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# CURRENT INTELLIGENCE WEEKLY SUMMARY

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 November 1960

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

**PART I**

**OF IMMEDIATE INTEREST**

**MOSCOW MEETING OF COMMUNIST LEADERS. . . . . Page 1**

The meetings of world Communist leaders have apparently been prolonged beyond their original schedule by the continued inability of the main participants either to agree or to find a formula which will maintain a facade of unity while satisfying their opposing ideological positions. Even while the talks are progressing, Moscow and Peiping have publicly reiterated several of their conflicting views. Peiping's recent pronouncements suggest that even if a formal declaration of unity is achieved, it will continue to interpret the document to suit itself.

[Redacted]

**FRANCE-ALGERIA . . . . . Page 3**

De Gaulle's rapid moves toward a separate Algerian administration have provoked sharp hostility from proponents of a French Algeria. Settler discontent has been smoldering since De Gaulle's reference to an "Algerian Republic" on 4 November and his subsequent announcement of an early referendum on separate Algerian institutions.

[Redacted]

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**CENTRAL AMERICAN DEVELOPMENTS . . . . . Page 5**

Guatemalan President Ydigoras has enhanced his personal prestige by his active part in putting down a revolt by dissatisfied military officers, but the uprising has emphasized the need for changes in top army positions. In El Salvador, Communist-influenced groups now are openly challenging moderates for control of the provisional government.

[Redacted]

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**SITUATION IN LAOS. . . . . Page 7**

Troops from Vientiane, including some of Captain Kong Le's paratroopers, are reportedly moving northward from Vientiane in preparation for a possible attempt to retake Luang Prabang. Souvanna Phouma meanwhile is making a

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**PART I (continued)**

fresh attempt to induce General Phoumi's Savannakhet group to enter into negotiations for a coalition government including the Pathet Lao. When, as is likely, this attempt fails, Souvanna may move ahead rapidly to implement the government's agreement with the Pathet Lao on acceptance of aid from Communist China and North Vietnam. This agreement will provide Hanoi and Peiping with an opportunity to assist legally the Souvanna government and the Pathet Lao in their struggle with Phoumi. Both capitals have responded cautiously but favorably to the development. Soviet Ambassador Abramov has arrived in Vientiane from Phnom Penh, possibly intending to offer specific aid to Souvanna.

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REPUBLIC OF THE CONGO. . . . . Page 9

Recent events in Leopoldville have enhanced Mobutu's prestige at the expense of ousted premier Lumumba. Mobutu's success in forcing the expulsion of Ghanaian President Nkrumah's personal representative from Leopoldville has given some substance to his claim to sole control of the army. However, most of the army appears willing to submit to him only to obtain some definite short-term goal. The UN vote on 22 November to seat Kasavubu's delegation revealed deep cleavages among the African delegations on the question.

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**PART II**

**NOTES AND COMMENTS**

KOREAN REUNIFICATION . . . . . Page 1

The Pyongyang regime in North Korea appears convinced that many South Koreans have become more receptive to reunification appeals since the fall of the Rhee regime, and has sharply increased propaganda calling for "peaceful" reunification. Pyongyang is coupling this with calls for close economic cooperation between North and South after all UN forces are withdrawn. A vocal minority in South Korea now believes that Korea can be neutralized and unified on the pattern of the Austrian settlement-- a concept promoted by the Indian United Nations delegation. The South Korean Government has denounced such suggestions and has expressed qualified support for Korea-wide elections supervised by the United Nations.

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**PART II (continued)**

**KHRUSHCHEV LAUNCHES SOVIET UNIVERSITY FOR UNDERDEVELOPED AREAS. . . . . Page 2**

Khrushchev's recent speech at the People's Friendship University in Moscow gave a boost to this institution, one of the more dramatic examples of Soviet aid to underdeveloped nations. Publicity on the university has recently been slight, suggesting that difficulties were encountered in the opening weeks of its first session.

[Redacted]

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**EAST GERMAN ECONOMIC PROBLEMS . . . . . Page 3**

A lag in the East German investment program has further reduced the chances of achieving the ambitious goals for industrial production set forth in the Seven-Year Plan (1959-65) and could postpone efforts to establish large-scale farming more firmly. Delays in the production and imports of machinery and equipment, poor results in construction, and an unexpectedly heavy exodus of workers to the West have combined to unbalance East Germany's 1960 plans for economic development. As a result, the regime has cut back the 1961 investment plan, but appears to have made no move as yet to revise goals for consumer goods. Failure to reach a new interzonal trade agreement with West Germany for 1961 would compel East Germany to revise its plans further.

[Redacted]

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**REORGANIZATION OF POLISH FOREIGN MINISTRY. . . . . Page 4**

What appears to be a major reorganization of the Polish Foreign Ministry probably reflects a new emphasis, if not a redirection, in Polish foreign policy. Greater efforts are apparently to be made to penetrate the underdeveloped and neutralist nations and to improve economic relations with the Western countries which are capable of aiding Poland's economic programs. As a result of organizational changes made thus far, the position of pro-Western elements in the ministry has been strengthened, although their activities will probably be carefully controlled by pro-Soviet officials.

[Redacted]

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**CZECHS SEEK AIR ROUTES TO CUBA . . . . . Page 6**

The Czech Airline (CSA), in seeking two routes to Havana, is leading the bloc in its first concentrated effort to establish a civil air route to Latin America. Czech success would facilitate travel for the increasing number of bloc personnel going to the area on military, economic, cultural, and political missions. CSA has already received the necessary approvals for technical stops and overflights at Shannon and Bermuda and probably will soon receive permission for stops at Gander and the Azores.

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PART II (continued)

THE CUBAN MILITIA . . . . . Page 7

As the Castro regime continues to tighten its control over Cuba, it is using as one of its primary instruments a militia of some 200,000 "volunteers" being organized throughout the island. Penetrated at all levels by the Communists, the militia serves not only as a force for police control, but also as a means of subjecting a large number of Cubans to military discipline and political indoctrination and of providing the regime with a cheap labor force. Its similarities to the Chinese Communist militia, along with Che Guevara's statements during his present visit to Peiping, provide further illustrations of China's influence on Cuba. [redacted]

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BOLIVIAN DEVELOPMENTS . . . . . Page 8

In an apparent effort to control mounting unrest over Bolivia's nearly bankrupt economy, President Paz Estensoro declared a state of siege in the Cochabamba area on 19 November. Labor trouble and clashes with government forces had contributed to disturbances a few days earlier, including demonstrations against US Ambassador Strom. With no prospect of a significant early increase in foreign exchange receipts, Paz has also decided to send a credit-seeking mission to Czechoslovakia and the USSR, as well as to Western Europe. [redacted]

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LEFTIST AGITATION IN CHILE . . . . . Page 9

Chilean leftist groups are trying to exploit the marked economic deterioration of recent months with an eye to the March 1961 congressional elections. The world price of copper, the country's chief export, has fallen three cents a pound since early October, and the inflationary spiral, which slowed somewhat last spring, has regained momentum. The conservative Alessandri government's refusal to allow comparatively small wage increases led to violent street demonstrations early this month, and troops in Santiago were placed on an alert status. Leftist elements have been more aggressive than at any previous time in Alessandri's two years of office and are likely to continue so. [redacted]

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**PART II (continued)**

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**POLITICAL DEVELOPMENTS IN DENMARK . . . . . Page 11**

The outcome of the 15 November election reflects Denmark's satisfaction with the full employment program and pro-NATO foreign policy followed by Social Democratic Premier Kampmann's coalition government. The gains by the recently formed Socialist People's party--a "national" Communist faction--which campaigned on a platform practically identical with the Moscow-oriented Communist party--has, however, injected a new element of instability into the political scene. Kampmann's new coalition formed on 18 November will generally continue his previous policies.

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**PORTUGAL AND THE UN . . . . . Page 12**

Portugal's concern over recent developments in Africa has been reflected in growing expressions of dissatisfaction with the UN and some resentment toward its NATO allies for not opposing a recent UN resolution requesting Lisbon to report on conditions in its overseas territories. While not likely to go through with a recent threat to withdraw from the UN, Portugal will probably prove less cooperative in NATO matters, particularly on the renegotiation of the Azores base agreement which expires in 1962.

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**INDIAN CONCERN OVER HIMALAYAN BORDER STATES . . . . . Page 14**

Widespread Indian concern over the situation in the strategic border areas of Bhutan, Sikkim, and northeastern India has prompted a recent flurry of Indian activities designed to improve the nation's defensive posture there.

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**THE WEEK IN BRIEF**

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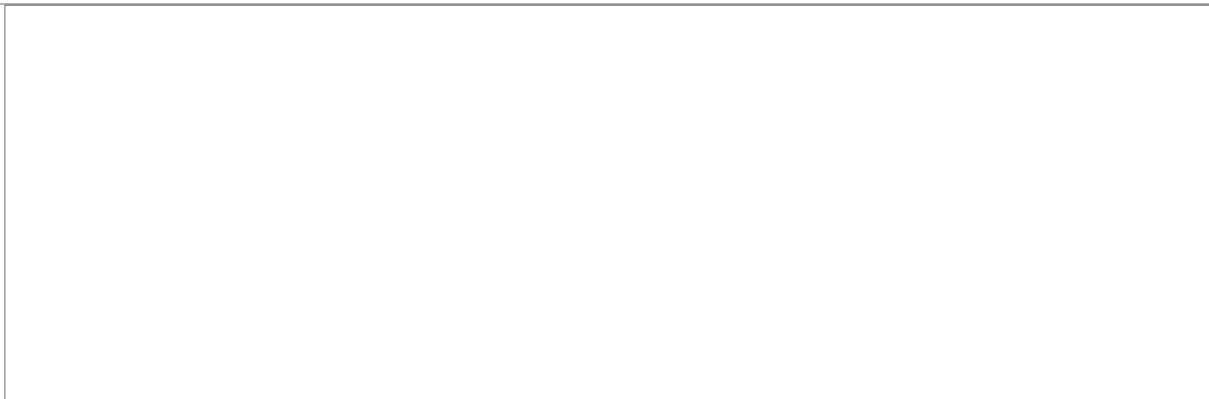
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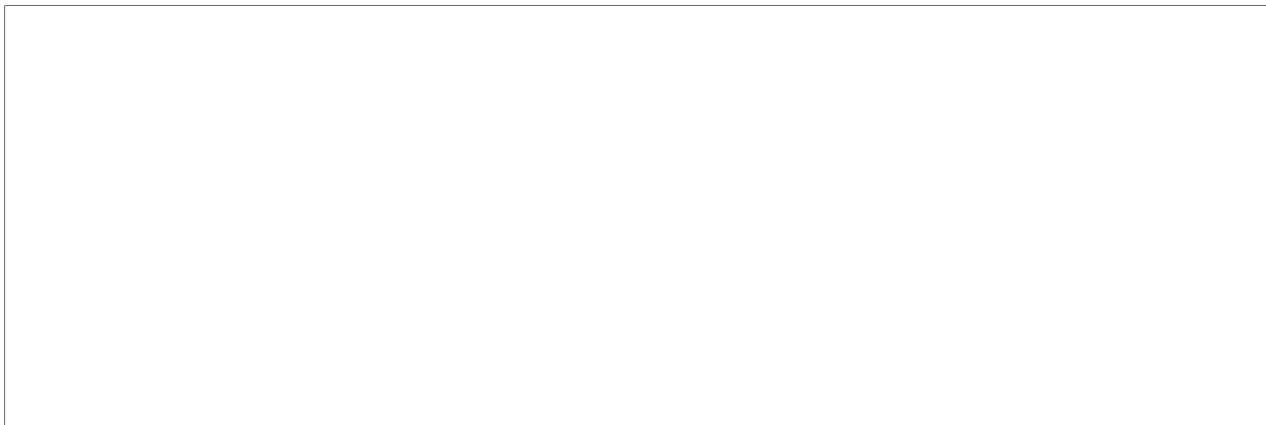


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**PART III**

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**CHINA'S POPULATION AND ITS ECONOMIC GROWTH . . . . . Page 4**

Communist China's population is growing at the rate of about 2.5 percent annually, and will be 700,000,000 by the end of 1960. With roughly 30,000,000 births and only 13,000,000 deaths during the year, the country will

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**PART III (continued)**

add around 17,000,000 to its population. While the Chinese economy is in no immediate danger of being overwhelmed by these numbers, continued growth of the population at this rate would force the regime to divert resources from industry to agriculture and retard industrialization. [redacted]

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**NEHRU AND HIS HIGH COMMAND . . . . . Page 6**

Political power in India is concentrated in a small group of Congress party politicians: known as the "High Command." Nehru remains the undisputed chief, and his towering presence still inhibits effective leadership by others. Nehru has never ruled alone, however, and growing criticism of the manner and direction of his leadership apparently is resulting in other top government and party officials being given a somewhat greater share in policy making. Three moderately conservative politicians--Pant, Desai, and Patil--have gained increasing power in the High Command. [redacted]

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

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## PART I

OF IMMEDIATE INTEREST

## MOSCOW MEETING OF COMMUNIST LEADERS

The meetings of world Communist leaders which began in Moscow shortly after the completion of the 7 November celebrations of the Bolshevik Revolution have apparently been prolonged beyond their original schedule by the continued inability of the main participants to reach agreement or to find a formula which will maintain a facade of unity while satisfying their opposing ideological positions. Even while the talks are progressing, Moscow and Peiping--with Peiping adopting the more aggressive tone--have publicly reiterated several of their conflicting views.

The meetings probably were expected to end by 19 November. Czech President Novotny left Moscow on 19 November in order to be in Prague on time to meet the Cambodian chief of state, but there is no indication that any of the other leaders engaged in the talks have left.

On 21 November, Khrushchev and other Soviet presidium members turned out to greet Finnish President Kekkonen, who has come to Moscow for trade talks. It seems unlikely that the Soviet leaders planned to be still deep in discussions during Kekkonen's visit. On 22 November, Pravda announced that a conference of health workers, previously scheduled

in the Kremlin for 24 to 26 November, would be held from 6 to 8 December. The postponement of the conference is presumably caused by the unexpected duration of the current meetings.

The adamant stands that both Moscow and Peiping must be taking in the talks are reflected in the continued publication of their disagreements in undiluted form. The latest issue of the bloc journal Problems of Peace and Socialism, issued in Moscow on 11 November, contains a feature article which vigorously attacks Chinese ideas on internal economic development, concentrating on the commune concept. In contrast to previous practice, Soviet censors passed reports on the article by Western correspondents which clearly identified the Chinese as dogmatists and described the article as highly critical of the Chinese.

In a speech on 18 November in Peiping at a reception for Cuban National Bank President Guevara, Chou En-lai appeared unregenerate. He praised the Cubans for "waging a struggle directed squarely against US imperialism" and stressed that the Chinese "have never bowed to difficulties and never entertained any illusion about imperialism." The Peiping press used the occasion of the arrival of the Guevara delegation

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to restate several familiar ideological themes. Among these was the warning that "the aggressive nature of US imperialism will never change, that it will never lay down the cleaver of its own accord...."

Using conclusions reached at the meeting of Communist parties in 1957 to support its arguments, a long People's Daily editorial of 21 November elaborates on Mao's "correct" assessment of the need for a militant revolutionary line in the present world situation, implicitly criticizes Soviet overestimation of the strength of the imperialists, cites the continuing possibility of war, and emphasizes the danger from Communism's main enemy--"revisionism."

Continuing what has become the central issue of the controversy in recent weeks, the editorial argues in effect that revolutionary methods must be promoted in any struggle for peace. In developing this thesis, the editorial declares that the balance of forces now is favorable for a forceful seizure of power and that any view that overestimates the strength of the imperialists and underestimates the strength of the people is incorrect.

Attacking the revisionists for having "deliberately stood things on their heads," the editorial argues that world peace can be guaranteed only by waging a joint struggle of all "peace" forces against the imperialists. In a direct appeal to traditional Communist views, the Chinese editorial declares in conclusion that the revolutionary spirit is the soul of Marxism-Leninism and that to follow the revisionists is to emasculate this spirit.

Apparently in reply to the People's Daily editorial, Pravda on 23 November also editorialized on the 1957 declaration, but stressed those aspects of the document which correspond to Soviet views. While stating that "revisionism" is the main danger to communism under today's conditions, the editorial insisted that "dogmatism and sectarianism...could also represent a basic danger at individual stages of development of one party or another.

Firmly supporting the "Leninist principle of peaceful coexistence," the editorial proclaims as "creative Marxism" the conclusions reached at the 20th and 21st party congresses on the preventability of war. Other Soviet positions with which the Chinese have quarreled are also reiterated. The editorial shared the front page of Pravda with a long reaffirmation by Khrushchev of the Soviet Union's views on disarmament--views which the Chinese had previously condemned 25X1 as "illusory."

[redacted] talks between the Communist leaders got off to a bad beginning with the Chinese insisting that preliminary work be scrapped and that the high-level delegates start fresh on their attempt to formulate a meaningful statement which would embrace all the conflicting views. 25X1

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The public statements now emanating from Peiping, and particularly the People's Daily editorial, suggest that Peiping's continued determination to get some of its hard-line views incorporated in the final communiqué have increased the difficulty of achieving even a formal, if empty, declaration of unity.

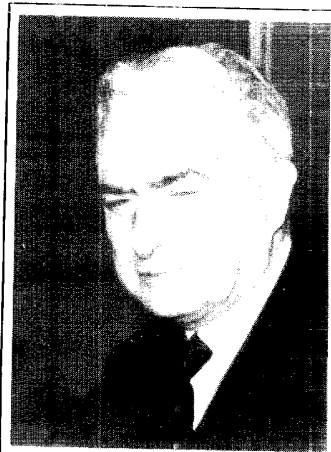
The inflexible tone of the People's Daily editorial may mean that the conference is not going Peiping's way and that the Chinese have decided to put their minority views on the record before the publication of an official communiqué. Peiping's stance indicates that even after such a declaration is promulgated it will continue to interpret the document to suit itself. 25X1

FRANCE-ALGERIA

De Gaulle's rapid moves toward a separate Algerian administration, climaxed by his 22 November designation of a liberal and loyal Gaullist, Louis Joxe, to implement these plans, have provoked sharp hostility from proponents of a French Algeria. Settler discontent has been smoldering since De Gaulle's reference to an "Algerian republic" on 4 November and the government's announcement that a referendum will be held in early January on separate Algerian institutions.

hand, the regime announced the appointment of Jean Morin, tough superprefect of the Toulouse region, to replace Delegate General Delouvrier in Algeria.

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JOXE

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Joxe, former French ambassador to Moscow and recently minister of education, was appointed to the newly created position of minister of state for Algerian affairs. In this post he will be the direct link between De Gaulle and the Algerian administration. In another move to strengthen its

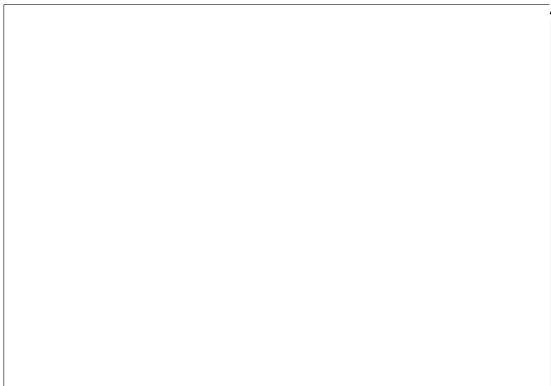
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In France, parliamentary opponents of various De Gaulle policies--from foreign policy and economic conditions to Algeria--again took advantage of the independent nuclear strike force issue to try to censure the Debré government; they managed to get 214 of the 277 needed to displace Debré. In October a similar censure motion gained 207 votes. Although De Gaulle's public threat to dissolve the assembly if it voted censure probably kept the total below the required number, this evidence of increasing opposition will probably further encourage rightist opponents of his Algerian policy.

Although the FAF held aloof from the Armistice Day rioting in Algiers, it has since stated that it would use illegal means if necessary to oppose the forthcoming referendum. Rightists both in France and Algeria no doubt feel they must act before De Gaulle can hold a referendum.

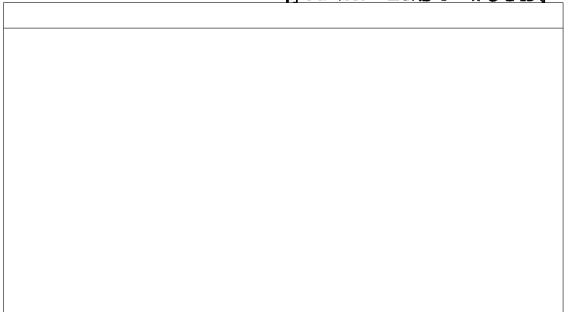
The government, which appears to be well informed concerning rightist plotting, rushed important security police reinforcements to Algeria last week.



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**CENTRAL AMERICAN DEVELOPMENTS**

In Guatemala, the government has suppressed the revolt launched on 13 November by dissident army officers. Although some armed insurgents are apparently still at large in the countryside, most have either been captured or have fled across the Honduran border. President Ydigoras has apparently emerged with enhanced personal prestige because of his energetic direction of operations against the insurgents. The American ambassador reported on 18 November that the President seems "completely confident."

The state of siege imposed at the outset of the revolt remains in force in five of Guatemala's 22 departments, but the government has moved curfew time in the capital up to midnight. Communist and pro-Communist elements, which belatedly sought to exploit the revolt, have been relatively inactive since 18 November, and many of them have been arrested.

It is evident that one of the major immediate causes of the revolt was dissatisfaction in the military over conditions in the army and particularly over the defense minister, Colonel Gonzalez Sigui, who is highly unpopular among his colleagues. Ydigoras now apparently realizes that Gonzalez will have to go but prefers to wait about 60 days lest a change now be taken as a sign of weakness. The chief of staff told the American army attaché on 17 November that "many changes" are necessary in the army as a result of the revolt.

Ydigoras' sensitivity on this issue was revealed in the brief arrest of an American newsman and his reprimand personally by the President on 18 November for writing a story indicating that the revolt resulted from army dissatisfaction and not, as Ydigoras proclaims, from Castro-Communist plotting. The newsman immediately left Guatemala.

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on 20 November pledged its support to the government and condemned antiregime plotters, "reactionaries, and big landowners," and attacked "foreign intervention by an embassy which is using nonrecognition as blackmail," a reference to the United States.

Although the government claims to have suppressed a counter-coup plot on 16 November, highly placed army officers are probably still considering drastic action to restore the army to its traditional role as political arbiter. The army is weakened, however, by internal dissension.

In El Salvador, moderates and other anti-Communists are facing an open challenge from Communist and Communist-influenced groups which have moved rapidly to consolidate their positions in the provisional government and in the politically potent student and labor organizations. These groups, which a fairly reliable source of the American Embassy believes are being financed from Cuba, are bringing peasants from the countryside into the capital to swell their ranks.

The moderate Colonel Escamilla, minister of interior, admitted privately on 19 November that he is very disturbed at the situation but feels that a crackdown now would lead to a bloody revolution. A sizable demonstration addressed by leading Salvadoran Communists

The Nicaraguan military, with the cooperation of Costa Rican forces, continues to mop up remnants of the small rebel groups along the southern frontier following the abortive rebel attacks of 11 November. Meanwhile, the 18 November decision of the International Court of Justice (ICJ) awarding long-disputed territory along the northern border to Honduras has been a bitter blow to the Nicaraguan Government. The Somoza regime, which will be blamed by its opposition for "losing" this territory, has nevertheless indicated that it will abide by the court's decision.

In Honduras, where the court decision was greeted with jubilation, President Villeda Morales said on 18 November that he is ready to work closely

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with Nicaraguan authorities for an orderly transfer of the territory. He assured the American Embassy that he would prevent any move into the formerly disputed territory by overenthusiastic Honduran groups which might prompt clashes with Nicaraguan outposts still there.

Villeda's restraint, in the face of domestic pressure for a more precipitate takeover, should help the Nicaraguan Government weather the defeat with less adverse internal reaction than had been feared. There still remain, however, delicate negotiations, particularly with respect to the scattered Nicaraguan schools and other installations in the generally undeveloped and sparsely populated area, and regarding the exact delineation of the border not clarified in the 1906 arbitral award upheld in the recent ICJ decision.

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**SITUATION IN LAOS**

Premier Souvanna Phouma's threat to retake Luang Prabang by force has been underlined by the reported departure from Vientiane of a force of about 400 men on 20 November.

In the meantime, Souvanna has been increasing the pace of his wide-ranging and intricate maneuvers aimed at retaining the premiership and fostering his panacea for Laos' problems--a coalition government embracing the entire spectrum of political life, from the pro-Communist Neo Lao Hak Sat (NLHS) to General

Phoumi's Savannakhet group. In a joint communiqué of 17 November issued by government and Pathet Lao teams which have been negotiating in Vientiane for six weeks, it was announced that the two sides had agreed to the formation of a coalition government, the acceptance of aid from Communist China and North Vietnam, the opening of the Chinese-Lao-tian border, and the establishment of some sort of ties with Hanoi and Peiping.

On 18 November, Souvanna flew to Sam Neua for two days of

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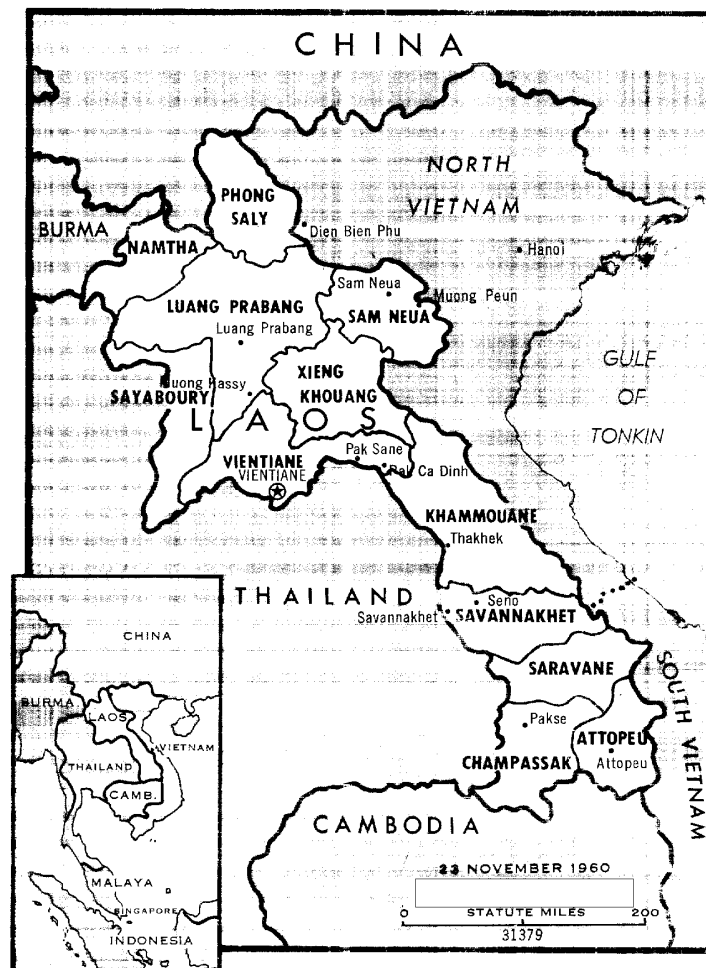
talks with his half brother, NLHS leader Prince Souphannouvong. The premier told Ambassador Brown after he had returned to Vientiane that he had obtained Souphannouvong's agreement to work in a coalition government with representatives of the Savannakhet group, excluding, "of course," Phoumi himself and the co-leader of the Revolutionary Committee, Prince Boun Oum. Souvanna is now pressing for a conference in Luang Prabang under the King's aegis looking toward formation of a coalition government and including himself, Phoumi, and Souphannouvong. It seems highly unlikely, however, that such a meeting will materialize.

The premier's political and military maneuvers appear to be having little effect on Phoumi, whose confidence of eventual victory on his own terms seems to be increasing daily. During a recent tour of Champassak Province, Phoumi proclaimed to various village audiences, "Victory is ours." In any event it seems certain that Phoumi will refuse any negotiations with Souvanna, whose main agenda item is a coalition with the NLHS.

Souvanna may stall on implementing his accords with the Pathet Lao until he realizes Phoumi does not intend to negotiate. Then he may move rapidly to enlist Sino-Soviet

bloc support in his struggle to stay in power. As the result of his agreements, Peiping and Hanoi now are in position legally to assist the Vientiane government, in alliance with the Pathet Lao, in the struggle against Phoumi. Although the opening of the border would permit limited local trade across the frontier, the bulk of any aid Peiping might choose to send Souvanna would probably be flown directly to Vientiane.

North Vietnam and Communist China have responded favorably

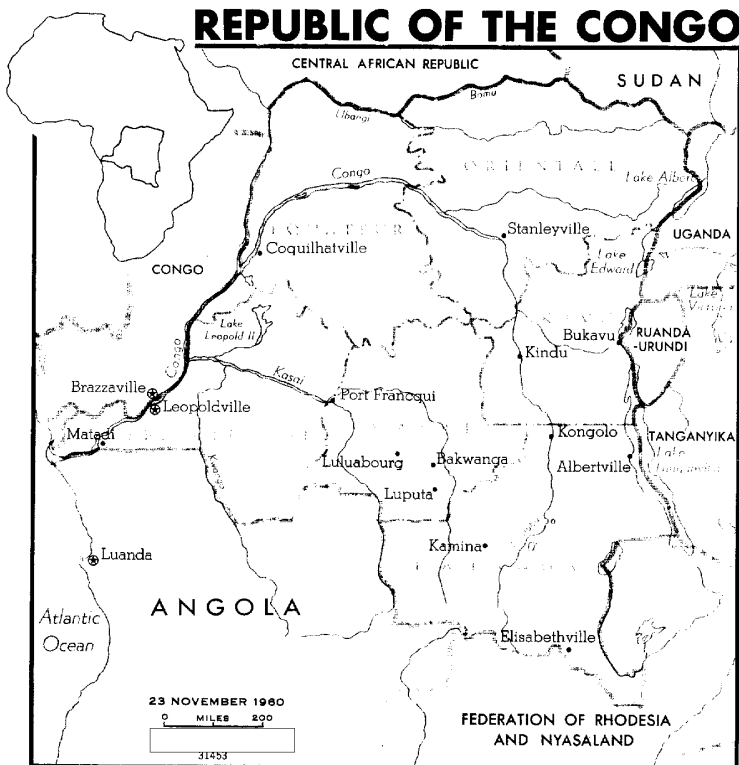


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22 November accused Ghana of engineering the events which led to the recent fighting between UN troops and Mobutu's army as part of a scheme to delay action in seating Kasavubu.

The UN action seating Kasavubu may clear the way for a move by Kasavubu either to reconvene parliament or to call a round-table conference of Congolese political parties. Such a move in the direction of restoring civil government would probably be acceptable to Mobutu, who has declared his willingness to give up his caretaker role at the end of the year.

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Meanwhile, on 22 November the UN General Assembly voted 53-24, with 19 abstentions, to seat the Kasavubu delegation, after defeating another attempt led by Ghana and supported by the Soviet bloc to postpone consideration of the question. Debate on this issue has brought into the open the strong divisions among the Africans themselves about the legal government in the Congo. The Cameroun UN delegate on

The status of the 15-nation UN Conciliation Commission remains unclear. Guinea and Mali have indicated that, in view of the seating of Kasavubu's delegation, they will not participate in the commission. Although some other nations, such as Ghana, may follow suit, some form of rump commission will probably reach Leopoldville in late November.

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to Vientiane's announcement of willingness to receive their aid, exchange economic and cultural delegations, and establish postal and telecommunications between Hanoi and Vientiane. Both bloc capitals have been most cordial, but neither has so far publicized any specific details.

Radio Moscow has reported without elaboration the agreement reached between Souvanna and the Pathet Lao. In an effort to lend propaganda support to Souvanna Phouma, however, the USSR has stepped up its attack on American involvement in the Laotian conflict. A strongly worded article in Pravda on 16 November charged the United States with open support for the Phoumi rebellion and warned that recent events in Laos had taken a "highly dangerous turn."

Soviet propaganda continues to stress the legal base of the Souvanna Phouma government and strongly criticizes the recently concluded SEATO meeting in Bangkok as being American "preparation for wide-scale armed intervention" against the lawful Laotian Government.

Soviet Ambassador Abramov, accredited to both Vientiane and Phnom Penh, has apparently postponed a trip to Moscow, in connection with the forthcoming arrival of Cambodian Prince Sihanouk, in order to make a flying visit to Vientiane. Abramov's hurried trip probably indicates a Soviet effort to lend additional diplomatic support to Souvanna and may result in a specific offer of assistance as a follow-up to the general aid offer accepted by Souvanna "in principle" on 28 October.

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## REPUBLIC OF THE CONGO

Recent events in Leopoldville have enhanced Colonel Mobutu's prestige. The orderly parade of Congolese troops on 17 November, followed by his success in forcing the expulsion of Ghanaian President Nkrumah's personal representative on 22 November, has given some substance to Mobutu's claim to sole control of the army. However, his control remains limited, and most of the army appears willing to submit to him only to obtain some definite short-term goal.

After Mobutu's troops had engaged in a battle of several hours with UN forces around Accra's embassy, UN and Ghanaian

officials agreed that Ghanaian representative Welbeck should leave the Congo. After Welbeck's departure, Congolese officers lost control of their troops, who then arrested and manhandled UN officials in retaliation for the loss of some of their officers.

Ousted premier Lumumba remains isolated in the premier's residence, and his position has suffered compared with that of Mobutu. His supporters are continuing their efforts to establish a haven for him in Stanleyville. However, the degree of their success in establishing a Lumumba redoubt in eastern Congo remains unclear.

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**PART II****NOTES AND COMMENTS****KOREAN REUNIFICATION**

Anticipating the annual United Nations consideration of the Korean question, North Korea has sharply increased its propaganda clamor for "peaceful reunification." This year, the regime apparently believes its efforts will find a more receptive audience in South Korea and among some non-Communist UN members.

Reunification has a continuing powerful attraction for all Koreans, and the fall of the Rhee regime has been followed by freer public discussion of the problem, particularly among students, some of whom have advocated that Korea be neutralized and unified on the pattern of the Austrian settlement. The Chang Myon government also recently announced its qualified support of the UN's long-standing position that UN-supervised elections be held in both North and South Korea.

Reports of these Korean activities apparently are the basis for the effort the Indian UN delegation is making to organize support, especially among the Afro-Asian nations, for a neutralist solution of the Korean problem. This Indian initiative is almost certain to further stimulate a strong and vocal minority among South Korean intellectuals and students which believes reunification can be achieved by neutralization.

While public interest in the discussion of reunification appears likely to grow in South Korea, the government is aware of the subversive potential of such agitation, and Prime Minister Chang has said that suggesting

neutralization is tantamount to advocating the communization of Korea. Seoul has consistently asserted that any all-Korean elections must be completely free and in accordance with South Korean constitutional procedures. The government and the majority of informed South Koreans publicly opposed neutralization, and most students appear similarly disposed.

Representative of Pyongyang's recent propaganda is a lengthy memorandum, issued on 11 November, condemning the US and UN and calling once again for a settlement by "the Korean people themselves." Couched in terms of a critique of a recent report by the UN Commission for the Unification and Rehabilitation of Korea, the memorandum is designed to convey the impression of a fresh approach. Actually, however, it does little more than repeat the call for a withdrawal of UN forces and reiterates Kim Il-sung's 15 August proposal for a loose federation of North and South as a transitional measure. As could be expected, Peiping, Hanoi, and Ulan Bator have treated it as a major contribution to the problem and have issued resounding endorsements.

North Korea, remaining adamant in its refusal to permit UN-supervised elections, would like to convey the impression of reasonableness and flexibility. At the opening session of North Korea's Supreme People's Assembly on 19 November, presidium chairman Choe Yong-kun offered a new gambit; a plan whereby Pyongyang's iron, steel, coal, and electricity would be made available to Seoul in return for the latter's agreement to a Communist-style land reform.

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Economic overtures with strings attached have been made before, and it is unlikely the North Koreans anticipate a favorable reaction from the Chang Myon government. Pyongyang, however, probably feels that time is working in its favor and that sentiment for some accommodation will grow both in South Korea and abroad.

UN General Assembly debate on the Korean question is not expected to begin before late December. The West agrees that the basic objective that must be maintained in any resolution is the provision for free and

impartial elections under effective international supervision.

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**KHRUSHCHEV LAUNCHES SOVIET UNIVERSITY FOR UNDERDEVELOPED AREAS**

Khrushchev's speech at the People's Friendship University in Moscow on 17 November gave a boost to this institution, one of the more dramatic forms of Soviet aid to underdeveloped nations. Publicity on the university has recently been slight, suggesting that difficulties have been encountered in the opening weeks of its first session.

Khrushchev announced the creation of the new university last February during his visit to Indonesia, and it was later extolled by Soviet media as an example of the concern of the Soviet people for the underdeveloped areas of Asia, Africa, and Latin America. Unusually generous scholarships were to be offered this year to 500 students from these areas, and plans were announced for an eventual student body of from 3,000 to 4,000.

The rector of the new university announced in September

that 40,000 applications had been received. The official opening on 1 October was marked by photographs of students on the front steps of the new building, and TASS announced that the opening ceremonies had been attended by over 1,000 youths from Asian, African, and Latin American countries. There was no announcement, however, of the number of actual students as opposed to ceremonial visitors.

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Soviet spokesmen explained that since the building was not yet completed, the students were temporarily being housed elsewhere. A visit to these temporary quarters the following week elicited the admission that only 300 of the announced student body of 500 had arrived. Moscow radio noted on 9 October that of the 169 Latin American applicants invited to Moscow at Soviet expense to take entrance examinations,

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"almost half" had "already" arrived. Subsequent Soviet press references to foreign students in the USSR have been confined to those attending "Moscow colleges" or to those enrolled at Moscow State University, without reference to the new university.

Language problems have undoubtedly complicated the opening session. According to earlier announcements, examinations are to be held in English, French, and Spanish, or they can be taken with the aid of an interpreter. Classes, however, are to be conducted in Russian, necessitating intensive language study for all first-year students.

Soviet insistence on complete control over the selection of scholarship recipients has aroused suspicions among

the various governments concerned, and this may have slowed enrollment. The Indian Government, for example, refused to consider allowing any of its students to attend until it had extracted a promise from the prorector that Marxism-Leninism and "political subjects" would not be taught to Indian students.

Khrushchev appeared to be reiterating this promise on 17 November when he said, "We shall not thrust our views and our ideology on any of the students." He also said, however, that the new university would "help the students to use all the available data, literature, and aids" in understanding why belief in Communism has lasted 100 years and is now held by "one third of mankind."

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**EAST GERMAN ECONOMIC PROBLEMS**

Delays in the production and import of machinery and equipment, poor results in construction, and an unexpectedly heavy exodus of workers to the West have combined to unbalance East Germany's 1960 plans for economic development and to weaken prospects for economic growth in the next few years. The investment plan for 1960 will not be met, and next year's investment plan has had to be lowered by about 7 percent, thus reducing East Germany's already slim chances of achieving the industrial production goals of the Seven-Year Plan (1959-65) and perhaps postponing the transformation of simple agricultural cooperatives into advanced collectives.

During the first nine months of 1960, over-all industrial production reportedly increased 8.4 percent, but quarterly figures throughout the year were below plan and--more serious--the machinery and equipment industries have failed to meet planned goals. The main difficulties in these industries seem to be the shortage of labor and over-estimation of productive capacity by planners, and, in some areas, material shortages.

These industries' failures, together with below-plan imports and a construction lag even greater than in 1959, are directly responsible for a serious investment lag. Investment expenditures at the end of the

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second and third quarters in 1960 were running 8 and 9 percent, respectively, above 1959, in contrast to the 14.5 percent planned for 1960. Because investments in 1959 also were short of plan by about 5 percent, investment may fall 10 percent below the 1960 goal as established by the Seven-Year Plan.

The labor shortage is a major factor in the lags in investment and production. After declining substantially in 1958-59, flights to the West have increased in 1960 so that by 31 October the number of emigrants--168,362--already considerably exceeded the 1959 total of 143,917. This loss of about one percent of the population reduces the manpower available to make up for production lags caused by failure to complete investment projects.

Apparently concluding that only a Soviet loan would permit realization of the planned 1961 level of investments, the East German regime reportedly approached Moscow in September for a \$375,000,000 credit to finance an anticipated foreign trade deficit in 1961. When no aid was granted, the regime was forced to cut back planned 1961 investments by almost that amount. All major branches of the economy apparently were affected, although no significant reduction in allocations to consumption appears to have accompanied the investment cut.

A reported 24-percent cut in the state plan for agricultural investment in 1961 places additional burdens on the co-operative farms themselves. It will force them to increase expenditures for agricultural machinery, for example, so that they probably will not be able to undertake the additional construction expenditures needed for the development of advanced types of collectives in the near future. In addition, manpower requirements in agriculture will prevent a release of labor to industry in order to offset below-plan investments in this sector of the economy.

East Germany will face the same investment difficulties in 1961 as in 1960, and even the reduced goal for next year probably will not be achieved. Without a substantial reduction in flights to the West, the labor shortage may cause an even greater lag in investments as the plan period progresses.

In Bonn's notice of termination of the interzonal trade agreement, the East German regime has a ready-made scapegoat for any loss of prestige it might suffer as a result of having had to lower plan goals. However, actual termination of this trade would force East Germany to cut back economic plans even more. [redacted] 25X1

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**REORGANIZATION OF POLISH FOREIGN MINISTRY**

What now appears to be a major reorganization of the Polish Foreign Ministry--evidence of changes was first noted a little over a month ago--probably reflects a new emphasis,

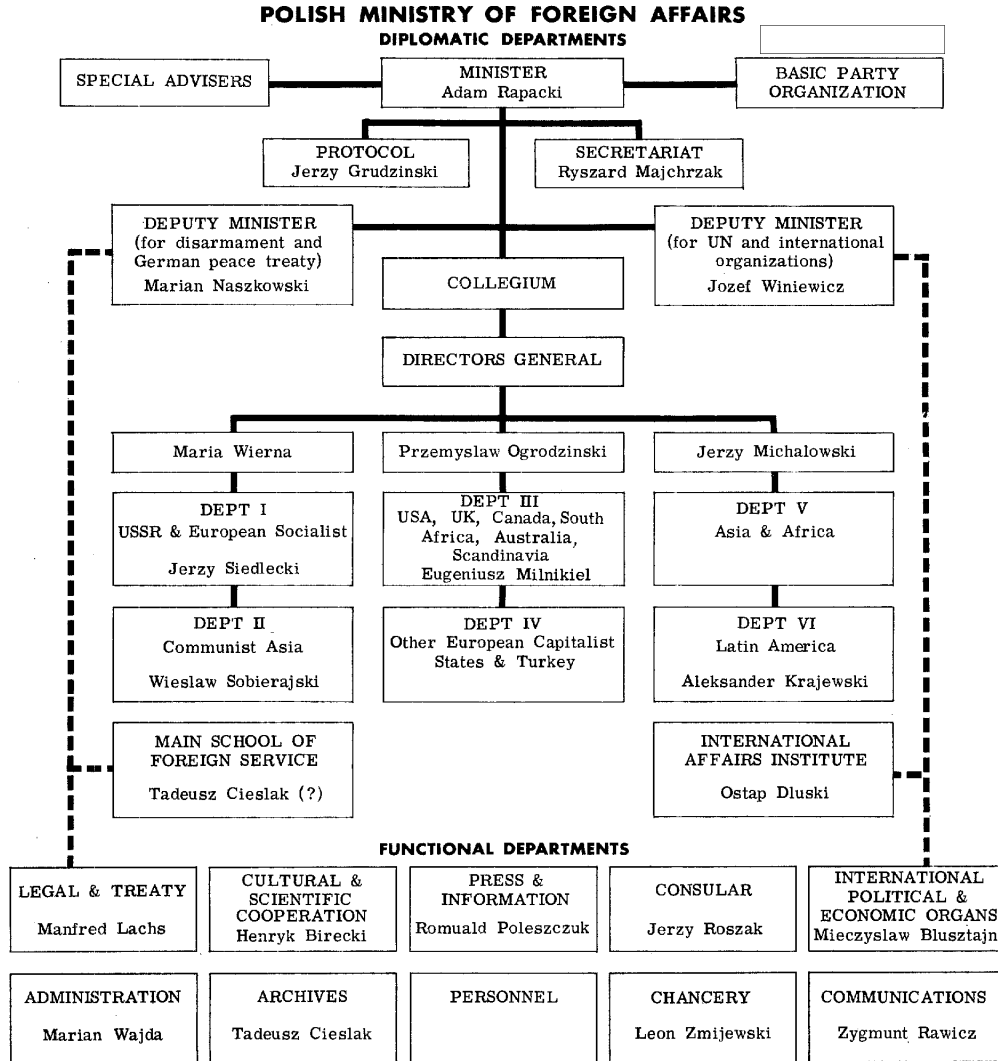
if not a redirection, in Polish foreign policy. Greater efforts apparently are to be made to penetrate the underdeveloped and neutralist nations and to improve economic relations with the

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Western countries which are capable of aiding Poland's economic programs. The ministry's machinery for dealing with Sino-Soviet bloc affairs has been streamlined, probably in part to ease any administrative and personnel strains imposed by an expansion of relations with non-bloc countries.

As a result of changes made so far, two major organizational groups within the ministry--one dealing with the Sino-Soviet bloc states, the other with nonbloc nations--have become more sharply defined. Pro-Soviet Deputy Minister Naszkowski--who is charged with matters affecting disarmament

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and the German peace treaty, both key concerns of Soviet as well as Polish foreign policy-- will probably supervise the work of those departments dealing with matters concerning the Sino-Soviet bloc. Most of the top personnel in these departments are Moscow oriented.

Deputy Minister Winiewicz, thought to be Western oriented, will be concerned with relations with the nonbloc nations, the UN, and other international organizations. Most department chiefs in these areas are known and respected in the West.

One effect of the shifts is the apparent removal of the deputy ministers from the direct chain of command between the various departments and the minister. The addition of former UN Ambassador Jerzy Michalowski brings to three the number

of directors general, each supervising two diplomatic departments, of which there are one more than under the previous organization. The new diplomatic departments reflect both the desire to achieve a more manageable geographic division of responsibility within the ministry and the expansion of Polish diplomatic contacts in the free world-- which Foreign Ministry sources claim have assumed greater importance.

The regime is considering adding special advisers to the minister's office for economic matters, German affairs, and international law and disarmament. The last of these posts is reportedly to be filled by Manfred Lachs, present director of the Legal and Treaty Department and well known for his pro-Western views. 25X1

**CZECHS SEEK AIR ROUTES TO CUBA**

The Czech Airline (CSA) is leading the bloc in its first concentrated effort to establish a civil air route to Latin America. Success in this effort would facilitate the travel of the increasing numbers of bloc personnel going to the area on military, economic, cultural, and political missions.

The Czechs have planned two different routes to Havana, one via Rabat, the Azores, and Bermuda, and the other via Shannon, Gander, and Bermuda. All of the nations whose airports are involved are members of the International Civil Aviation Or-

ganization (ICAO) and, as such, are bound to accede to a fellow member's request for technical stops. The Czechs have already cleared the major hurdle--that of gaining clearance for technical stops in Bermuda.

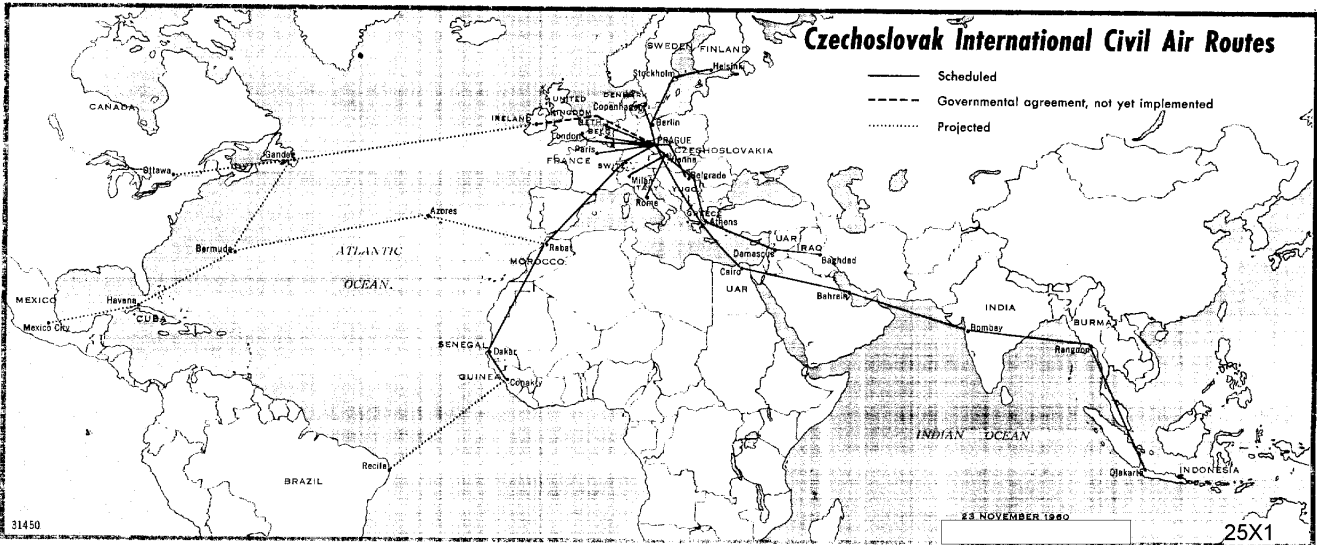
Early this year Czechoslovakia laid the groundwork for establishing the route to Cuba by renewing its 1947 air-transit agreement with Ireland, which specifically permits CSA stops at Shannon on trans-Atlantic runs. It also made a series of formal overtures to Canada for a bilateral agreement to service traffic between Czechoslovakia

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and the United States and Canada. The Czechs later requested technical stops under ICAO regulations at Gander, Bermuda, and probably the Azores, and overflight rights from West Germany.

The British Government thoroughly studied the ICAO regulations and Czech adherence to them and concluded that there was no basis for denying the application. Canada and West Germany probably will feel that the Irish and British actions have forced their hands, and that, as ICAO members, they cannot delay further in approving the Gander technical stop and West German overflights.

The only civil airport in Bermuda is within the US-leased Kindley Air Force Base, and the Czechs may be reluctant to stop there if the US applies to CSA aircraft its "right of inspection" granted in the lease agreements.

Once in Havana, CSA will probably expand its services to many South American cities; it reportedly already plans to fly from Havana to Mexico City. In the meantime, Cubana Airlines has announced that regular service on a route to Prague via the Azores and London will begin in December.

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**THE CUBAN MILITIA**

As the Castro regime continues to strengthen and tighten its police state control, it is evident that one of its primary instruments is the militia, a force of some 200,000 "volunteers" being organized with increasing efficiency throughout the island. Organizationally distinct from the regular armed forces, this militia is equiv-

alent on a population basis to a 5,600,000-man militia in the United States.

First organized after long Communist urging late last year, the militia has grown markedly in recent weeks as a result of the officially inspired "war spirit" of late October. The threat of an "imminent invasion"

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from the United States was used to justify a nationwide mobilization and an intensive training program to prepare "the people" to resist "imperialist aggression." Although the mobilization and "the defense of our revolution by the Socialist countries"



Cuban Militia

now are credited with having staved off the immediate threat of invasion, the militia continues to be strengthened.

The Cuban militia, similar in organization and purpose to that of Communist China, is not only a force for police control, but a means of subjecting a large number of Cubans to military discipline and political indoctrination. The militia also provides the regime with a cheap labor force while it reduces the threat of political unrest stemming from Cuba's chronically serious unemployment problem. It could also prove valuable against antigovernment activity

in the less politically reliable regular armed forces.

Communist penetration is extensive at all levels of the militia. In Communist jargon, the organization of a militia is synonymous with "the arming of the people," an objective which Communist and pro-Castro groups throughout Latin America claim is a necessary ingredient of a successful revolution and must be accompanied by the destruction of the regular armed forces.

While the bulk of militia members--both men and women--undergo regular part-time military training and political indoctrination, a hard core is assigned full-time duties normally the responsibility of the regular armed forces.

Meanwhile, the economic mission headed by Che Guevara arrived in Peiping on 17 November after receiving high-level attention and lavish praise at earlier stops in Prague and Moscow. In Peiping, Guevara had an "intimate" talk with Mao Tse-tung on 19 November and hailed Communist China for its "defense of our newborn revolution," adding that Communist China's "22 years of struggle ... has revealed a new road for the Americas." After a tour of a Chinese commune, Guevara said that "the Latin American people have many things to learn from the people's communes and all the other social systems adopted by China."

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**BOLIVIAN DEVELOPMENTS**

In an apparent effort to control mounting unrest over Bolivia's nearly bankrupt economy, President Paz Estenssoro

declared a state of siege in the Cochabamba area on 19 November. Rioting on 17 November in Cochabamba, Bolivia's second-

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largest city, apparently triggered the declaration. Government buildings were attacked, and from 2,000 to 5,000 milled in the streets in an antigovernment demonstration which the administration paper attributed to an alliance of Communists and members of the former ruling class.

assistance and is already seeking extensive credit in Germany for the mines, has nevertheless decided to send a credit-seeking mission to Czechoslovakia and the USSR as well as to France, Germany, England, and the Netherlands.

Guillermo Bedregal, president of the national mining corporation and a member of the mission, asserts that the Soviet representatives may offer as much as \$200,000,000 for economic development and revitalization of the mining industry. He said that he and Minister of Mines Nuflo Chavez, who heads the mission, would have no alternative but to accept the offer.

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State-of-siege powers extend for 90 days from the declaration. Before this period has expired, Paz hopes to have obtained enough foreign aid to dissipate the economic stagnation which has been largely responsible for the political unrest plaguing Bolivian regimes in recent years. He may have realized for some time that he would need these emergency powers to control unrest in the interim.

Considerable harassment of American Ambassador Strom a few days earlier, although possibly Communist abetted, appears to have resulted primarily from underlying unrest. Civilian militia clashes in a nearby village recently resulted in about 100 deaths in a two-day period. Anti-American demonstrations during the ambassador's visit to the mining center of Oruro on 12 November were part of an effort by miners to secure overdue wages from the government.

During the past two months, pressure has been mounting on the new Paz government to follow up a Soviet offer to build a tin smelter in Bolivia. Paz, who apparently prefers Western

**LEFTIST AGITATION IN CHILE**

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Chilean leftist groups are trying to exploit the marked economic deterioration of recent months with an eye to the March 1961 congressional elections. The price of copper, the country's chief export, has fallen three

cents a pound since early October and the inflationary spiral, slowed somewhat last spring, has regained momentum. There has been a drop in real wages, and the conservative Alessandri government's refusal to enact

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wage readjustment legislation has put severe economic pressure on most of the urban population.

Falling world copper prices have a severe impact on Chile. Over a twelve-month period a drop of one cent per pound means a loss of about \$7,000,000 in government revenue and about \$8,000,000 in foreign exchange--equivalent to about 2 percent of Chile's foreign earnings last year. The government's failure to reach quick settlements in strikes at the copper mines and other industrial installations has put an additional strain on a deficit-financed budget. President Alessandri's position has been that granting anything approximating labor's full demands would wreck the stabilization program.

Early this month rioting broke out in Santiago over Alessandri's wage policy. After the Chamber of Deputies had sought to raise to 33.3 percent his proposal for a 10-percent wage rise in partial compensation for about a 40-percent increase in the cost of living since January 1959, he withdrew his 10-percent offer.

Chile's only important labor federation, the Communist-dominated Single Center of

Chilean Workers (CUTCH), called a protest demonstration on 3 November that resulted in two deaths and many injuries. The government has indicted Clotario Blest, fellow-travelling president of CUTCH, and other leftist leaders for inciting a riot; CUTCH has filed a suit accusing the national police of homicide and has made a formal demand on the government for massive wage readjustments.

Leftist elements have been generally showing more aggressiveness than at any previous time in the two years of the Alessandri administration, with the Socialists at present more militant than the Communists. Blest has alluded to Cuba several times in recent antigovernment speeches, saying in his oration at the funeral of those killed in the 3 November riots that "Santiago will be the Sierra Maestra of Chile."

The 13 November strike settlement at Chile's largest copper mine, giving the workers a 25-percent increase in wages, will probably increase labor pressures for wage readjustment legislation, and the approach of the March congressional elections will make Alessandri's supporters in congress increasingly susceptible to this pressure. 25X1

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**POLITICAL DEVELOPMENTS IN DENMARK**

The postelection government of Social Democrats and Radical Liberals formed in Denmark on 18 November by Prime Minister Kampmann will generally continue the policies of Kampmann's previous coalition. In view of its tenuous parliamentary majority, achieved by resorting to the unusual practice of relying on the support of three Greenland and Faroese representatives, this government probably will be more reluctant than ever to press such controversial issues as defense for fear of tempo-

rarily uniting the opposition forces of the left and right.

A new element of instability on the political scene is the Socialist People's party (SPP), a recently formed "national" Communist faction which eliminated the Moscow-oriented Communist party from parliamentary representation. Despite the ideological dispute, the foreign policy platforms of the two leftist parties in the 15 November elections were practically identical. Both advocated Denmark's withdrawal from NATO and adoption

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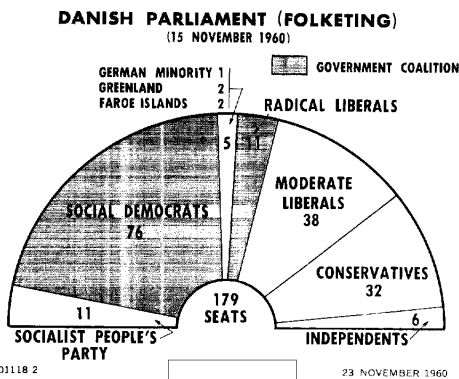
of a policy of neutrality.

The SPP's 11 seats--more than the Communist party won in any election since 1945--will place it in a pivotal position on some parliamentary issues. Its expected representation on the foreign affairs committee will give it added prestige. The party's successful appeal to the electorate in advocating total disarmament will probably result in increased agitation for steps by the government toward this goal.

In addition to the normal pro-Communist vote, the SPP also won considerable support from non-Communist neutralist and pacifist sympathizers, and is causing considerable anxiety among the democratic parties, which view it as posing a more dangerous long-run threat to Denmark's continued membership in the Western alliance than the Danish Communist party with its blatantly pro-Moscow line. The SPP's non-Communist support appears to have come principally from defectors from the Radical Liberal party, the traditional stronghold of the non-Communist neutralists; the defections cost this government party three of its 14 seats in parliament. Some disgruntled left-wing Socialists

may also have used the SPP to register a protest vote.

The Radical Liberals' losses are offset by the im-



pressive gains of the Social Democrats, who, like their counterparts in Sweden's September parliamentary elections, greatly increased their vote over the previous national election. The party won six additional seats, giving it a total of 76 in the unicameral parliament. This success should serve to strengthen the authority and prestige of Kampmann, who since succeeding the late H. C. Hansen last February has had to establish his position as both the leader of his party and head of the government.

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**PORTUGAL AND THE UN**

Portugal's concern over recent developments in Africa has been reflected in growing animosity toward the UN and some resentment toward its NATO allies for not opposing a recent UN resolution requesting Lisbon to report on conditions in its overseas territories.

On 12 November the General Assembly's Trusteeship Committee

approved an Afro-Asian resolution directing Portugal to supply socio-economic information on its African and Asian possessions in accordance with Article 73(e) of the UN Charter. The Portuguese have consistently refused to comply with this obligation on the grounds that their overseas territories are integral parts of Portugal.

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Since mid-October, Lisbon has succeeded in evoking strong domestic support on what it considers an insidious campaign in the UN against its overseas provinces, particularly those in Africa. On several occasions large crowds have enthusiastically proclaimed Portugal's indivisibility, and on 15 November the overseas minister publicly declared that the government would permit no outside interference in what were Portugal's own problems. Portugal sees as further evidence of the UN's anti-Portuguese bias the recent disappearance of its prospects of being elected to a Security Council seat this year.

Portuguese spokesmen now are playing down reports that Lisbon might sever ties with the UN. The Portuguese delegate to the Trusteeship Committee told the US delegation to the UN that such a move was unlikely, at least for the time being. He added, however, that Portuguese public opinion might force a reconsideration of ties with NATO, and said Prime Minister Salazar intended to make a

statement on the subject that would have "no kind words" for the United States.

During the past year, Portuguese officials have made it increasingly clear that their country's interests in Africa have precedence over its commitments to NATO and its treaty with the United States which provides base facilities in the Azores. They argue that Portugal's continued presence in Africa as an anti-Communist bulwark deserves the backing of the other NATO members.

In the Trusteeship Committee's vote on 12 November, four NATO members supported the Afro-Asian resolution; five, including the US, abstained; and only two voted against it. Approval of the committee's action by the plenary session of the General Assembly, which is considered almost certain, will reinforce Portugal's view that its NATO partners cannot be relied on to protect Portugal's vital interests.

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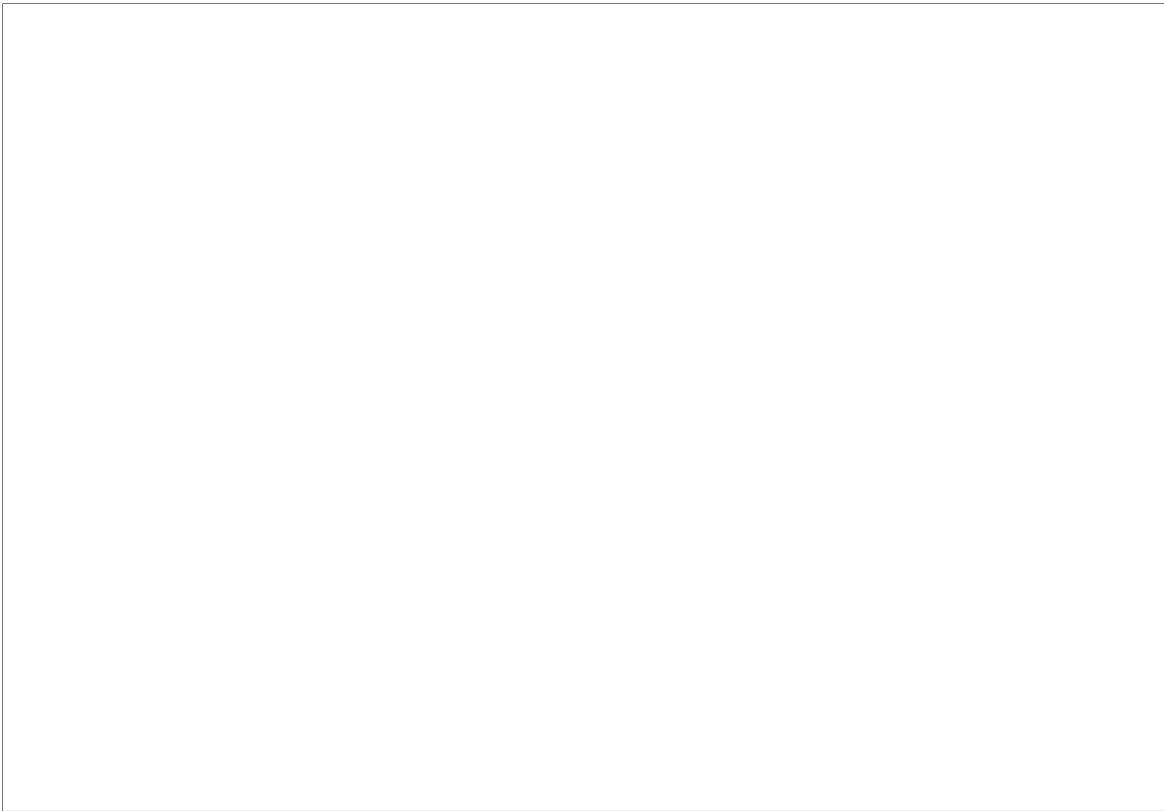
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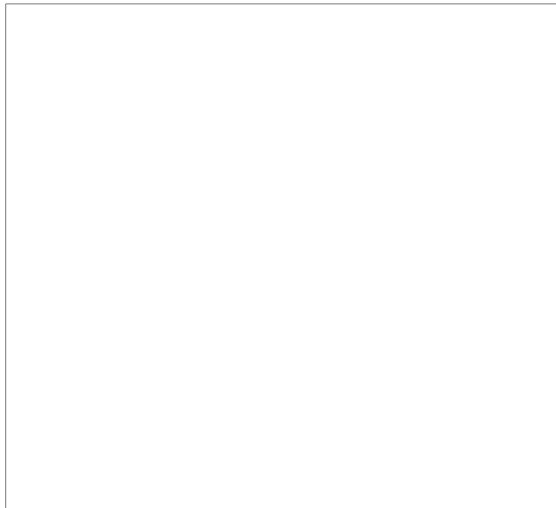


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INDIAN CONCERN OVER HIMALAYAN BORDER STATES

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Recent Indian actions along the northeastern section of the Himalayan frontier reflect greater concern among India's policy-makers about the defense of that portion of the long border with Tibet. Official worries appear to be widespread, from the commanders on the scene to the prime minister in New Delhi. In recent cabinet sessions, as well as in the recently convened Indian legislature, Nehru has dwelled extensively on the subject of border defense and has also, been sharply critical of Indian Communist activities in the border regions.



Several factors probably account for this flurry of Indian



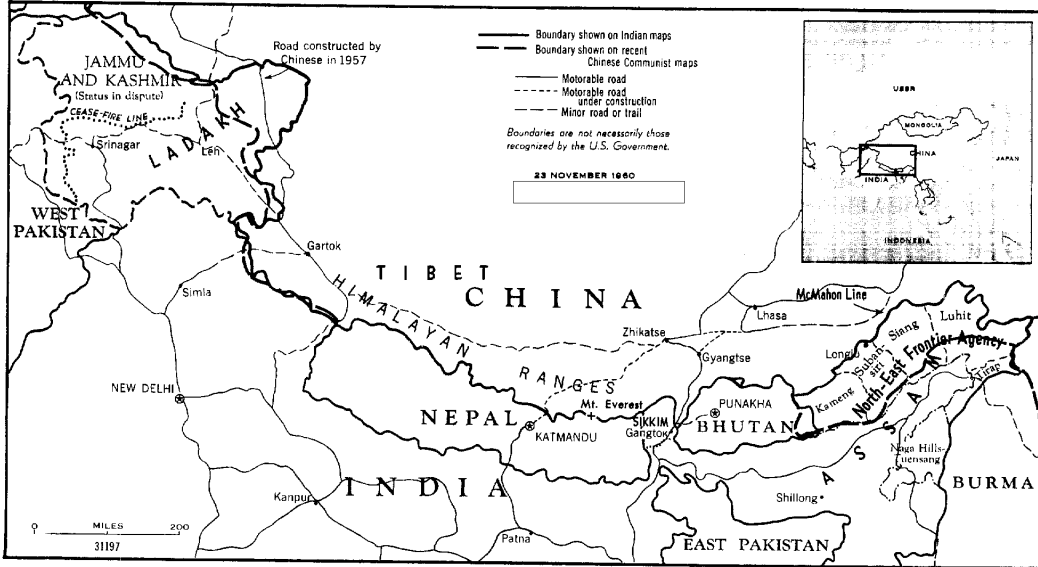
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activity. Although no appreciable Chinese build-up is believed to have occurred recently, rumors of an increase in Chinese troops opposite Sikkim have apparently alarmed much of the region's civil population, and obvious Indian military reinforcements could be designed to allay this alarm. It is also sound for Indian reinforcements and redeployments to take place now--before the onset of winter. Regrouping to withstand the rigors of the long Himalayan winter may well

have taken place among Chinese troops as well

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**CHINA'S POPULATION AND ITS ECONOMIC GROWTH**

Communist China will have a population of 700,000,000 by the end of 1960. With roughly 30,000,000 births and about 13,000,000 deaths, the net gain for this year will be around 17,000,000, a growth rate of 2.5 percent.

There is no prospect for an appreciable drop in this rate in the near future. Birth rates will probably remain high over the next ten years, even if Peiping's birth control campaign is revived, and death rates are expected to remain relatively low, barring a major failure in the food supply.

The Birth Control Issue

The attitude of the Chinese Communists toward the population

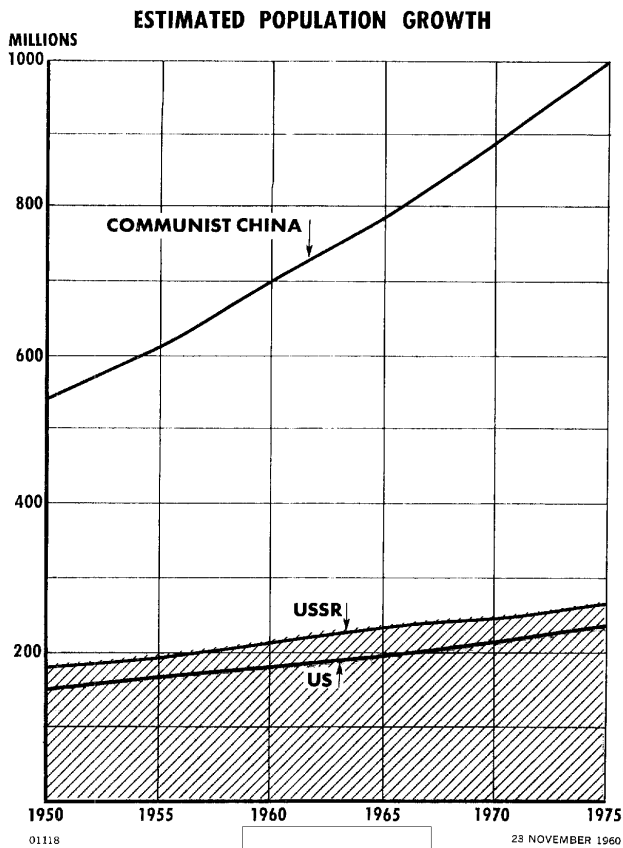
question has fluctuated greatly over the past ten years. The 1953 census figures apparently surprised the regime, revealing a population--583,000,000--considerably larger than had been estimated. Thus the government, for the first time, was forced into serious consideration of the question of shaping a population policy. An initial outburst of enthusiastic pride was followed by doubts as to how such a huge population could be supported, and by suggestions that population growth be limited.

The very hesitant nature of early proposals for birth control reflected basic disagreements among the policy makers on this issue. By 1957, however,

the cautious approach had changed to open endorsement by the government. It may be relevant that 1957 was a year of retrenchment in the economy, after a year of rapid growth and high investment.

The apparent relationship between attitudes toward birth control and the state of the economy was even more marked in 1958, when the induced exuberance of the leap forward campaign left no scope for the implicit pessimism of the birth control program. Almost all propaganda for birth control, therefore, ceased in 1958, although information and materials for birth limitation were still provided.

The regime is still unable to reconcile optimistic views of the economy with the need to limit the size of the population. Thus

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birth control has been dropped as a propaganda theme, but it has not been repudiated as official government policy. Current references tie birth control to the health issue, rather than to economic problems.

Labor Supply

Peiping's concern with population over the past year has been expressed mainly in terms of alleged labor shortages. Actual shortages, however, could more accurately be attributed to mismanagement and misuse of labor, rather than to any real scarcity of manpower. The excesses of the leap forward, for example, have frequently diverted large segments of the labor force into wasteful and uneconomic activities. Such diversions have caused temporary shortages, notably in agriculture, but the significant shortages in China are still in land, capital, and skilled manpower--not in manpower per se.

Continuing food shortages point up the difficulties in agriculture. The regime is attempting to concentrate labor on agricultural duties this year, and diversion of manpower to other rural activities, such as commune industry, is being severely limited. However, persistent problems--such as a limited amount of arable land, low investment, and natural calamities in two consecutive years--show why China cannot continue to rely on sheer labor power in agriculture. The inability to increase agricultural production in the last ten years at a rate much above the growth of the population suggests not only the need for higher investment, but also the dangers of increased consumption by a huge rural population of rather low productivity.

Possible Solutions

Even if it recognizes these pressures, Peiping faces both ideological and practical prob-

lems in launching a major birth control program. The doctrinal problem of a Communist regime's espousing a program tinged with Malthusianism can be rationalized, but not so easy is the development of a program that offers even a partial alleviation of the practical problem over the next ten or twenty years.

Birth control offers the best solution over the long run, but the means of implementation are not now available. This may be one important reason why the regime has failed to make a concerted effort to control population growth. Aware that the birth control campaign of 1957 had no significant effect on the birth rate and did not overcome traditional peasant opposition to contraception, elements in the regime may well question the efficacy of any renewed efforts.

Alleviation of the problem through increased death rates is unlikely. Improvements in public health are unlikely to be reversed, even though continued food shortages can be expected to increase malnutrition and related health problems. Local famines would have to be quite severe for deaths to counterbalance the annual addition of approximately 30 million births.

Emigration offers no feasible solution to China's population problem, nor does internal migration, which has almost no effect on the rate of population growth. Although migration from heavily populated areas to sparsely settled areas would have the political advantage of "diluting" troublesome minority groups in certain regions, the effect elsewhere would only be to encourage further growth, since "gaps" created by migration from the densely populated areas normally fill up rapidly. Resetlement would also be extremely expensive and of limited economic

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value. The scarcity of unexploited arable land in China moreover makes a large-scale resettlement program impractical.

Long-Range Effects

The continued rapid growth of population will not halt industrialization, but it may already be forcing some increase in priority for agriculture in the allocation of capital and managerial talents and energies. Industry may have to produce more chemical fertilizers, insecticides, and irrigation pumps and relatively fewer machine tools and less rolling mill equipment. Instead of exporting foodstuffs for machinery, the Chinese may have to export manufactured goods for food. Some of the managerial and technical specialists formerly monopolized by industry will have to be shared with agriculture.

The increasing pressure of population on China's limited arable land acts as a further restraint on economic growth. Intensive methods of cultivation have been common in China for centuries, and almost all the land suitable for crops is already under cultivation. Since

irrigation techniques are also fairly well advanced, no easy avenues of rapid progress are apparent. Agricultural production must be stimulated, however, if the food shortages are to be eliminated.

Aggregate production and consumption have made impressive advances in China, but per capita changes have been far more modest. In 1958, for instance, China achieved its goal of surpassing Great Britain in aggregate production of coal; but in production per capita, Britain's figure was still ten times that of China. Similarly, China raised agricultural production by about 3 percent annually during the regime's first ten years, but the average annual population increase during the same period was over 2 percent, making the gain in per capita agricultural production less than 1 percent per year.

Even if gains in total production put China among the leading industrial powers in 1980, the population will still be dominantly rural and levels of consumption will remain low. 25X1

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**NEHRU AND HIS HIGH COMMAND**

Jawaharlal Nehru has held sway over India for so long it has often seemed improbable that any other political leader could play a really significant role. It has become commonplace to speak of his close supervision of Indian affairs and his loneliness in power. Nehru has never ruled alone, however, and recently there have been increasing signs

that his top associates are sharing more in the exercise of power.

The Machinery of Power

Political power in India is concentrated in a small group of Congress party leaders who comprise what is known as the "High Command." Their authority flows from Nehru, through

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official or unofficial channels, and is exerted through two lines of command: the government and the party.

Under the Indian constitution, ultimate power resides in the Parliament. Inasmuch as the the Congress party holds nearly three quarters of the seats, parliamentary power is exercised more in form than in fact, because all important decisions are made and policy set by the prime minister and his "inner cabinet," composed largely of the most influential party leaders. Parliament ratifies what the High Command hands down--not without heated discussion at times--and the cabinet members direct their programs through the government's elaborate network of ministries, departments, and commissions.

Although the Congress party has a separate parliamentary executive which leads the party in both houses of Parliament, the party's more powerful organizational wing controls party policy and activities at all levels. The organizational side of the Congress is headed by the party president, and since Nehru stepped down from this office in 1954 it has been filled by an "organization man."

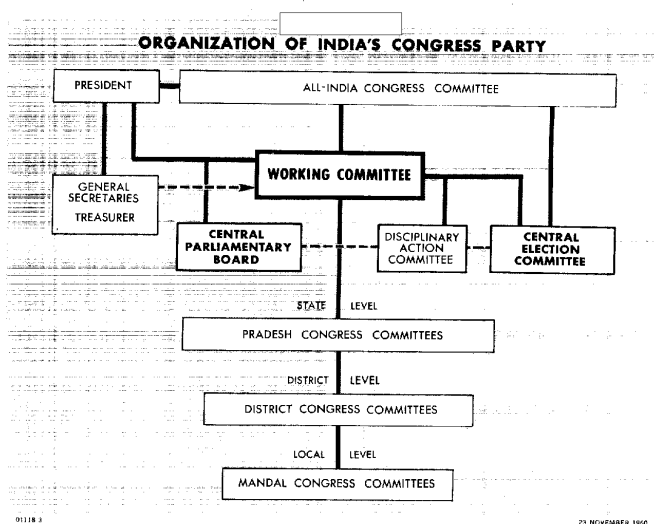
The party's power and influence are focused in the 21-member Working Committee, executive body of the All-India Congress Committee. In matters concerning state government affairs, party authority is still further concentrated in the six-member Central Parliamentary Board, which functions as a kind of politburo. The Working Committee is composed of the Congress president and key party

leaders, selected on a regional basis, including the treasurer and the three influential party secretaries. The Central Parliamentary Board this year includes the present and two past party presidents, two cabinet ministers, and a powerful state chief minister; Nehru and one or two other top leaders sit in when vital matters, which are invariably passed to the board for decision, are considered.

The Leaders at Work

The towering presence of Nehru, either in person or in

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spirit, dominates both the governmental and party councils. Nehru has tended in the past to lecture the cabinet and party committees, or to indulge in rambling discourses on international problems, rather than to seek their counsel. He has used his biweekly confidential letters to the state chief ministers, for example, more as a vehicle to air his far-ranging views than to give needed instruction to these party bosses, who have little time for the refinements of international diplomacy.

Nehru's habit of running India largely as a one-man

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operation, his insistence on making most decisions--even on trivial administrative matters--and his status as a demigod in the eyes of the Indian masses have had the effect of inhibiting the exercise of leadership on the part of his deputies. Effective action by responsible leaders is often deferred while a problem is passed up the line until it finally reaches Nehru's desk. Even the top echelon, in both government and party, hesitates to act without a go-ahead from "Panditji."

An illustration of the weakness of this system is provided by the recent government crises in several key states, notably Uttar Pradesh in north-central India. These crises, which essentially arose out of factional struggles within the state parties, were referred to the Central Parliamentary Board after several efforts by influential party trouble shooters had failed. Even the elite Board was unable to work out a solution, however, and the problem was passed on to Nehru.

Shifting Power Patterns

During the past 18 months, increasing signs of change have been discernible in Nehru's relationship with the cabinet and the party executive, and also in the ideological balance of power within the High Command. Growing criticism of both the manner and the direction of Nehru's leadership has been expressed in Congress party circles more openly and persistently than at any time in the past. His position remains secure, but the precept that "Nehru knows best" seems to have lost some of its force. At party conclaves earlier this year, certain policies laid down by the prime minister were sharply attacked by rebel members, moving Nehru to cry out over the uproar,

"It is impertinence! It is impertinence!" In the end, Nehru's will is done.

Despite his reported surprise when certain Congress colleagues for the first time opposed a Nehru foreign policy resolution at a party gathering early in November, there are indications that Nehru senses the changing atmosphere and, is trimming his sails. The more influential ministers and party leaders apparently have begun to press their views more forcibly in cabinet sessions, and presumably in party circles, and to take issue with Nehru's policies.

The High Command never has been a collection of sycophants automatically rubber-stamping Nehru's every action, but for the most part they have considered it wise or expedient to subordinate their own views and go along with the prime minister. Nehru now may be beginning to listen as well as to lecture, to rely more on his colleagues' advice and experience, and to delegate at least some of his responsibilities.

As the leading politicians have begun to assert their power more actively in top government and party circles, the division of Congress members into conservative and leftist groupings has become more apparent. In the past the conservative and middle-of-the-road elements, representing nearly all the provincial Congress machines and the majority of the party membership, seemed to be dominated by the more vocal and aggressive leftist faction often favored by Nehru.

In recent years the submerged conservative strength has come to the surface, and the prominent moderate and conservative leaders have

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consolidated their position in the national government. Such developments as the Sino-Indian dispute, the increased need for American financial assistance, and the wave of opposition to Nehru's cooperative farming proposals have isolated the leftists and facilitated the ascendancy of the conservatives.

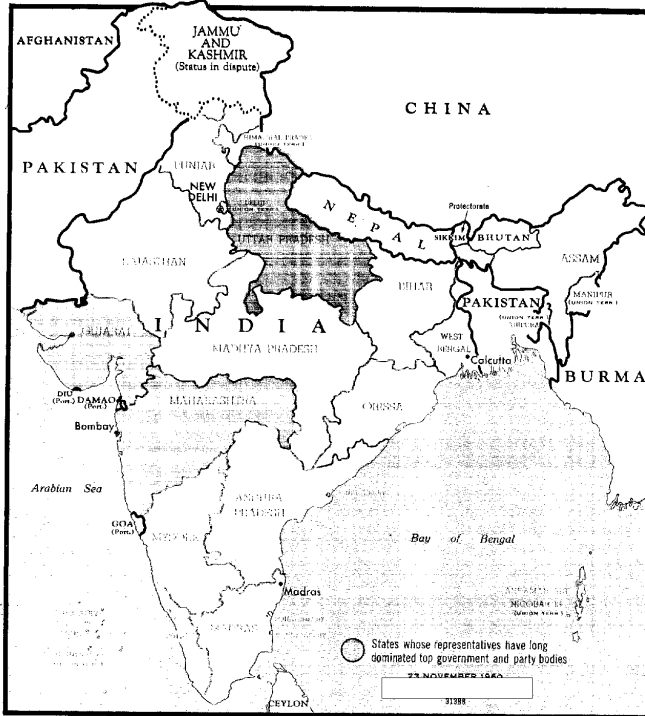
At the top cabinet level, only Krishna Menon and Nehru himself are identified with the left-of-center group, and only a handful of the senior party figures are. Indian observers estimate that the leftist-inclined faction commands the support of only 10 to 20 percent of the party. Even the moderate and conservative leaders, however, generally support the objective of a welfare state, a planned, mixed economy, and a foreign policy of non-alignment.

Key Figures Around Nehru

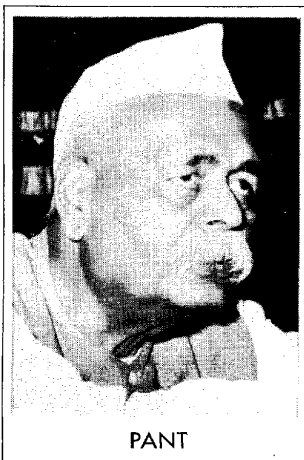
Three strong men figure prominently in the highest circles of both government and

party, and all of them represent in varying degrees the anti-Communist, conservative wing of the Congress. These leaders, who have greatly increased their share of power in recent years, are Home Minister G. B. Pant, Finance Minister Morarji Desai, and Food and Agriculture Minister S. K. Patil.

Pant is one of the few old comrades of the independence



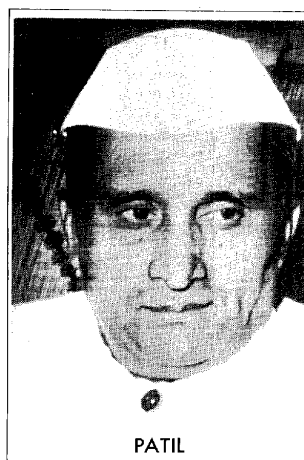
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PANT



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PATIL

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movement still at Nehru's side. Called to the central cabinet in 1955 from Uttar Pradesh to help fill the growing void created by the deaths of outstanding Congress leaders, Pant has served ably as Nehru's right-hand man in government and as party wheel horse. Typical of the Congress "old guard," Pant is a shrewd politician, agile parliamentarian, and strong administrator. He has been regarded for some time as the most likely immediate successor to Nehru,

Desai gained a solid reputation as administrator of Bombay State before he joined the cabinet in 1956. At 64, he has emerged as the number-one contender for the premiership after Nehru.

his acknowledged competence and reputation for incorruptibility, if not his political power alone, probably would guarantee his elec-

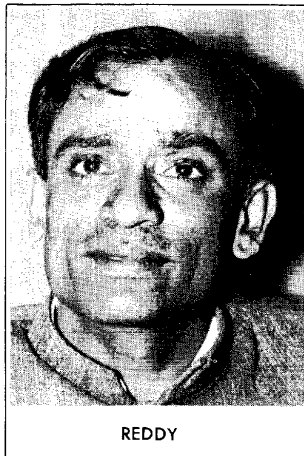


GANDHI

tion by the Working Committee as national leader.

Patil earned his standing in the party with his impressive accomplishments as a machine politician, particularly in

directing successful election campaigns as boss of Bombay City and for Congress branches elsewhere. Given the vital job of managing India's food problem in 1959, 60-year-old Patil has made equally rapid strides



REDDY

of late within the party organization, having this year gained not only membership in the Working Committee and the important Central Elections Committee but appointment as party treasurer. Despite respect for his political talents and energy, Patil's strongly Westernized and conservative outlook limits his popular support.

Among other leaders who are influential in high Congress circles and who perform important tasks for the party are popular and capable Minister of Commerce and Industry L. B. Shastri, former Congress President U. N. Dhebar, and the party's present chief executive, Sanjiva Reddy. Reddy's performance since taking over earlier this year has not been impressive, and a replacement may be found to head the party during the critical year prior to the February 1962 elections.

Nehru's daughter, Indira Gandhi, who was an effective Congress party president during 1959, continues to exert considerable influence as a leader of the socialist-minded "ginger group,"

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but she plays a far more important role as Nehru's closest confidante and perhaps most influential adviser. Certain powerful state chief ministers, notably Madras' strong Kamraj Nadar and Maharashtra's young and able Y. B. Chavan, also carry considerable weight in party councils.

The President of India, Rajendra Prasad, and Vice President Radhakrishnan exercise little power in the High Command, although their positions give them a measure of influence. Nehru consults regularly with Prasad, who has become increasingly critical of his policies, but he probably does so more out of respect for Prasad's position and long service in the Gandhian movement than because he values the President's advice.

V. K. Krishna Menon remains a man with few friends or followers in India. His close personal association with Nehru

*"The Indian masses have the ingrained habit of expecting everything to be done from the top. Therefore, action will have to take place at the top. But our effort will be to train the masses to act for themselves."—Nehru*

alone accounts for his high position, and it has enabled him to withstand long pressure from other top government leaders for his removal. As minister of defense since 1957 and leader of India's UN delegation, Menon still makes his influence felt, but even Nehru's confidence

in him appears to have waned since 1959.

The Outlook

Nehru, now 71, may well outlive most of the men around him today. While he is directing the affairs of India, the High Command will remain pretty much his domain. A certain shift in the locus of power in India may nonetheless occur gradually as a result of Nehru's determined efforts toward "democratic decentralization."

This concept, long a fixture of the Gandhian Congress program, has been given a new push by Nehru during the past year and is gaining some momentum. New Delhi's plan is to turn over as much state and district responsibility for development work and local government as possible to the village councils, thereby forcing the participation of the rural masses in government and revitalizing the ancient Indian system of village rule. Attitudes and practices firmly established over the past hundred years or more will have to be reversed before the results of decentralization are widely felt, but Nehru's efforts to train the people to "act for themselves" may have a lasting effect on the pattern of power in India, and make it more difficult for a "High Command" to monopolize power as it has in Nehru's time.

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