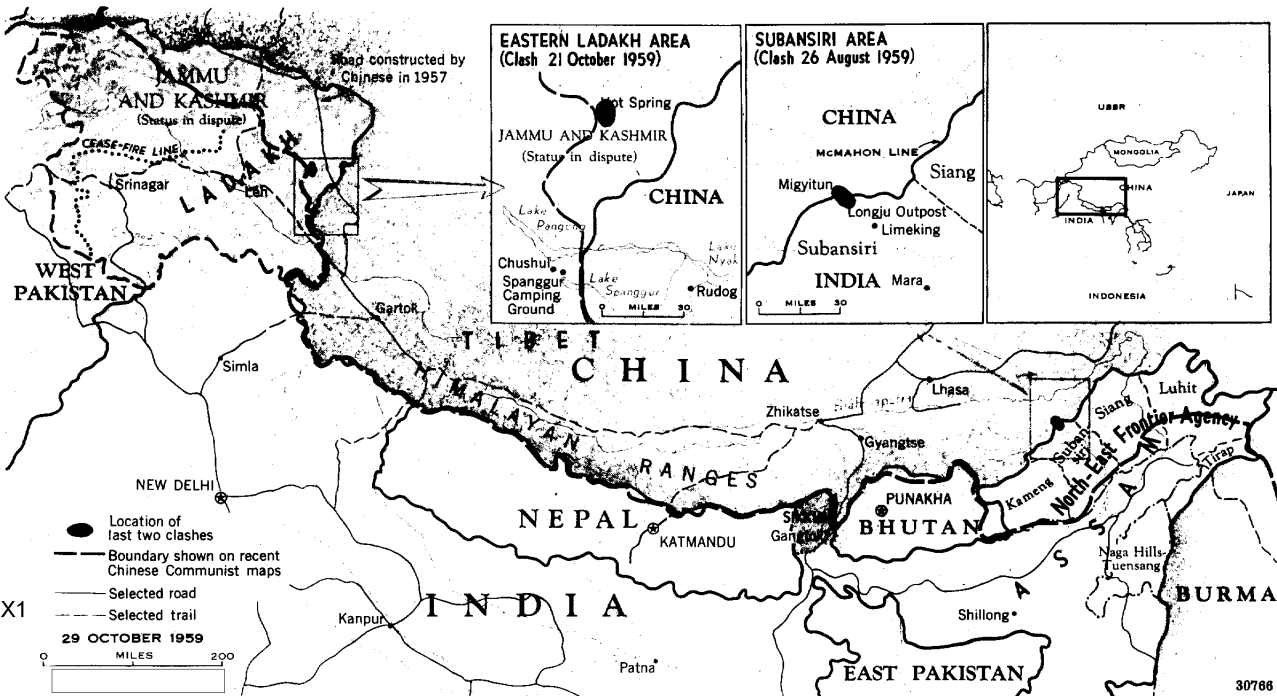
In any event, the 21 October incident probably was not

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SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959



intended by either side as a provocation, in view of their recent efforts to ease tension and establish a climate for negotiations. Progress toward talks had been snagged on Nehru's insistence that the McMahon line be accepted as the legal boundary between Assam and Tibet and that Chinese troops be withdrawn from outposts they hold in Indian-claimed territory before discussions begin.

The Chinese might be willing to consider mutual withdrawal from points along the McMahon line in Assam, but they apparently have no intention of abandoning claims to northeastern Ladakh. Chou En-lai in September called on Nehru to respect the "status quo" along this part of the border, which in effect would leave the Chinese in uncontested possession of the 6,000 square miles of

territory they claim in Ladakh.

Despite the difficulties in sitting down around the conference table, Peiping and New Delhi have indicated clearly they feel it would be to their own interests to work out some form of agreement.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

Peiping's statements on the Ladakh incident have indicated concern over its impact on Indian opinion. While rejecting New Delhi's protest, the Chinese concluded their note of 26 October in a moderate tone, offering to return ten captured Indian border guards and expressing the hope that India would "refrain" from any words or deeds further damaging mutual relations.

The violent reaction among the Indian press and public to the latest developments shows that Peiping's concern was well founded. Nearly all major newspapers and political groups--the Communists being a conspicuous exception--have joined in the denunciation of China and are demanding stronger measures to counter Chinese incursions. Nehru personally as well as his policies have never before come under such sustained and vehement criticism. As a result, his government is being pushed in the direction of a tougher policy toward Peiping.

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likely, however, to take any action which would preclude eventual negotiations. In this connection, Nehru probably is counting heavily on Moscow to exert further pressure on Peiping to reach a peaceful solution. It is likely to be some time, however, before the "favorable atmosphere" which the Chinese consider necessary for negotiations can be created.

The noteworthy feature of bloc commentary so far on the latest incident in Ladakh is the silence from Moscow, which has been trying to avoid an appearance of undue partisanship on the issue. The East German press in contrast is giving open support to Peiping's position, accusing India of "armed incursion" against Chinese territory. 25X1

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

PART II**NOTES AND COMMENTS****PEIPING PUSHES COMMUNES DESPITE SOVIET CRITICISM**

The Chinese Communist central committee plenary session held at Lushan from 2 to 16 August approved previous modifications of the commune system and formalized the transfer of authority from the commune to the lower, production-brigade level. A decision was also made, however, to push ahead vigorously with the revamped commune and to wage a spirited defense against the rising volume of domestic and foreign criticism. (See Part III, page 1.)

As the latest in a series of major changes in the original commune system since December 1958, the transfer of controls from the commune to the production brigade (the old collective farm) appeared to constitute another step backward in a general retreat from untenable positions. Earlier party decisions had directed the commune's economic activity away from rural industry--the "backyard" steel campaign--to traditional agricultural pursuits; had authorized a return to individual ownership and "free markets" in order to stimulate production; had altered drastically the original commune system of distribution in favor of material incentives; and had decreed that participation in the mess halls and other communal services was a "voluntary" matter.

With the earlier abandonment of the ideological pretensions linking the commune with the rapid achievement of a Communist society, it appeared in August 1959 that the commune existed largely in name only.

One of the basic charges advanced by its critics, apparently at the Lushan meeting, was that "the people's commune is much the same as the higher stage agricultural producers' cooperative, and it was therefore utterly unnecessary to set it up."

Recent developments, however, indicate a firm resolve on the part of the Chinese Communist leadership to instill new vigor in the commune program. The best evidence of this is the reversal of policy with respect to the commune mess halls. Whereas an authoritative article in June had conceded that mess halls were generally unpopular and could be disbanded, the new hard line in September strongly defended the mess halls on both practical and theoretical grounds and called for the early reactivation of those which had been dissolved earlier "by mistake."

A similar call to re-establish commune nurseries underlined the regime's intention to promote once again the concept of the commune as the organizer of a collective way of life. Other directives have urged commune authorities to organize "labor armies" in combating natural calamities, carrying out water conservancy construction, and undertaking harvest operations, thus demonstrating another "superior characteristic" of the commune over the old collective farm.

Unable to demonstrate the "great successes" claimed for the

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

communes to date, the regime has once again begun to stress the future course of development of the commune system. By reviving the original timetable for attaining "all-people" ownership of the commune "within three to six years" and by re-emphasizing that the commune contains rudiments of Communism and thus foreshadows the future Communist society, the Chinese Communists have reasserted policy and doctrinal positions which are clearly obnoxious to the Soviet Union.

The second basic charge leveled at the commune, also presumably at Lushan, was that "in order to establish people's communes, you must build Communism, otherwise you cannot establish them." Although attributed to domestic critics, this charge reflects the longstanding Soviet hostility toward China's communes. The very term "commune" is distasteful, because by definition it is Communist in character and implies an advanced stage of social development for China paralleling or even exceeding that achieved by the Soviet Union.

Soviet insistence on this point, underscored during the recent Khrushchev visit to China, has fostered dissension within the Chinese Communist party--as admitted in recent provincial press articles linking Soviet views with "right opportunist" opposition. At the same time, Suslov's endorsement in Peiping of the antirightist campaign was probably intended to dissociate the Soviet Union from internal policy matters in China.

Major speeches and party editorials since the August cen-

tral committee meeting reflect the embarrassment and resentment of the Chinese Communist leadership over the position of their Soviet comrades. The party organ editorial of 29 August, stressing the socialist character of the people's commune, inquired, "Is there any thing wrong with organizing people's communes in order to promote more effectively the collective economy of socialism?" In a recent Pravda article, Vice Premier and Party Secretary General Teng Hsiao-ping coupled a plea for assistance and support with an oblique warning that "the Chinese people have always carried on their struggle resolutely on their own."

The commune has been defended as an orthodox Marxist-Leninist institution conforming with the historical laws of development of "a large country of the East," representing "a glorious victory for the Marxist-Leninist theory of uninterrupted revolution," and, by implication, possessing "international significance" for other "socialist" countries.

In sum, the Chinese Communist leadership has served notice on its domestic and foreign critics that it intends to make no further concessions and that henceforth it will advance, although at a somewhat slower pace, toward a number of the original goals of the commune program. Soviet intransigence and Communist China's new assertiveness demonstrate how little progress has been achieved during the past year in resolving the basic policy and ideological conflicts introduced into Sino-Soviet relations by China's communes.

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

CHINESE COMMUNIST TRADE AND AID PROGRAM FALTERS

Communist China, involved in a series of disputes with its neighbors, has not followed up last year's intense trade and aid offensive in South and Southeast Asia. By failing to exploit trade opportunities and by threatening economic retaliation to gain political ends, Peiping is losing hard-won economic gains in markets which have provided the foreign exchange it requires for its imports from Western Europe. These setbacks, plus China's unilaterally imposed embargo on trade with Japan for undisguised political reasons, amount to virtual abandonment of the Chinese economic offensive in Asia.

The Chinese, irritated over Indonesia's plans which would restrict the activity of Chinese entrepreneurs in Indonesia, bluntly threatened Indonesian Foreign Minister Subandrio with "economic warfare" designed "to bring Indonesia to its knees." For its part, Djakarta has made it clear that Indonesia would rather forego economic aid than submit to Chinese interference. While Peiping's threats are virtually meaningless in economic terms--China purchases only a small portion of Indonesia's rubber output--such tactics are incompatible with any serious attempt to extend Chinese influence through economic penetration.

China has already failed to carry out this year's rice export commitments with Indonesia, and Djakarta does not expect to receive the total amount contracted for. The combined effect of such setbacks can only endanger China's position as a major supplier of Indonesian imports.

The border dispute with India has undermined many months of work in cultivating Indian markets for newly developed Chinese export products. Similar disputes with Burma and Nepal have contributed to the indefinite postponement of the small Chinese aid programs in those countries. Even in Cambodia, where work on four Chinese aid projects has recently been accelerated, there is little enthusiasm for Peiping's efforts.

In Malaya, which has long been a major source of China's foreign exchange earnings, Peiping continues to spurn trade opportunities because of alleged discrimination against Chinese products. While they have little effect on Malaya, these measures contribute to the decline in China's influence in another valuable export market. Chinese price-haggling and other demands during negotiations on this year's rice-rubber protocol with Ceylon have diminished Colombo's interest in further economic contacts with China and may result in cancellation of the rice-rubber agreement.

The continued lag in this year's trade drive results partially from internal dislocations caused by the "leap forward," but, since exports to Western Europe have been maintained at fairly high levels, this does not explain entirely the inactivity of Communist China in carrying forward its trade and aid program in Southeast Asia.

In 1958, when Peiping's demands for machinery and industrial raw materials exceeded the supplies available from the bloc, Chinese imports from

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

Western Europe reached record heights, and China developed a trade deficit of about \$225,000,000 with that area. To offset this deficit and maintain the necessary imports, China used the stepped-up export drive in Asia to generate foreign exchange.

The momentum of last year's drive carried this trade forward for several months into 1959, but Chinese imports from Western Europe now are greatly reduced

and foreign exchange demands presumably less urgent. After the great efforts originally put forth to establish Chinese goods in Asian markets, however, there has been no campaign to consolidate past gains. China's failure to follow up its previous successes seems, at least in some instances, an unnecessary sacrifice to current political expediencies.

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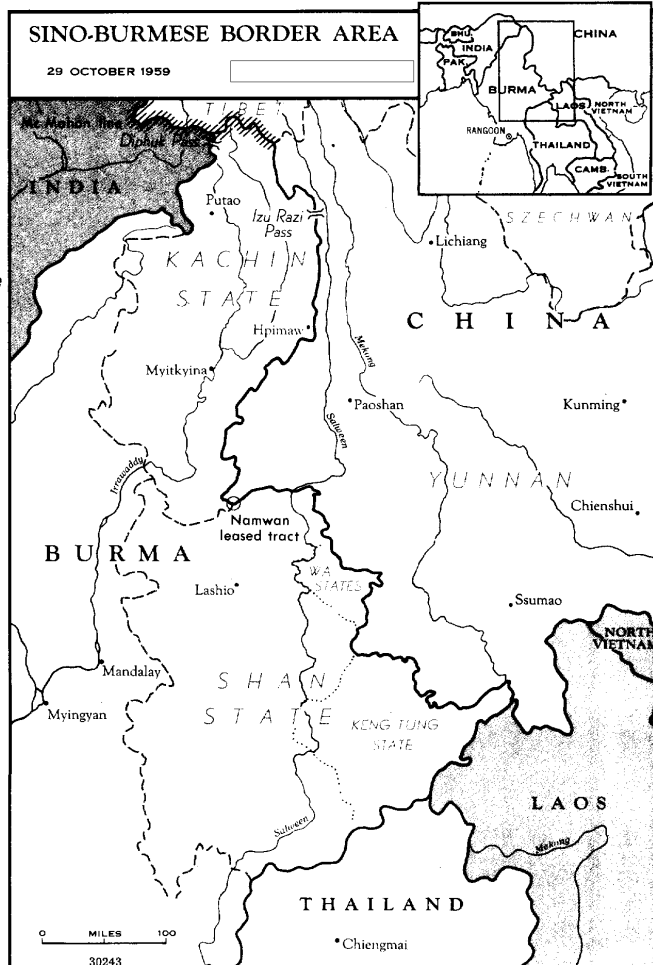
PEIPING ATTEMPTS TO PLACATE BURMESE ON BORDER ISSUE

The Chinese Communists, seeking to improve their relations with Rangoon, are devoting more than usual attention to Burmese officials and are intimating they are willing to settle the Sino-Burmese border issue.

New Delhi as a result of the clashes on the Sino-Indian frontier. The Chinese are

In a gesture not required by protocol, Foreign Minister Chen Yi went to the airport to meet a Burmese cultural delegation attending Chinese National Day celebrations and saw the group off on 17 October. Chen's farewell statement to the delegation stressed China's desire to "coexist with its neighbors and with all countries." In an unusually moderate remark for a Chinese leader, he added that China "needs" a peaceful environment and continued relaxation of the world situation "in order to solve its problems completely."

These conciliatory moves apparently were prompted by the recent decline of Chinese prestige in



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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

anxious to head off a similar deterioration of relations with Rangoon, which has become increasingly irritated by Peiping's stalling on the Sino-Burmese border issue. Last spring, Burmese Prime Minister Ne Win submitted a package proposal as Burma's "final offer."

The Chinese hope to avoid the appearance of recalcitrance by playing down the differences between their position and Rangoon's. The Chinese ambassador assured Ne Win that China accepted Burma's definition of the border, with reservations about only a few areas. Since part of Burma's border claim is based on the McMahon line, which China refuses to accept as its formal border with India, Peiping may be trying to make the Burmese feel they are being granted something denied the Indians. Rangoon has not pub-

licly supported India in its dispute with China.

The Chinese have told Ne Win they are ready to renounce their claim to the Namwan leased tract, but that they insist on acquiring the Hpimaw area. The Burmese are willing to agree on these two points, but they are likely to be wary of Peiping's reservation that its acceptance of Burmese claims to areas inhabited by ethnic minorities is only tentative and subject to the approval of "local opinion" in Yunnan.

In the case of the Wa States, the Chinese may be making claims to areas more extensive than the Burmese are willing to concede. These differences apparently are sufficient to preclude a quick solution to the border problem.

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SITUATION IN LAOS

The government's position in southern Laos continues to deteriorate. Communist propagandists and terrorists are having increasing success among the region's tribesmen, whose already limited contact with central government authority has been further reduced by transfers of army troops to the north. The tribal people's fear of the Communists and lack of faith in the army are reported as the main reasons for their swing to the Communists.

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The American Embassy in Vientiane considers it imperative that the Laotian Army begin at least strong patrol ac-

tions in order to avoid a government loss of authority by default.

French Foreign Ministry officials have expressed similar concern over the decline of the government's authority in southern Laos.

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

The trial of Prince Souphannouvong and other pro-Communist leaders, originally scheduled to begin on 26 October, now may begin in early November. The postponement has been ascribed by the government to a defense request for more time in which to prepare its case. A high Justice Ministry official told an American Embassy officer recently that some defendants would be tried in absentia, possibly indicating government plans to strike at the entire top leadership of the pro-Communist Neo Lao Hak Zat (NLHZ).

"struggle" is the only alternative if the Laotian Government refuses to alter its present policies.

Malik told Lloyd on 23 October that the USSR was "absolutely opposed" to a UN presence in Laos, according to the Laos desk officer of the British Foreign Office. Deputy Foreign Minister Kuznetsov raised no objection on 7 October when Dag Hammarskjold first outlined his plan to appoint a representative in Laos after the UN fact-finding subcommittee has submitted its report. The Soviet Government may feel that any acquiescence, even though unspoken, in Hammarskjold's plan would undercut its insistence that the only international framework on which to base a solution in Laos is the Geneva agreements. The USSR may also fear that tacit approval of the plan would set a precedent which could be used again in situations where it would clearly be against Soviet interests.

Hanoi reacted promptly to the announcement of the trial, condemning it as a violation of the Geneva and Vientiane agreements. On 26 October, Soviet Ambassador to London Malik made strong representations to Selwyn Lloyd and delivered a Soviet note also protesting the trial of the 14 Neo Lao Hak Zat leaders as a violation of the Geneva agreements and calling for a meeting of the Laos International Control Commission to consider what should be done. The Foreign Office plans to reply that the trials are an internal problem for Laos and are neither in violation of the Geneva agreements nor within their jurisdiction.

Laotian Premier Phoui, having completed consultations with American officials in Washington, plans to return to Vientiane within a few days. He hopes first, however, to make a brief stopover in New York to consult with Hammarskjold and perhaps a few friendly UN delegations. Phoui's decision to limit his stay in New York was apparently influenced by Hammarskjold's concern lest Phoui's presence prove a disruptive factor during the expected delicate maneuvering in the UN over the subcommittee report and the secretary general's plan to establish his own representative in Vientiane.

A NLHZ communiqué publicized by Hanoi radio on 28 October affirms rebel readiness to negotiate a settlement with Vientiane. The communiqué warns, however, that continued

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

REPLACEMENT OF NORTH KOREAN FOREIGN MINISTER

On 23 October, North Korean Deputy Premier Nam Il was replaced as foreign minister by Pak Sung-chul. Pak, who has been a deputy foreign minister of increasing prominence and director of the powerful international department of the party central committee, has had an important hand in policy formulation for some time. It is unlikely that his appointment pre-figures any shift in North Korean foreign policy or bloc orientation.

Nam has retained his deputy premiership, and he addressed the Supreme People's Assembly in that capacity on the day following the announcement of his removal as foreign minister. His replacement, therefore, has not affected his other functions in the regime.

Prior to his appointment as foreign minister in 1953, Nam served as army chief of staff and top Communist negotiator at Kaesong and Panmunjom. Able and experienced, he has been characterized as arrogant, extremely ambitious, and a publicity seeker. The 46-year-old Nam was educated in the Soviet Union, taught school in Soviet Asia, and reportedly served as a captain in the Soviet Army during World War II. Fluent in Russian and strongly Soviet oriented, Nam arrived in North Korea in 1945 and was influential in setting up propaganda and educational organs closely modeled on their Soviet counterparts.

Nam's removal does not appear to signal a decline in Soviet influence and a concomitant rise in China's prestige. He belongs to the Soviet-Korean group (former Soviet citizens of Korean parentage) which asserted its control of the North Korean party in 1956 and probably has consolidated this control in the more than a dozen ministerial changes that have occurred in the past two years.



NAM IL

Pak Sung-chul, who was born in Korea in 1902, has a military background like his predecessor. At the outbreak of the Korean war, he was commander of the 15th Division of the Korean People's Army, and before the armistice he had become a major general in charge of the reconnaissance bureau of the North Korean high command. He apparently began his diplomatic career in 1954 as minister and later ambassador to Bulgaria, and was appointed a deputy foreign minister in 1956.

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

MOSCOW PUSHES CAMPAIGN AGAINST PUBLIC DISORDERS

Moscow is moving again in an effort to enlist the active support of the Soviet public in combating antisocial behavior. Quasi-judicial "public juvenile delinquency commissions" are to be created, and "comrades' courts" are to be given enhanced authority under a draft law published recently for "broad general discussion." Juvenile delinquency commissions evidently will be set up under oblast executive committees, and under Councils of Ministers in those republics where oblasts do not exist.

Described as "public organizations" in the proposed law, they will be empowered to subject adolescent offenders to such punishments as reprimand, public apology to plaintiffs, transfer to medical institutions, or confinement in reformatories. They will also handle cases of child neglect and will determine which children should become wards of the state; public wards will be provided employment or enrolled in schools. The commissions will have the right to hold parents or guardians responsible for juvenile delinquency and to issue public reprimands, levy monetary fines, or refer cases of negligent parents to the comrades' courts.

During the past year these so-called "courts" have been organized widely in factories, offices, and apartment houses. Their primary function is to summon general meetings at which such petty offenders as chronic absentees, drunks, and hooligans are subjected to mass condemnation. Despite some objections to this procedure from legal circles, the fear of public embarrassment has won increasing recognition as a legitimate means of ensuring social con-

formity, and granting legal status to comrades' courts will also set the official seal of approval on the methods they employ.

Under the terms of the draft law, comrades' courts will be empowered to try minor offenses if, in their view, the accused can be "corrected through public influence." The courts will be allowed to petition law-enforcement agencies to drop criminal proceedings in such cases, and offenders will be paroled to the comrades' court for "re-education and correction."

In the field of rehabilitation, the bill proposes to give control commissions of local and regional governments the right to recommend suspended sentences or reduced prison terms in less serious cases. Employment and the "necessary material conditions" will be guaranteed released convicts. The bill also calls for increased work by the volunteer militia brigades, and "advises" republic legislatures to pass laws enlisting public aid in the struggle against alcoholism.

The draft bill is not included on the agenda of the present Supreme Soviet session, and its publication for discussion suggests that it probably will not be ratified until the next meeting of the legislature. By encouraging the people to discuss the bill at mass meetings and to submit their recommendations for changes, the regime is evidently attempting to keep the pressing problem of antisocial behavior before the public eye and at the same time give the general populace some sense of direct participation in national affairs.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

Moscow claims that the proposed increase in public responsibility for maintaining law and order is another "visible sign of Communism," pointing out that government functions

are gradually being turned over to "public organs" as the Soviet Union begins its "full-scale building of a Communist society." 25X1

MIKOYAN IN FINLAND

In Helsinki for the signing of a new Soviet-Finnish five-year trade agreement and the opening of the Soviet Industrial Fair, Soviet First Deputy Premier Mikoyan praised Soviet-Finnish relations as an "example of peaceful coexistence and fruitful cooperation between states with differing social and economic systems." At the same time, however, he warned Finland against participating in the projected seven-nation little free-trade area (Outer Seven) or increasing its defense forces.

Mikoyan said at a press conference on 22 October that the USSR regards Western European economic groupings as "remnants of the cold war era." In an obvious reference to Finland's pending decision regarding membership in the Outer Seven, Mikoyan stated that Finland is the USSR's "most important West European trade partner" and expressed confidence that Helsinki would consider the importance of Soviet trade and reach an "advantageous decision" concerning its links with the planned organization.

Previous unofficial Soviet warnings caused the Finns to adopt a wait-and-see attitude toward the little free-trade area; Mikoyan's statements definitely preclude direct Finnish membership. Nevertheless, an official of the ruling Agrarian party said on 23 October that the Finns would try to "smell out" Soviet views further.

The Finns are concerned over the ultimate competitive position of their exports to Western European markets and may seek to preserve their position by informal bilateral arrangements.

Mikoyan formalized earlier indications that the USSR opposed strengthening of Finnish defenses. At the opening of the Soviet Fair on 23 October, in a speech otherwise devoted exclusively to the USSR's progress, Mikoyan referred to the latest Soviet proposal for general and complete disarmament and pointed to Finland's "fortunate position because it need not take part in the arms race." He told the Finns that under the joint Soviet-Finnish Treaty of Friendship and Cooperation, "The USSR and its military might are the guarantee of Finland's security."

The American Embassy in Helsinki notes that this is the first time the USSR has officially and publicly voiced this "liberal" interpretation of the 1948 treaty, and it sees Mikoyan's statement as one more step toward giving Moscow "open and avowed protecting power over Finland."

When President Kekkonen during his state visit to the USSR last year raised the question of removing the 1947 Peace Treaty limitations on the size of the Finnish defense forces, Khrushchev replied that this

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

could not be done at a time when the USSR was advocating disarmament. The implication that the USSR regards Finland as a "protectorate" brings the Finns face to face with the reality of their situation and will inevitably depress public morale unless countered by signs of a more independent official attitude.

The new Finnish-Soviet long-term trade agreement for 1961-65, signed by Mikoyan on 22 October, calls for Finnish exports valued at \$800,000,000 --one third of which will be in ships--and imports at \$750,000,000. This represents an

average annual increase in trade between the two countries of 2.5 percent. The projected increase in Finland's total foreign trade during this period is 3 to 4 percent. The Finns rejected a Soviet demand to supply all Finland's crude oil requirements, but the new agreement calls for an increase of at least 30 percent in the value of Soviet oil deliveries.

Mikoyan's visit, which ended on 28 October, included a tour of the country and the launching of an icebreaker built by Finland for the USSR.

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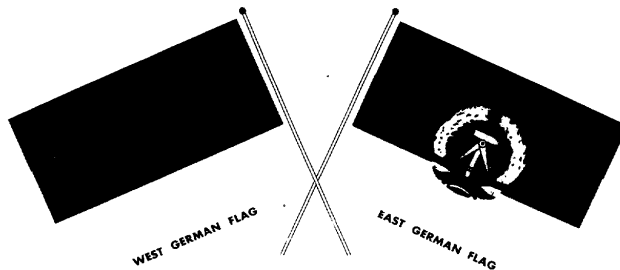
NEW EAST GERMAN FLAG USED IN CAMPAIGN FOR WESTERN RECOGNITION

The new flag of the German Democratic Republic is being flown at every opportunity in the West as a new facet of the effort to induce Western powers to recognize East Germany. East Germany is energetically displaying the standard in various Western European cities in order to capitalize on the publicity generated by the 6-8 October flag incidents in Berlin.

On 10 October the new flag appeared for the first time in West Germany when it was displayed in Stuttgart, where the East Germans were participating in a world bicycle-riding championship. As this was an international event, a spokesman for Bonn's Ministry of All-German Affairs claimed there was no legal basis for prohibiting the East Germans from flying

the flag. In Paris on 17 October, East German volleyball teams walked out when local authorities refused them permission to fly the flag and play their national anthem. In Vienna on 21-22 October, the flag was displayed on a building housing an East German exhibition; the Austrian authorities did not attempt to prevent this, since there is no legal provision for doing so.

According to the East German press, the flag has also been

**SECRET**

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

flown without interference during the past two weeks in Copenhagen, Wolverhampton in England, Goteburg in Sweden, and Tehran. In addition, all East German ocean-going and inland vessels are flying the new flag in foreign waters--a move which is not likely to be opposed, since such identification serves an essential purpose. East German barges also display the new flag while on West Germany's inland waterways, and Bonn is undecided how to meet this issue.

While there has been some opposition to these flag displays, most countries are unlikely to permit this issue to interfere with trade, sports, or other exchanges with East Germany. Following a 28 October decision by the Bonn cabinet, negotiations now are under way between Bonn and the state governments providing for joint police action to prevent the public showing of the East German flag in the Federal Republic. There has been signif-

icant opposition to a ban from the political parties, including those in the governing coalition. The West German Sports League has protested that if the East German flag is banned in the Federal Republic, many international events are likely to be transferred to East Germany.

West Berlin authorities are working out plans--subject to approval by the Western allies--for action in the event of new flag incidents such as might occur on 7 November, the anniversary of the Soviet October Revolution, which is a holiday in East Germany. The allied powers will deliver a strong warning to Soviet authorities in Berlin not to allow another flag incident on this occasion.

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GOMULKA SHAKES UP POLISH REGIME

The party and government shifts made on 27 October in Poland indicate that Gomulka is taking a more serious view than previously of his economic problems. He evidently hopes, by bringing into the government men who favor stronger central economic controls, to improve economic planning and administration and to prevent a further deterioration of the economic situation. While it cannot yet be ascertained how far the tightening of control over the economy will go, it is unlikely that Gomulka has decided to abandon any of the features of his program which make Poland unique within the bloc.

Gomulka is said to have become increasingly irascible and short-tempered in recent months. He is suspicious that his programs are being obstructed, either deliberately or by incompetence. There is considerable evidence of miscalculations in planning, inflexibility in the execution of plans, and unwillingness to make adjustments to meet changed conditions. The lack of coordination within and among economic ministries has been noticeable.

The unsatisfactory level of worker productivity, the rising cost of living, the shortage of meat and animal feed,

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959



SZYR



TOKARSKI



GEDE

and the drought which threatens the winter grain crops are also major elements contributing to Poland's economic problems. Gomulka recognizes that unless Poland's economic situation continues to improve, as in the past, there may well be serious political consequences.

One of the most important changes was the removal of Edward Ochab from his post as agriculture minister and his appointment to the party secretariat. He retained his position on the party politburo. In 1956 Ochab played an important role in Gomulka's return to power and stepped down as party first secretary to make way for him. Ochab is reported to have come under fire for



OCHAB

certain agricultural policies, in particular for a decision last year to reduce pig-breeding on state farms--which allegedly contributed to the present meat shortage. The timing of his removal from the Agriculture Ministry when Poland is facing a severe meat shortage and the prospect of a short crop next year because of a protracted drought suggests that he may be held responsible for the situation.

Named as deputy premiers were Eugeniusz Szyr and Julian Tokarski, respectively chairman of the Planning Commission and minister of heavy industry and of motor industry in the Stalinist Bierut regime. Szyr was ousted from his planning post following the Poznan riots in June 1956, but has served on several ad hoc party commissions and since January 1957 has been a member of the Economic Council of Ministers. Long known as an advocate of tighter central control over the country's economy, Szyr sharply criticized Gomulka and his economic policies at a central committee plenum last fall.

Tokarski has not held any significant party or government post since 1956. Tadeusz Gede, currently ambassador to Moscow and a deputy premier

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

prior to October 1956, was appointed first deputy chairman of the Planning Commission.

All three men are considered to be competent administrators who favor, and would willingly implement, harder internal policies, especially in the economic field.

Another government change, but one which had nothing to do with the economic crisis, was the dropping of Wladyslaw Bienkowski from his position as minister of education. Bienkowski, an old friend and confidant of Gomulka, has been re-

garded by many Polish Communists as too "liberal" and has been on the downgrade politically for some time.

These changes affect the governmental rather than the party functions of these individuals. While Gomulka appears to retain firm control of the party, the appointment of known advocates of a harder economic line may encourage dissident elements who have not favored Gomulka's policies.



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ICELANDIC ELECTIONS

The combined majority gained by the Conservative and Social Democratic parties in Iceland's 25-26 October general elections portends a period of cabinet cooperation between these two pro-Western parties. Since December the Social Democrats have constituted a minority government with the tacit support of the Conservatives. The elections, the first held under the new proportional representation system approved earlier this year, gave the Conservatives 24 seats and the Social Democrats 9 seats in the newly enlarged 60-member Althing.

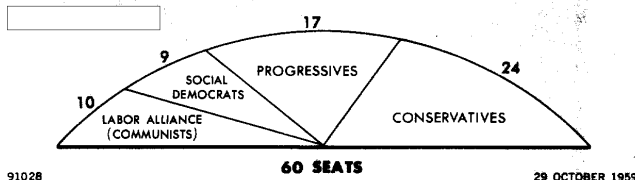
The two "labor" parties--the Social Democrats and the Communist-dominated Labor Alliance--scored the most impressive gains in terms of popular vote. The Social Democrats benefited from their anti-inflationary economic program, which appears to have won

increased public confidence and acceptance. The more modest gains of the Communists probably can be attributed both to their attempts to exploit the unpopular aspects of the government's economic policies and to recent incidents at the Keflavik air base which aroused some nationalistic indignation.

In the negotiations for a postelection government, the Conservatives and the Social Democrats will play dominant roles. The prospect that certain politicians in these parties might be prepared to accept token Communist participation as a price for securing labor peace appears less likely

ICELANDIC PARLIAMENT

25-26 OCTOBER GENERAL ELECTION



91028

29 OCTOBER 1959

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

now than before the elections. The gains made by the Social Democrats strengthen their position in resisting probable Communist demands for representation in the government.

A government formed by the Conservatives and Social Democrats, while friendly to Western interests, probably would be compelled to continue to demand international acceptance of Iceland's unilaterally ex-

tended 12-mile fishing limit. The government would also be under some pressure to prove that it is prepared to protect Iceland's interests in issues concerning the Keflavik base and relations with NATO or the US defense force. The new government probably will not immediately attempt to change the recent pattern of extensive trade ties with the Soviet bloc, since all parties in principle favor diversification of the country's foreign trade.

PROGRESS ON THE EUROPEAN COMMUNITY

A developing strength and unity of purpose were again evident at the 13-15 October meetings in Brussels of the Council of Ministers of the six-nation European Economic Community (EEC or Common Market). While the proposals agreed to were largely tentative, they nevertheless promise an accelerated achievement of economic goals, new steps to strengthen the Community politically, and a growing measure of agreement on the EEC's commercial policy toward the rest of the world.

The decision to proceed with organization of periodic political consultations on a six-nation basis is a sign of the increasing confidence in the Community's future. These consultations will occur at the foreign ministerial level, no new institutions will be set up, and the agenda will be restricted to "political implications of the Community's financial and economic policies."

This plan falls short of a "perfectionist" scheme offered by Bonn which would have involved the Community's assembly in wide-ranging political debates, but it is a significant recognition that the six members have political interests in common. Other proposals to further the concept of a political community--including popular election of the assembly--received favorable initial response.

The ministers agreed to discuss in November measures to reduce the 12- to 15-year transitional period of the EEC by at least four years and to strengthen collaboration on monetary and fiscal matters. An initiative toward a Community program of technical and financial assistance to underdeveloped countries was also approved, and an ad hoc committee to draft a plan was formed. President Hallstein and the EEC Commission were directed to proceed as rapidly as possible with the negotiations to establish

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

associative ties between the Common Market and Greece and Turkey.

Prospects that the Common Market will pursue in general a liberal, "world-oriented" foreign trade policy have improved. Proposals to this effect--embodied in the so-called "Hallstein reports"--have been accepted by the member governments as a basis for further discussions. Elements both in West Germany and in the Benelux countries who would prefer

the EEC to concentrate instead on early accommodation with the projected Outer Seven grouping have not given up hope for a broader European economic association.

Pleas for a new EEC initiative to this end are not likely to succeed without Bonn's support of the West German Government, and Adenauer believes that the political primacy of the Common Market should not be weakened by economic considerations at this time.

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GROWING LATIN AMERICAN INTEREST IN BLOC TRADE

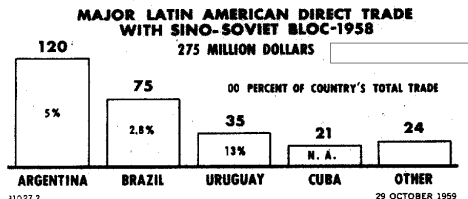
Brazil's plans to send a high-level trade mission to Moscow in late November typify the interest of a number of Latin American governments in expanding trade with the Sino-Soviet bloc if the terms seem economically advantageous. Brazil hopes to barter its excess coffee stocks for equipment, including petroleum machinery, and raw materials needed for economic development.

Four countries--Argentina, Brazil, Cuba, and Uruguay--accounted for 90 percent of Latin America's \$275,000,000 trade with the bloc in 1958. Other countries, however, will help raise the 1959 total, which may reach the 1955 peak of \$340,-

000,000. The bloc offers, often featuring low prices and low-interest credit, have been skillfully designed to take advantage of Latin American financial problems, including difficulties in marketing major exports and inadequate export earnings to cover essential imports and goods for economic development.

The USSR has been Uruguay's best customer for wool during the past two years, and has purchased from Cuba 500,000 tons of sugar at low prices--approaching the 700,000-ton peak in Soviet purchases in 1955. Peiping has just bought 10,500 tons of Chilean nitrate and has offered to buy 50,000 tons of copper, Chile's main export and a commodity in short supply in the bloc. The Chilean foreign minister said that any agreement would be limited to 30,000 tons and would be regarded as supplanting indirect sales to the bloc through West Germany.

Plagued with excessive world coffee production, Latin



25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

American producers hope to develop new markets in the bloc, especially since such sales are not chargeable under the 1959-1960 International Coffee Agreement effective 1 October. The quasi-official Colombian Coffee Confederation recently renewed agreements with East Germany, Czechoslovakia, Rumania, Hungary, and the USSR calling for the barter of coffee for manufactured items. In late October the Sao Paulo State government in Brazil announced that it had concluded arrangements with Czechoslovakia to barter coffee for an \$8,000,000 hydroelectric power station.

The eight-man Brazilian trade mission to Moscow will include the heads of the Brazilian Coffee Institute, the petroleum institute, and the state petroleum monopoly. It will investigate in particular the prospects for bartering coffee for Soviet petroleum equipment. Estimates on trade targets vary from \$30,000,000 to \$100,000,000. A year ago the USSR signed an agreement to supply Argentina with \$100,000,000 worth of petroleum equipment on credit, but Argentina has not yet received the \$30,000,000 worth ordered.

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BELGIUM REASSESESSES ITS CONGO POLICY

Dissatisfaction in the Belgian Congo with Brussels' program of accelerated political development poses a threat to communal and territorial elections scheduled for December and has forced Brussels to offer the Congolese a definite timetable for independence. The elections are planned as the first step in the Congo's evolution toward self-government, but extremists in the Congo are calling for a boycott of them.

The program for Congolese political development outlined by Congo Minister Auguste de Schrijver on 16 October is the most conciliatory yet offered by Brussels. It calls for the establishment of an all-Congo government and a bicameral legislature by August 1960. Within four years, the legislature would work out a constitution and decide whether to opt for total independence or for internal autonomy with a degree of association with Belgium. The cabinet's program will be presented to Parliament the first week in November.

Although Belgium reportedly remains prepared to underwrite the 1959 Congo budget, possibly in range of \$100,000,000, there are evidences of division within the Belgian Government, which is hard pressed financially. The maneuvering of the powerful opposition Socialists--who are not committed to support the government's political and economic program for the Congo--will also make it difficult for De Schrijver to obtain the national support he needs.

In the Congo, reaction to De Schrijver's program has been negative. On 23 October, the two leading African parties in the Lower Congo rejected it as providing "fictitious independence." Both groups were critical of the four-year transition period prior to independence and of Brussels' failure to discuss the plan with Congo parties. The gulf between the Congo extremists and Belgian authorities is reflected in continuing demands by the Abako, the dominant party in the Lower Congo,

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

for independence from the remainder of the colony. Belgian policy continues to be based on maintaining the territorial unity of the Congo.

Tension continues high in the interior, although violence between the Lulua and Baluba tribes--stemming from traditional tribal rivalries--has been

brought under control. Recent tribal clashes may be cited by conservative elements in Brussels as evidence that the government is moving too rapidly in the direction of Congolese independence. A major change in Belgian policy, however, appears unlikely.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

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CYPRUS

On 18 October a British patrol boat intercepted a small Turkish sailing craft apparently attempting to smuggle arms into Cyprus. This incident has revived tension on the island and at least temporarily halted the work of a commission writing a constitution for the future republic. Newspapers in Greece and Turkey have treated the issue in a manner which has in-

flamed long-existing Greek and Turkish mutual suspicions. A Turkish Foreign Ministry official, in a conversation with American Embassy officers, has denounced British authorities on Cyprus--accusing the acting governor of being "phil-Hellene and anti-Turk"--for revealing information about the incident to the Greek Cypriots, and for releasing the story to the press.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

Archbishop Makarios immediately suspended the work of the constitutional commission--composed of representatives from Greece, Turkey, and both communities on Cyprus--and charged the Turks with bad faith. This was followed by reports in the Greek press of other Turkish attempts to smuggle arms, and reports in Turkish newspapers that the Greeks were creating a new armed underground on the island.

Makarios, aware that right-wing Greek Cypriot nationalists would seek to exploit the arms-smuggling incident to urge repudiation of the Cyprus agreement of last spring, apparently took the firm stand in order to maintain his position as unchallenged leader of the Greek community. He may also have seen an opportunity to obtain concessions from Turkish negotiators in the stalemated work of the constitutional commission, as Turkish officials in Ankara have charged. The powers of the future Turkish Cypriot vice president were not clearly defined in the basic agreement

drawn up by Greece and Turkey last February, and recent negotiations have failed to resolve a dispute over executive powers.

Ankara's initial reaction to the interception incident was an immediate denial of the smuggling charges. A subsequent conciliatory statement from Ankara that the Turks continued to favor full implementation of the Cyprus agreements did not erase the suspicion aroused among Greek Cypriots that Turkish officials were involved in the smuggling operation.

Joint appeals by Makarios and Turkish Cypriot leader Kuchuk to their communities to hand in to the authorities all illegally held arms have paved the way for early resumption of the suspended talks. The smuggling incident, however, has revealed the underlying distrust which exists on both sides in Cyprus and probably will be reflected in increasingly difficult Greco-Turkish negotiations before Cyprus becomes an independent state. 25X1

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

PART III**PATTERNS AND PERSPECTIVES****THE COMMUNES: A CASE STUDY IN LACK OF SINO-SOVIET LIAISON**

The period between March and September 1958--the period of conception, experimentation, and initial organization of the Chinese communes--offers an opportunity for a case study of Sino-Soviet liaison. The decision to establish the communes was one of the most important ever taken by Peiping and had enormous implications for the development of China's economy.

The program incorporated economic and social policies markedly different from those of the USSR and in effect constituted a unique Chinese path of development toward Communism. Moreover, the Chinese surrounded the communes with ideological claims which in effect, if not in intent, constituted a challenge to Soviet dogma on the "transition to Communism." Further, the Chinese suggested that they believed their general line--embodying the communes--to be significant for other bloc countries, especially but not exclusively those in Asia. The wide disparity in bloc statements on the communes--evidenced recently during the celebrations of Peiping's tenth anniversary--testifies to a diversity of opinion on the subject throughout the bloc.

Because of the Chinese commune program and the assertions surrounding it had and have critical implications for the entire bloc, Moscow would probably have expected the Chinese to consult and coordinate closely throughout the spring and summer of 1958 before the resolution was taken. However, judging from Soviet comment on Chinese economic developments in that period--comment expressed primarily in Soviet party journals and newspapers--there was little or no coordination.

First Hints of Communes

After the Chinese Communist party (CCP) conference at Chengtu in March, a campaign to merge small collectives soon began in two pilot provinces. Some of these "large cooperatives" amalgamated 20 to 30 existing cooperatives, and many features of the later communes appeared in these early prototypes. In April, Mao wrote an article (not published until June) in which he implied an intention to move into a more advanced stage of "production relations." In that same month, there were a number of indications that, while the USSR's dialectical glossary does not concede that any other bloc nation has as yet begun the preliminary "transition to Communism," Peiping was now going to claim an accelerated schedule for moving toward the ultimate stage of Communism.

Lu Ting-i, director of the party's propaganda department, stated flatly that the young generation would "personally build a Communist society in China." Another party official enjoined Chinese youth to prepare for "Communist undertakings" under the leadership of "the great party and Chairman Mao." Such remarks were important because they treated "Communist undertakings" as an immediate concern for the youth of China. They were accompanied by other statements which foreshadowed the impending revival of a "cult of personality" built around Mao and were used to provide a doctrinal backdrop for the audacious commune program.

In May the Chinese party held a congress at which the communes were almost certainly discussed. Liu Shao-chi presented to the congress a novel

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

and heretical interpretation of the concept of "uninterrupted revolution," a doctrine which was subsequently employed by the Chinese to justify the commune program. In the same month, a People's Daily editorial wrote that the "day of constructing Communism (in China) is not very far off." In short, there are good indications that in March, April, and May, the top Chinese leadership was already actively considering and making preparations for a nationwide commune program.

Indications of Soviet Ignorance

If the Russians had had ready access to the thinking of the Chinese party leaders, they would have received indications of the coming commune program during the spring of 1958. Yet as late as June 1958, before the Bulgarian party congress, Khrushchev himself bestowed an unusual accolade on the Chinese party for its "enormous contribution to the theory and practice of the socialist revolution." This unusual praise for Chinese creativity would have been high praise at any time.

In view of Khrushchev's coolness toward the communes after they were formally launched, it is unlikely that he would have made such a statement--particularly to a forum of bloc leaders--if he had been aware of the decisions taken at the Chengtu party conference in March and the party congress in May.

Similar praise for Chinese "creativity" was voiced at the June 1958 Academy of Sciences conference on the theoretical problems of "building Communism" in the USSR. That this conference was largely unaware of, or at least unprepared to deal with, the impending communes program was evident from the lack of attention to bloc-wide problems of "socialist and

Communist construction." One Soviet theoretician said vaguely that the "socialist countries would enter Communism possibly by economic zones," but he did not specify--as he did in October--that European countries would enter Communism before Asian countries. The Russians evidently were not yet concerned with pre-empting the impending Chinese claims to be nearing Communism.

Even the most specialized of Soviet journals--those published by and for Soviet Sinologists--seemed to be in the dark. A lead article in the principal Soviet Sinology journal, written in June or even later, and entitled the "Triumph of Leninist Ideas in China," concluded that the Chinese were following "the Leninist cooperative plan and the experience of kolkhoz construction in the Soviet Union."

In late July, the principal Soviet economics journal wrote that "truly inexhaustible reserves" were to be found in the Chinese cooperative structure which "today rules supreme in the Chinese village." This article appeared more than a month after discussions in Chinese journals had clearly implied that China was ready for a more advanced type of "production relations." The very term "people's commune"--Peiping has since said--had been adopted in June by Mao and the Chinese party central committee. Moreover, politburo member Chen Po-ta had formally unveiled the concept of the commune in Red Flag in July.

Khrushchev-Mao Talks

Khrushchev arrived in Peiping on 31 July to confer with Mao. It is not known whether Khrushchev was aware of the communes before his departure, or, if so, whether this was one of the topics he came to discuss. The gravity of the Middle East situation at the time,

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

as well as the imminence of a new Chinese Communist venture in the Taiwan Strait, would seem to have justified a top-level meeting, even without a critical development in Chinese domestic policy. Further, there was nothing in the joint communiqué to suggest that the internal affairs of either country had been under discussion. Pravda and People's Daily editorials following the meeting were devoted exclusively to foreign affairs or to intrabloc problems such as that of "revisionism."

The Soviet party, even if it had had only overt Chinese sources to work from, should have been able by some time in August to deduce that a reorganization of the Chinese countryside was in the offing and that this reorganization would introduce a new form to be called the "people's commune." Some Western analysts, working only from open sources, were able in mid-August to describe features of those "communes."

Yet Soviet analysts, like Western analysts, may at that point still have had only a dim idea of the social, economic, and ideological extremes to which the communes were leading. Moscow may well have estimated that the Chinese agricultural reorganization would stop at some sort of enlarged cooperative, similar to those formed last year in Bulgaria, or that it would lead to unions of cooperatives similar to those now being formed in the USSR itself. There is the further possibility that Moscow had not yet had time properly to evaluate whatever information it had on the commune program.

Comment on Eve of Resolution

In any event, articles in Soviet journals throughout August and even in early September continued to state that the

Chinese cooperative system was viable and had enormous possibilities for development. They also emphasized that China was following the tested Leninist cooperative plan and tested Soviet experience, and continued to congratulate the Chinese on their creative application of Marxism.

On 5 August, a journal of the central committee of the Soviet Communist party, In Aid of Political Self-Education, claimed that the gigantic problem of cooperatization in China had been "solved." On 18 August--one month after the Red Flag article, two weeks after the Mao-Khrushchev meetings, and seven days after the New China News Agency reported in foreign transmissions that it was Chairman Mao's "guiding idea" to organize Chinese society into "large communes to form the basic units of Chinese society"--a Pravda editorial wrote that the Chinese peasants spoke "with enthusiasm about the great possibilities inherent in the cooperative system."

On 4 September, M. Kapitsa, deputy chief of the Far Eastern Department of the Ministry of Foreign Affairs and a long-time Soviet expert on China, wrote a eulogistic article in Red Star on the "great leap forward." He said that the "Communist party of China has been guided by the most important Marxist-Leninist theses in every stage of socialist construction."

If the Russians had had early, frank, and complete information on the communes and the ideological claims that would surround them, they would almost certainly have been alarmed--as witness the strain evident in Sino-Soviet relations after the full scope of the Chinese initiative was made public. This alarm probably would have been passed down to the key

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

party journals and newspapers, which would not then have been writing of China's "creative" application of Marxism-Leninism right up to the publication of the commune resolution.

Moreover, if the Soviet leadership had been fully aware of the impending Chinese initiative, it probably would have begun to take some pre-emptive ideological action well before the time it began to do so-- November 1958. Yet Chinese and bloc specialists, reading the Soviet party journals in the period from March to September 1958, could only have the impression that Moscow had no qualms about Chinese political, social, and economic policies.

It is conceivable that there was alarm but that it was confined to higher party circles. It is doubtful, however, that reflections of such alarm could have been kept entirely out of a periodical so close to the center as Pravda, or an article by a man so close to the center as the deputy chief of the Far Eastern Department of the Foreign Affairs Ministry. Similarly, while it can be argued that the Soviet leaders, aware of the Chinese intentions, intended Soviet press references to the viability and great potential strength of the cooperatives as a subtle warning to the Chinese not to go too far, such covert warnings would be difficult to reconcile with the simultaneous praise for Chinese creativity --praise which decreased substantially after the commune resolution was made public.

Implications of Poor Liaison

In sum, the evidence from Soviet party journals and newspapers suggests that the Soviet party had less advance information on the Chinese communes than would be expected if there were a close working relationship between the two parties.

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The Chinese were well aware that the commune program had critical implications for the entire bloc. It was they who chose to give it bloc-wide and ideological importance. While it is difficult to generalize about Sino-Soviet liaison on the basis of one case study, the poor liaison on an issue of such overriding importance as the communes may call into question the effectiveness and closeness of the Sino-Soviet working relationship in other respects.

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SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

POLITICAL TRENDS IN ISRAEL

Behind the relatively quiet Israeli election campaign, there are social issues of deep and long-range political significance. The increasing number of so-called "Oriental"--from North African and Middle Eastern countries--and Israeli-born Jews in the electorate may bring greater future support for a more aggressive foreign policy. In preparation for the 3 November voting, meanwhile, nearly all parties are attempting to broaden their appeal to these groups, which are becoming more politically conscious and more resistant to the domination of the older, Europeanized leaders.

The Elections

On 3 November, the fourth Israeli elections since the country achieved statehood in 1948 will determine the entire membership of the Knesset, Israel's 120-seat unicameral parliament, as well as the compo-

ISRAEL: PAST ELECTION RESULTS
SEATS WON IN KNESSET

	1949	1951	1955
Mapai	46	45	40
Herut	14	8	15
General Zionists	7	20	13
Achdut Haavoda	--	--	10
Mapam (D)	19	15	9
Hapoel Hamizrachi	6	8	11 (B)
Mizrachi	4	2	6 (C)
Agudat Israel	3	3	
Poalei Agudat Israel	3	2	
Communists	4	5	6
Mapai Arab Parties	2	5	5
Progressives	5	4	5
Sephardim	4	2	--
Yemenites	1	1	--
Minor Parties	2	--	--
TOTAL	120	120	120

(A) Formed United Religious Front

(B) National Religious Front

(C) Torah Religious Front

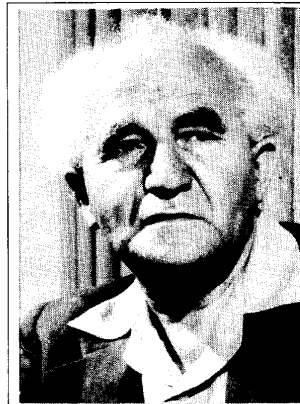
(D) Originally one party

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29 OCTOBER 1959

sition of municipal and local governments. Twenty-four parties--more than in any previous election--are engaged in what so far has been a comparatively

quiet campaign. The former burning issue of how to cope with Arab violence was resolved by the Sinai campaign



BEN-GURION

in 1956, and there now is a marked relaxation in concern over the country's security. The economy is in a period of relative prosperity, with personal incomes higher than ever before and unemployment at an all-time low. These conditions may make more voters stay at home, as may the increased confusion among some voters at the plethora of parties.

Israel's transit difficulties in the Suez Canal have become the major foreign policy issue in a campaign otherwise notable for an absence of such issues. The ultranationalist Herut and the left-wing Achdut Haavoda parties have criticized the government for its lack of "progress" in the dispute with the UAR over the Inge Toft, the Israeli-chartered Danish ship which has been detained at Port Said since May.

The principal domestic issue is the election procedure itself, in which proportional representation has produced a large number of parties, none

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

of which has ever won a clear majority. Prime Minister Ben-Gurion abhors this system because, although his Mapai party has always won a plurality, he has been forced to lead governing coalitions of several parties which have inhibited his freedom of leadership. He wants instead a two- or three-party system in which there would be a "responsible" opposition. However, his Mapai party's proposals, and those of the General Zionists, for a constituency system have been defeated in the Knesset.

The other parties realize such a change might well lead to their extinction, since their strength is dispersed in comparison with the more concentrated voting bases of Mapai and the General Zionists.

Behind these political issues, however, lie social issues reflecting deeper trends with more serious long-range implications. These issues are pointed up for this election by the increased sense of grievance among Sephardic or Oriental Jewish immigrants over problems they attribute to discrimination on the basis of national origins. Their bitterness, more manifest in this election than ever before, was a factor in communal riots during the summer in the Wadi Salib section of Haifa and elsewhere. The government has belatedly acknowledged the depressed living conditions of many of these people by announcing that it plans to build 5,000 new housing units as part of a program to clean up the slums and transitional camps where many Orientals live.

This move is designed to salvage the Oriental vote which, partly because of the communal consciousness aroused by the riots, has become an important segment of the electorate. It now is politically expedient for a party either to exploit

the bitterness of this group or to demonstrate that the party offers opportunities to Orientals. As a result, the Oriental voters are being wooed from all sides.

On the 17 minor parties, five are Oriental. David Ben-Haroush, the leader of one of them called the North African Immigrants Association, is serving a two-year prison sentence for his part in Wadi Salib riots. Another group, the National Sephardic party, asserts that it seeks to defend "the depressed Sephardic masses against their Ashkenazic (describing Jews of predominantly European origin) overlords" and proclaims, "Wadi Salib was the bastille of the Sephardim."

The established parties too have taken cognizance of this group. Mapai claims that 18 percent of its candidates are members of Oriental communities. Nevertheless, while the lists of the major parties tend to show some increase in the number of Oriental candidates, the difference is not pronounced.

Of the larger parties, Herut is making the strongest appeal on communal grounds, and it seems to have a significant following among the Orientals. Ben-Gurion ridicules Menachem Beigin, Herut's demagogic leader and perhaps Israel's outstanding orator, as a "clown" who can fool only children or primitive people, but, at least politically, that is just what many Orientals are. Having come from feudal North African and Asian societies, some are illiterate and are baffled by even the simplest amenities.

The Changing Electorate

Roughly 30 percent of Israel's more than 2,000,000 were born in Africa or Asia. There are about 172,000 newly eligible voters for this election,

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

29 October 1959

including young people who have reached the voting age of 18 since the last elections and immigrants during the past five years, who comprise 10 percent of the population. Most of the immigrants are North Africans.

The merger of the two streams of Israeli immigration--one from Europe and the other from North Africa and the Middle East--has created a complex cultural problem. The Orientals have had difficulty in becoming integrated with the Western way of life that dominates the Israeli scene. For example, the Ministry of Education has found that children of Oriental immigrants, including those born in Israel, find it hard to keep up in school with their counterparts of European origin, apparently because of environmental and social factors. Most of their parents lack any particular training and thus have trouble finding jobs other than as domestic servants, laborers, and the like. Some Orientals have remarked that the government is aware of them only when they are needed to fight a war.

In contrast, European Jewish immigrants are easily integrated and can adapt more readily to life in Israel. They have skills, and in some cases professions, that the country needs. They usually get better housing sooner, in part because of an expectation that Orientals are used to and can get along with less adequate facilities. The government apparently gives the Ashkenazim such preferential treatment so that more Europeans will want to immigrate. Reports on conditions in Israel get back to Europe, which has the largest remaining reservoir of potential Jewish immigrants, primarily in the Soviet bloc countries.

Many in the European community in Israel reportedly

fear that the Orientals might eventually dominate the country. Hence immigration from the West is eagerly sought. At the same time there are indications that further Jewish immigration from North African and Asian countries is controlled and even curtailed, except in cases in which the people concerned must be "rescued" from oppression.

Another group of increasing political significance are the Sabras, or native-born Israelis, who comprise about 30 percent of the population. Both the Sabras and the Orientals generally lack the zeal for Zionism of the country's older leadership. Since most of the established parties are descendants of early factions within the Zionist movement, which had European origins, the Sabras and Orientals often either have been repelled by or have had difficulty in grasping the importance of the variations of Zionist ideology to which these parties adhere.

The influence of these groups has resulted in a gradual process of adjustment between the parties on the one hand and the Sabras and the Orientals on the other, accompanied now by the emergence of non-Zionist parties with an outright communal orientation. This adjusting process apparently accounts in part for what the American Embassy perceives is a general political drift to the right in Israel. It is characterized by the development of greater individualism with less ideological and more cultural "group consciousness." The trend is marked even in the left-wing collective settlements.

The doctrinaire ideology of labor socialism of Mapam and Achdut Haavoda is said to be losing much of its appeal for many Israeli "socialists." Among the socialist parties, Ben-Gurion's

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

moderate Mapai party reportedly is most effective in changing with the times. It frankly acknowledges and embraces a variety of socialist interpretations within one party. This flexibility augurs well for the party's future.

A trend toward the right in Israeli politics, if it develops significantly, together with the growing political consciousness of the Sabras and the Orientals, may indicate that "activism"--generally taken to mean a more aggressive posture--as a policy toward the Arab states may well receive increasing support. In the present election, Herut, the leading exponent of activism, probably will win some additional seats beyond the

15 it has had in the third Knesset.

This could result in increased activist influence on Israeli foreign policy from outside the government. By continuing its criticism of any moderate attitude or policy toward Arab-Israeli affairs, backed by what is anticipated will be its prestige as the country's second largest party, it could encourage or force the government to be more aggressive. Because of deep and long-standing hostility between Herut and Mapai, Herut almost certainly will not be in a position during the term of the fourth Knesset to exert a direct influence on government policy through participation in a Mapai-led coalition. The future, however, may provide such an opportunity.

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TRENDS IN AUSTRIAN POLITICS AND FOREIGN POLICY

Vienna is experiencing a period of accelerated political and diplomatic activity resulting in large part from the impact of last May's parliamentary elections. The present government continues the two-party coalitions of the past 14 years, but the influence of the Socialist party, always the minor partner, has increased sharply and now poses a serious threat to the future of the heretofore dominant People's party. While a major realignment of political forces is not yet in prospect, the political competition is an obstacle to formulation of the "clearer concept" of Austrian foreign policy which Foreign Minister Kreisky has promised.

Raab and the People's Party

The call by the People's party for an extraordinary party congress next January is indicative of the unusual political ferment. The party's poor electoral showing in May--a

decline repeated in the 25 October municipal elections in Vienna-- has raised an insistent demand for reforms lest the party succumb to "decrepitude." The difficulties derive in part from traditional frictions among constituent groups.

The workers in People's party ranks have long been a declining minority, and the industrialist element in recent years has increased its influence at the expense of the farmers. Business leaders, who contribute heavily to the party's coffers, are increasingly dissatisfied with Chancellor Raab's representation of their interests. Other elements are pressing for reorientation to preserve the party's claim to represent the interests of "all the people."

The Coalition Balance

By contrast, the Socialist party is a well-run and disciplined machine. It has ruthlessly

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

29 October 1959

retired aging party leaders in favor of a new generation of able and agile politicians, and it has formulated a new program considered by Western Europe a model of modern socialism.

The coalition's future will depend heavily on the ability of the People's party to produce an equivalent transformation. Raab's recently expressed willingness to relinquish at least part of his duties may mean he will eventually give up his party or government functions or both. His failure to make some concessions--and there are moves afoot to force him to--will aggravate his party's real dilemma: how to broaden its appeal while retaining the support of its right-wing elements.

Politics and the South Tirol

The intracoalition contest is an important factor in Austria's increasingly immoderate stand on the perennial dispute with Italy over the South Tirol. Since assuming control of the newly established Foreign Ministry last July, Bruno Kreisky, a Socialist, has closely identified himself with the South Tirolean cause. He has rejected



KREISKY

Italian "concessions" as "utterly inadequate" and, by referring to the issue in the UN General Assembly in September, has taken an initial step toward "inter-

nationalizing" this heretofore bilateral dispute.

Kreisky's support of the Tirolean claims is a marked departure from previous Socialist policy. With little likelihood of gaining votes in the remote event this predominantly Catholic and rural area should be returned to Austria, the Socialists have traditionally urged a compromise. Their present reversal, enhancing the South Tirol as a "popular issue," makes it increasingly difficult for either party to urge restraint.

European Integration

The delicate question of Austria's role in the European Economic Community (EEC or Common Market) is another foreign policy issue on which bipartisanism may be breaking down. Since more than half of Austria's total trade is with Common Market countries, the two parties agree that exclusion from this market would be a major hardship for the Austrian economy. At the same time, it has been generally understood that a neutrality issue is involved and that, given Soviet hostility to an integrated Europe, an Austrian move to join the Common Market might create major difficulties.

The Austrian expedient, however, of going along with the Outer Seven grouping--the proposed little free-trade area--in hopes that agreement will ultimately be reached on a broader, nonpolitical European economic association, has been challenged in both parties. Industrialists in the People's party think that the Outer Seven holds little promise for Austria, whose most important markets are in the EEC's West Germany and Italy.

On the other hand, the Socialists are somewhat suspicious of integration in general and some of them are hostile toward the Common Market. Socialist Vice Chancellor Pittermann, for example, has on occasion

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