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CURRENT INTELLIGENCE WEEKLY SUMMARY



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WEEKLY REVIEW

LAOS

The 14-nation Geneva Conference on Laos began on 16 May after several days' delay occasioned by a dispute over the seating of a delegation representing the Communist-dominated Pathet Lao, which demanded an equal voice in the proceedings with the royal government and the so-called "government" of Souvanna Phouma. After a formula had been worked out among the great powers which permitted seating of all three groups, the royal delegation received instructions from Vientiane to boycott the conference so long as the Pathet Lao group was seated or unless the legality of the Boun Oum government was explicitly affirmed by the conference.

Vientiane's attitude may stem in part from General Phoumi's bitterness over the trend of events. He told an American Embassy officer on 15 May that the United States "says one thing and does the other." He asserted that for months the United States took a strong position against allowing the International Control Commission (ICC) to return to Laos, opposed any 14-nation conference, and stood firmly against Pathet Lao participation in the government. He said that he had recently told the King that he was forced to follow blindly the American line but he had no idea where it would lead.

Communist Tactics

Moscow's preconference tactics were designed to gain Western acceptance of the Pathet Lao on a basis of equality with the Vientiane regime and the Souvanna Phouma group. Gromyko told Secretary Rusk that since no coalition government could be formed prior to the opening of the conference, it would be necessary to seat representatives of the "three existing

forces" in Laos. Gromyko added if the US had any doubts about the reality of the Pathet Lao movement, "we had only to look at a map."

The USSR has apparently now decided that it would be advantageous to delay negotiations on a coalition government, al-

Moscow may believe that its efforts to establish the equality of the Pathet Lao representation with those of the Vientiane government and Souvanna Phouma will improve the prospects of achieving a government heavily weighted in favor of the bloc. Soviet propaganda is depicting US agreement to equal representation for all three groups as a "retreat." Soviet leaders probably consider the cease-fire agreement--signed by all three Laotian factions--and the Vientiane government's agreement to meet at Namone in Communist-held territory to discuss political and military questions as other significant steps in the attempt to assert parity of the three sides.

The Soviet Union is attempting to turn to its own advantage whatever differences it has with Communist China. A series of calculated leaks in widely separated areas of the world in near-identical

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language have characterized both the US and Chinese positions as "extreme" and picture the Soviet posture as one of reasonableness. Soviet spokesmen have hinted nevertheless that their government can contain the Chinese.



Peiping's foreign minister, in his opening day speech at Geneva on 16 May, keynoted what will probably be a continual barrage of Chinese Communist attacks against the US alliance structure in Southeast Asia. Terming SEATO the "root of tension" in the area, Chen Yi demanded it be dissolved and condemned US policy not only in Laos but in Thailand and South Vietnam as well.

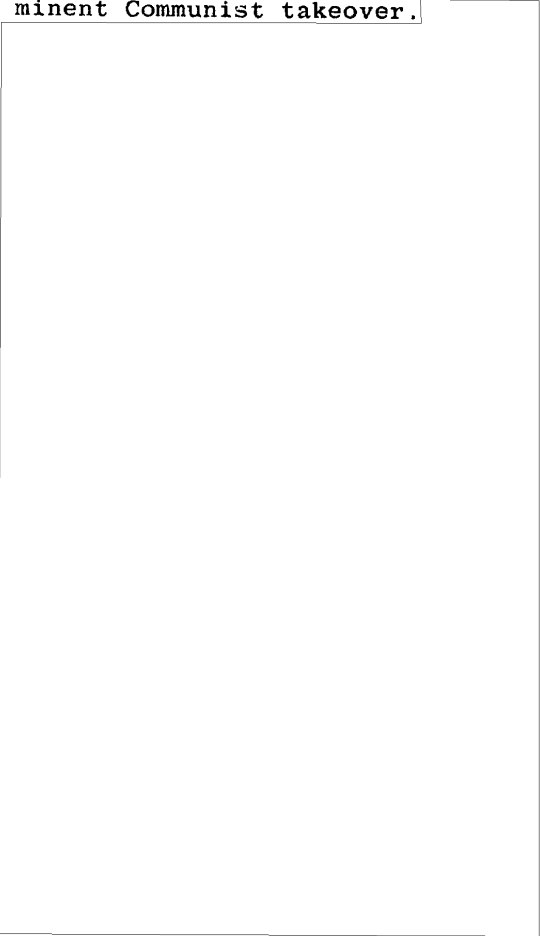
Reflecting the "united front" which Soviet spokesmen had promised, Gromyko, in his more temperate and seemingly reasonable speech to the conference on 17 May, also denounced SEATO's role in Laos. Claiming that inclusion of Laos in the SEATO treaty's "sphere of action" directly contravened the 1954 Geneva Agreements, Gromyko asserted that "this can no longer be tolerated." Together with the expected insistence on retention of a veto power over the activities of the ICC, the concerted Communist attack on SEATO set the tone for their future attempts at the conference.

North Vietnam during the week also bitterly attacked US assistance for South Vietnam's war against Communist guerrillas. The North Vietnamese foreign minister on 12 May addressed a letter to the 1954 Geneva co-

chairmen--the USSR and the UK-- asking that "urgent measures" be taken to prevent US "aggression" in South Vietnam. An editorial on 13 May in the official party journal Nhan Dan urged the participants in the present Geneva conference to consider the US role in South Vietnam. While these appeals may foreshadow a North Vietnamese effort to introduce this item on the Geneva agenda, Hanoi has not repeated this request in subsequent propaganda.

Southeast Asian Participants

Laos' neighbors participating in the conference--Thailand, South Vietnam, Cambodia, and Burma--all take a serious view of the crisis, fearing an imminent Communist takeover.



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Thailand is attending the conference with great reluctance and reservations. The Sarit regime has long advocated a military solution to the Laotian crisis, including SEATO intervention if necessary. Sarit's reported interest in an expansion of trade with the USSR is one of several recent indications of a possible Thai drift toward neutralism stemming in part from dissatisfaction with American policy on Laos.

Talks in Laos

The negotiations among the Boun Oum government, the Souvanna group, and the Pathet Lao began in Namone on 13 May. In the first session, cease-fire documents were signed formalizing the de facto cessation of hostilities generally prevailing throughout the country.

After two unproductive sessions devoted to agreeing on an agenda, the three groups on 17 May agreed to discuss at the next meeting, scheduled for the 19th, the possibility of forming a coalition government and establishing a tripartite military group to help the ICC regulate the cease-fire. It was also agreed that Phoumi, Souvanna, and Pathet Lao leader Souphanouvong should meet as soon as possible, but no definite time or place was set. Despite this progress in narrowing down the agenda, negotiations on the formation of a coalition government and regulation of the cease-fire are likely to be protracted.

The Military Situation

The military situation has remained generally quiet during the past week, although scattered enemy artillery fire and guerrilla fire continue. A mixed Pathet Lao, Kong Le, and North Vietnamese force is continuing to exert pressure on an isolated Meo partisan garrison at Pa Dong, southwest of the town of Xieng Khouang.

Both the Pathet Lao and Kong Le, now described as a brigadier general, have broadcast statements taking note of the presence of South Vietnamese troops on Laotian soil. Kong Le warned that if they were not immediately withdrawn and if the Laotian Army attacked "liberated" areas along Route 9, the "US imperialists and their lackeys" would "be held responsible for resuming the war."

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SOUTH KOREA

A force of some 3,600 army troops and marines led by Maj. Gen. Pak Chong-hui, deputy commander of South Korea's Second Army, seized Seoul on 16 May and deposed the government of Prime Minister Chang Myon. Pak's group professes friendship for the United States and a desire to eliminate official corruption and strengthen the national economy, after which it will purportedly return the government to civilian authority.

Pak, a former officer in the Japanese Army, joined the South Korean Army in 1946. Two years later he was sentenced to ten years' imprisonment for Communist activities, but he was recalled to service at the outbreak of the Korean war in 1950. He is not known to have re-established his former Communist contacts.

The revolutionary junta has declared martial law and named a temporary all-military cabinet. All major population centers are believed quiet, and the city of Taegu reportedly has been returned to civilian authority. In Seoul, leftist newspapermen reportedly have been arrested and all suspected Communists ordered taken into custody.

Lt. Gen. Yi Han-lim, commanding general of the First Army, which is deployed along the Demilitarized Zone facing North Korea, is holding his men in position and has declared that he "and all his officers and men support the military revolution."

Army Chief of Staff Lt. Gen. Chang To-yong has accepted the chairmanship of Pak's Military Revolutionary Committee. Chang said he did so with the understanding that there would be no mass punishment or vio-

lence against individuals, that a new cabinet would be formed composed of the best men available, and that troops would be withdrawn from the capital city "at the earliest opportunity." He noted that the committee agreed to the last condition provided troops remained until the position of the United States toward the coup was clear.

Following the takeover, Prime Minister Chang failed to rally any support for his administration. On 18 May he announced the resignation of his government over Seoul radio. This action has provided a cloak of legality for the coup and opened the way for transitional measures within a constitutional framework.

With the cooperation of President Yun Po-sun, Lt. Gen. Chang appears to be working for a transfer of power to a nonparty government composed of civilians and some military officers. There is some indication that Pak Chong-hui might agree to such an arrangement.

Initial Communist propaganda reaction reflected a lack of first-hand information on the coup--North Korea, for example, announced the event some six hours after it had taken place and then was forced to rely on Seoul press statements as news sources. Subsequently, however, Pyongyang denounced the coup leaders as "flagrantly reactionary" in a statement expressing hope that things may yet develop to the Communists' advantage. While hailing Chang Myon's downfall, the statement depicted South Korean troops as "deceived and misled" and urged them to take "internal problems firmly in their hands." Moscow and Peiping also have labeled the coup group reactionary. 25X1

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As the first moves of Iranian Prime Minister Ali Amini's program to eradicate corruption, four general officers and 40 civilian officials have been arrested and 300 army officers, including 33 generals, have been retired. Those arrested include General Haj Ali Kia, former chief of intelligence for the Supreme Commander's Staff; General Zarqam, former minister of finance; General Alavi Moqadam, a former minister of interior; and General Nevessi, head of the Fisheries Administration. These men have long been identified in the public mind with some of the more flagrant abuses of position.

The Shah told the American ambassador on 13 May that he felt the charges of corruption against government officials were highly exaggerated but that arrests of those believed guilty were necessary to calm the situation. They would be tried and if found guilty would be punished. If they are found innocent, he said, the people's anger would be directed not against the Crown but against the minister of justice.

The Shah stated that he would support Amini's programs but would not become a figurehead. The power in Iran has always resided in the Crown, he said, and must continue to do so. Commenting on the prime minister, the Shah remarked that Amini now is relatively popular because he has been out of public office for some time. He added that this popularity would diminish as Amini failed to meet the demands of those now supporting him.

Amini himself appears increasingly confident that he will be able to counteract any moves the Shah may make to attempt to retain power, and asserts that the Shah is "finished" as an absolute monarch.

much of the public dissatisfaction stems from the intrigues and business manipulations of the royal family. 25X1

On 17 May the Shah left for an official visit to Norway with a party of 19. Except for the Queen, none of the royal family accompanied him, although the Shah's twin sister, Princess Ashraf, left the country a few days earlier. Princes Gholam Reza and Abdol Reza, together with Prime Minister Amini and Minister of Court Ala, have been appointed as a regency council until the Shah returns in about a week. 25X1

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FRANCE-ALGERIA

The rebel Provisional Algerian Government (PAG) is entering into formal negotiations with France on 20 May without having achieved the preliminary understanding it had sought. The PAG had hoped that the secret talks which have been going on since February would identify areas of agreement on certain major issues before the formal meetings opened.

Paris reportedly has not explained to the PAG whether it intends to use the negotiations to arrange a cease-fire and set conditions for a referendum or, as the rebels prefer, to negotiate an over-all statute for Algeria. Despite their "lip service" to a completely free referendum, the rebels would distrust its results in view of the presence of military forces and the difficulty of defining the different choices. President de Gaulle, moving beyond his previous references to negotiating a cease-fire and conditions for a referendum, suggested in a speech on 8 May the possibility of a joint French-PAG endorsement, prior to the referendum campaign, of an independent Algeria with close ties to France.

The problem of Algerian sovereignty is expected to become troublesome at an early stage. The rebel negotiators will be under considerable pressure to accept nothing less than French recognition of their fundamental right to exercise sovereignty over all of Algeria, including the Sahara and the areas of dense European colonization. Tunisian, Swiss, and other moderate advisers are recommending to the PAG that it limit its demands and give priority to

consolidating its political authority in the country.

PAG Deputy Premier Belkacem Krim will head the well-balanced and competent rebel delegation at Evian. His serious illness in March now is thought to have been a major factor in the rebels' refusal to begin formal talks on 7 April as originally planned. Krim commands the respect of the "military" faction, and his participation should improve prospects that the rebel fighters will abide by any agreement reached at Evian. De Gaulle has indicated that as soon as formal negotiations begin he will remove another rebel deputy premier, Mohammed Ben Bella, from his confinement in a military fortress. This move would be likely to facilitate the negotiations, since Ben Bella is both level-headed by temperament and highly respected as an original leader of the rebellion.

Meanwhile, sporadic violence continues in both France and Algeria, and tight security precautions are being maintained. The technical ease with which plastic bombings can be carried out makes it extremely difficult for the police to catch the perpetrators, and in some instances there may be active police sympathy for the European extremists. Grenade-throwing and knife-wielding Moslems are only slightly less difficult to apprehend. Large-scale demonstrations in support of the PAG have occurred recently in a number of Algerian cities, with as many as 2,500 Moslems participating in one instance.

The problem is aggravated by the disruption of security services in the purges of high officials following the April military revolt with the resulting confusion and lowered morale. De Gaulle must still face the fact that many army officers remain bitterly opposed to any negotiated settlement "turning Algeria over to the FLN."

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CUBA

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[redacted] a merger of Cuba's Popular Socialist (Communist) party (PSP) and Castro's 26th of July Movement is expected to be completed sometime prior to this summer's celebrations of the Castro movement's eight anniversary. The 26th of July organization exists virtually in name only at present, and the Communist party has in fact exercised a considerable degree of control over all Cuban political, economic, and social institutions for some time.

The Communists have heretofore preferred to cultivate the impression that the PSP supports the general revolutionary program of the Castro movement but remains separate from it. Party leaders have acknowledged, however, that the amalgamation of all existing Cuban political organizations in a single political party is a fundamental Communist goal and a prerequisite for the organization of the Cuban state along "socialist" lines.

In a speech to members of Cuba's "literacy brigades" on 14 May, Castro reiterated his pledge to eradicate all illiteracy from the country during the current revolutionary "year

of education." He said that so far some 60,000 young Cubans were registered as teachers who would fight illiteracy in rural areas, but added that 100,000 such teachers were needed in order to win "as brilliant a victory over ignorance as our armed forces won over the mercenaries." He also said that the government plans to provide full scholarships for some 40,000 students in Havana alone, following the return of the Cuban literacy brigades to the capital in November.

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[redacted] The government's recent wholesale arrests of suspected anti-Castro elements--many of whom have not been released yet--and the increased emphasis on the formation of an elaborate informant network probably precludes any sustained and effective internal opposition activity in the immediate future.

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Meanwhile, Cuba is continuing its policy of seeking to influence public opinion in the

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hemisphere in its behalf. A number of students from other Latin American countries now are in Cuba, apparently without the approval of their governments. A Cuban good-will mission headed by Foreign Affairs Under Secretary Carlos Olivares plans to visit Mexico, Brazil, Ecuador, Chile, Bolivia, and other Latin American countries. The Cuban Government is continuing to court the support of the Velasco regime in Ecuador, already the Latin American regime most favorably disposed toward Castro.

The continuing arrival in Cuba of merchant ships from

Sino-Soviet bloc countries since late last year indicates that the bloc intends to meet its scheduled deliveries to the Castro regime. Bloc and bloc-chartered vessels are constantly in Cuban waters.

Sugar and petroleum requirements make up the bulk of the tonnage to be moved. Fulfiling the contracts to supply more than 4,000,000 tons of petroleum and to buy 4,000,000 tons of sugar in 1961 will require roughly 300 tanker voyages to Cuba and well over 400 dry-cargo voyages in the other direction,

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CONGO

Leaders of major Congolese political factions are trying to strengthen their positions in anticipation of a reconvening of parliament. The Coquilhatville meeting of the Leopoldville regime and its allies has published a proposal for a constitutional revision to be discussed by the legislators, and Kasavubu has called for a meeting of parliament when the conference is over.

The constitutional proposals worked out at Coquilhatville envisage the creation of a "Confederation of the United

States of the Congo." In an attempt to bridge the gap between those Congolese who support a unitary state and those who favor a weak union of largely autonomous tribal units, the proposals would set up a cumbersome structure which superimposes a strengthened central executive on the tribal groupings approved in principle two months ago at Tananarive. The American Embassy in Leopoldville comments that the draft constitution "tries to be all things to all men" and leaves many ambiguities to be decided later.

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Neither Gizenga nor the Katanga regime has participated in the Coquilhatville talks, and it is unlikely that any draft would be initially acceptable to both of them.

Gizenga seems willing to consider a reconvening of parliament--he had been assiduously cultivating uncommitted legislators--but he has rejected Kasavubu's terms. Reiterating his claim that he heads the "legitimate central government," Gizenga has announced his selection of Kamina, in Katanga Province, as the locale for the meeting and has suggested that the area's security be guaranteed by troops from Ghana, Guinea, Mali, the UAR, Sudan, Togo, and India. Of these states, only India and Ghana have troops in the country at present. Kasavubu probably would resist the dispatch to the Congo of contingents from such radical supporters of Gizenga as Guinea, Mali, or the UAR, and Leopoldville radio has announced that "no delaying tactics will prevent" the re-opening of the legislature.

It is questionable whether the Ileo government nominated by Kasavubu would be approved in a reconvened parliament. Voting patterns will be determined largely by tribal loyalties, bribery, and the whim of the individual legislator, and several members of both houses are unknown quantities. Gizenga's strength in

both houses probably has increased somewhat since early April, when it was estimated he had 16 supporters in the 83-member Senate and 25 in the 137-member Chamber of Deputies. However, the number of Ileo's nominal supporters probably remains somewhat larger. The issue would ultimately be decided by the presently uncommitted legislators.

In an apparent effort to put an end to divergent attitudes in Stanleyville, Gizenga arrested several moderates in his "central government" and in the Orientale provincial regime. In addition to some of the ablest civilian officials, those arrested include two officers from Gizenga's armed forces who had been involved in the recent negotiations with Leopoldville military leaders. One of the officers was subsequently released. Although there has been no reaction to the arrests in Stanleyville so far, sympathy for the moderates' conciliatory attitude toward Leopoldville reportedly was widespread, and opposition to Gizenga might increase both among the populace and within the army.

In Katanga, the Elisabethville regime is ingratiating itself with the UN, apparently because officials there fear an attack from Leopoldville. The ruling triumvirate, headed by Interior Minister Munongo, has also agreed to disband Katanga's white mercenary army units.

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Munongo probably feels that in addition to removing a source of friction between his regime and the UN, the disbandment of the "white legion" removes a potential source of armed opposition.

Belgian Foreign Minister Spaak informed the American ambassador on 16 May that Congolese Foreign Minister Bomboko had written Brussels to request

the withdrawal of most of the Belgian advisers in Katanga. Spaak said a list of such advisers who should be withdrawn at once is being made up and would be communicated to Elisabethville and Leopoldville. He added that this policy would create an adverse reaction within Belgium, but he stated his belief that those who wanted to maintain the Belgian predominance in the Congo were completely wrong. 25X1

MIDDLE EAST DEVELOPMENTS

The UAR military exercise which began on 9 May is still in progress, but no large-scale troop movements have been observed. Israel 25X1

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[redacted] began routine unit-scale spring maneuvers of its own about a month earlier than usual. Maneuvers involving three brigades are to be held beginning about the first of June, and the call-up of reserves to participate in them may already have begun.

The Israeli Government has been somewhat concerned both about the scope of the UAR

exercise and the political situation in Jordan. If the UAR moved to seize control of Jordan either by force or clandestine action, the Israeli Government would consider military intervention--at least the occupation of Jordan's west bank.

Jordan

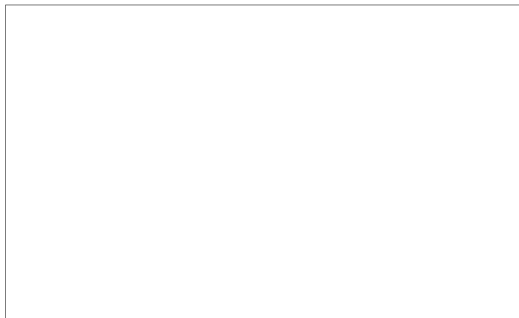
King Husayn's hold on power has been weakened by the adverse reaction among almost all Jordanians to his plan to wed an Englishwoman about 25 May. 25X1
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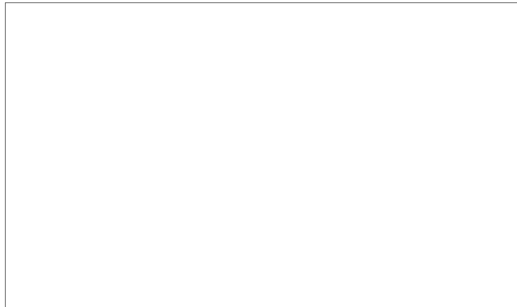
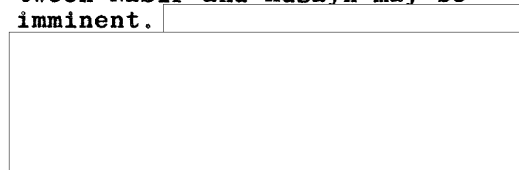
that the offices of the Iraqi Peace Partisans be closed.

The three new cabinet appointees are colorless, second-string technicians; no first-raters appear to be willing to accept cabinet appointments because of Qasim's erratic personality and the widespread public disillusionment with his regime.

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UAR press and radio have made no concentrated effort to exploit Husayn's marriage plan. Indeed, Cairo newspapers are speculating that a meeting between Nasir and Husayn may be imminent.

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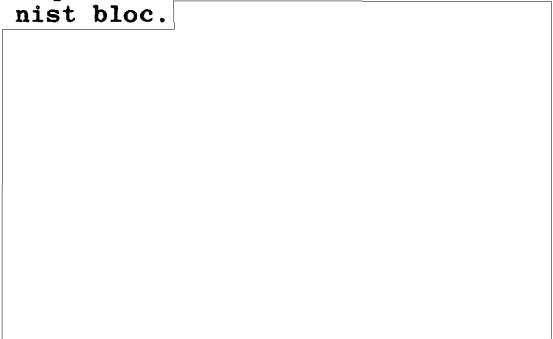


UAR-USSR

Over the last two weeks, the UAR press and radio have played down criticism of the United States and made some oblique criticisms of the Communist bloc.

Iraq

The most significant of several changes announced on 14 May in the Iraqi cabinet was the replacement of the leftist minister of guidance, Faysal al-Samir. This post has been taken over by Minister of Education Ismail Arif, who is expected to purge the Guidance Ministry of pro-Communist elements, much as he has already purged the Education Ministry. The government has previously acted to suppress the activities of Iraqi Communist-front groups one after another; the most recent instance was an order by Military Governor Abdi-



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FOOD SITUATION IN COMMUNIST CHINA

Communist China has bought almost 5,000,000 tons of grain for delivery in 1961 and has expressed its intent to buy an additional 5,000,000 tons--from Canada--for delivery during 1962 and 1963. Of the three-year total, worth \$600,000,000, about 500,000 tons are presently in-

tended for re-export to cover Chinese commitments to Albania, Cuba, and Ceylon.

The latest purchase of 750,000 tons of wheat from Australia brings the total from that country for delivery in 1961 to 2,150,000 tons, and further

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long-term contracts are still under discussion. Of the 7,000,000 tons of grain to be purchased from Canada, just over 2,000,000 tons will be delivered this year. In the 1960-61 food year, it is estimated that China had roughly 115,000,000 tons of grain available for consumption as food.

Communist China in 1961 will for the first time become a net importer of food, and food exports will be down sharply from the usual levels. As a result, it has cut other imports drastically to compensate for reduced export capabilities and to pay for food imports. In addition, China is selling silver bullion and obtaining short-term credits from the grain sellers and from Hong Kong banks to restrict the drain on its limited supply of foreign exchange. There is no evidence of gold sales by the Chinese, but these would be almost impossible to detect if the USSR were marketing the gold for them. Canada has apparently agreed to allow the Chinese to pay 25 percent down and the remainder in nine months following each shipment of grain; Australia has also given credits of up to a year for the most recent grain purchases.

Aid extended by the USSR has not been generous considering the seriousness of China's present difficulties. In the Sino-Soviet trade protocol signed on 7 April the Soviets announced a loan of 500,000 tons of sugar to China and deferral of repayment of China's short-term credits from the USSR, a factor which should ease somewhat the problem of financing the current grain purchases. There is no evidence that the Soviets have loaned China foreign exchange to finance these purchases. Although

the trade protocol did not include foodstuffs among the commodities which China would ship to the USSR, it is possible that China will continue to export some food, but with a minimum of publicity.

Food shortages in China are especially severe now--the last month before the summer harvest--and reports of serious malnutrition are being received from many parts of the country. The decline of already low nutritional standards is contributing to a rising incidence of disease and to a general debilitation of the population. As a consequence, the efficiency and morale of the labor force is probably at the lowest level since the Communists consolidated their power in the early 1950s, a factor which will retard economic recovery.

The continued drought in North China, probable reductions in wheat acreage, an apparently heavy winter kill, and a recent late-season cold wave damaging to crops in several provinces have dimmed prospects for an early harvest. While the heavy emphasis on bad weather in the Chinese press is a convenient means of shifting blame for the food shortages away from the regime's policies, evidence of continued poor growing weather has been confirmed by weather monitoring services of the US Government. Chinese agriculture has also suffered, however, from inept organizational changes and general mismanagement.

Although Peiping has retreated from the extremes of the leap forward and has practically abandoned the commune, the government faces a major task in rebuilding the morale of the peasant and obtaining the wherewithal to offer incentives for renewed effort. 25X1
 (Prepared by ORR)

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CONTROVERSY OVER SOVIET FARM SYSTEM

The rate of conversion of Soviet collective farms (kolkhozes) to state farms (sovkhozes) was sharply stepped up during 1960 and 1961, despite indications during the preceding two years that the USSR intended to proceed slowly in this field. While this would appear to indicate a change in Moscow's attitude toward state farms in the development of socialized agriculture, articles in authoritative journals have recently reaffirmed Khrushchev's 1958-1959 position that the two types of farm organization will continue to exist side by side for some time to come and have criticized local officials for "indiscriminate" conversions.

It is believed, therefore, that the future status of the collective farm system, long a key practical and ideological issue, apparently continues to be disputed at high levels within the regime. The problem of merging collective and state farm property into a uniform Communist property is to be included in the new party program which Khrushchev will present to the 22nd party congress in October.

In 1960, after two years of a relative lull in conversions, the number of state farms increased from 6,500 to 7,400, according to Soviet statistics, while the number of collective farms declined. Although collective farms remain the dominant institution in Soviet agriculture--accounting for about 60 percent of the total sown acreage in 1960--they are rapidly disappearing in certain areas of the country. In Tselina (New Lands) Kray, for example, the number of collective farms decreased from 412 to 107 in

BACKGROUND

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

the first two months of 1961, while state farms increased from 506 to 682. The sown acreage, number of cattle, and number of workers in the state sector increased sharply at the expense of the collective sector.

The Seven-Year Plan adopted in January 1959 had provided for only modest increases in investment in state agriculture, but in 1960 state investment rose 20 percent. The state farms in 1960 exceeded the level of their share in the delivery of grain and milk to the government planned for 1965, while collective investment declined.

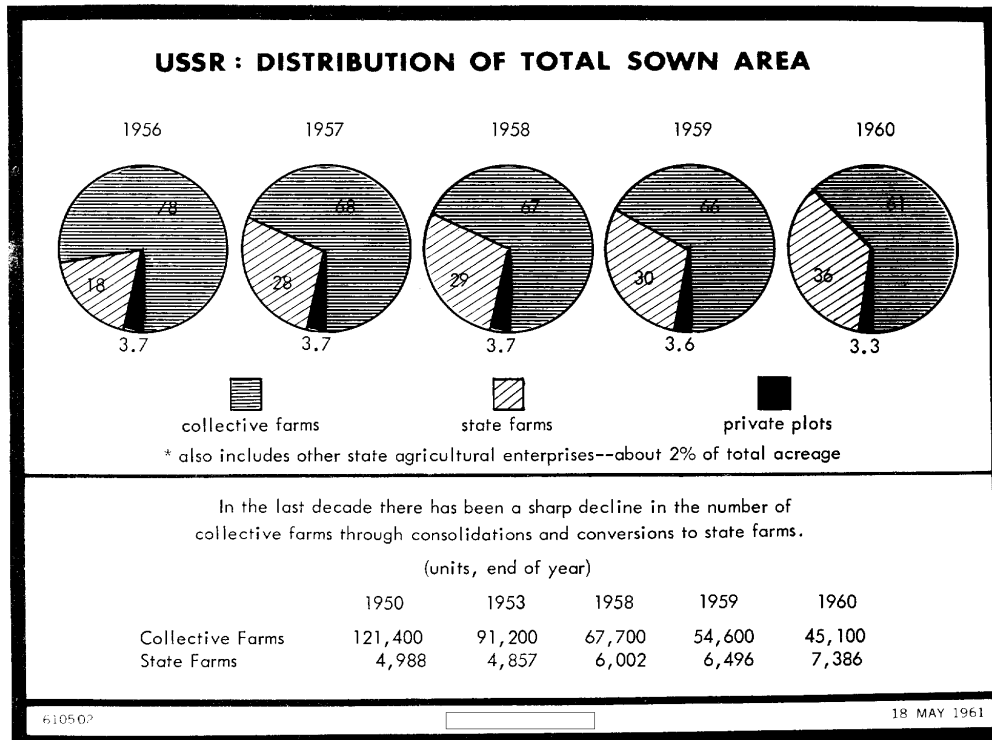
Communist doctrine has usually argued that large-scale state-owned farms are more efficient than collective farms and closer to the Communist ideological ideal of a single form of "all-national" property. Sovkhozes became the dominant form in the New Lands opened by Khrushchev in 1954, and beginning in 1956 he has repeatedly urged that rings of specialized state farms be set up around cities to supply them with milk and vegetables. Throughout the USSR, conversions of kolkhozes to sovkhozes reached a peak in 1957, but were virtually halted in 1958-1959 after the bumper crop of 1958.

Khrushchev strengthened the collective farms in 1958 by

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turning farm machinery over to them. His speech to the 21st party congress in 1959 and the Seven-Year Plan adopted at that congress envisaged a mixed agricultural system in which kolkhoses would continue in "peaceful competition" with sovkhoses for some time to come and would be raised gradually to the level of "all-national" property.

Disappointing harvests in 1959 and 1960, however, made it difficult for weak kolkhoses to pay for the machinery transferred to them in 1958 and to provide the peasant with sufficient incentives. Some economists began to argue that conversion to state farms was the best solution to the problem of economically backward kolkhoses. Local officials, apparently with support at least as high as the agricultural ministries of some republics, began to speed up the pace of

conversions to state farms. The recent establishment in a number of republics of state farms ministries indicates that this renewed emphasis on state farms was probably directed from the center.

Since the fall of 1960, however, articles have again appeared in party and economic journals arguing that the time has not yet come for an all-out conversion drive. They point out that the kolkhoses can still contribute significantly to increased agricultural output and that massive conversions would require heavy state investment. The first secretary of the Georgian Communist party and others have recently condemned local officials for converting kolkhoses into state farms in order to shift to the state the burden of improving agricultural production.

(Prepared jointly with ORR)

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****ALBANIAN SHOW TRIAL OPENS**

The long-awaited trial of persons allegedly involved in a plot to overthrow the Hoxha regime opened in Tirana on 15 May. Ten conspirators have pleaded guilty to six charges, including involvement in a plot, armed revolt, and passing information to foreign powers. They are accused of serving the US, Greek, and Yugoslav intelligence services, but in actuality the plot uncovered late last summer probably was inspired and organized by the USSR in an attempt to remove the Albanian leaders who have aligned their country with Communist China. Thus the trial is an expression of Hoxha's defiance of Moscow.

The Defendants

Although reports have claimed that as many as 250 individuals in the party, government, and military were implicated in the plot, only the ten are being tried. Temi Sejko, said to be leader of the plot, is the principal defendant. Until his arrest, he held the rank of vice admiral and was deputy commander of the Albanian Navy.

The only other prominent defendants are Tahir Demi, quietly ousted last fall as chairman of the Elbasan district People's Council, and Halim Xhelo, who was an important figure in the internal security apparatus until 1957, when he was apprehended attempting to flee to Greece. Xhelo, for unknown reasons, was spared arrest at that time and subsequently has served as head of the army sports office. The regime is now using the attempted flight to try to lend credibility to its charges of Greek involvement in the alleged plots.

Two of the other defendants are known to have held responsi-

ble party or security jobs in the early 1950s in the Konispol area adjacent to the Greek border where many of the activities of the conspirators allegedly took place. The two most prominent figures removed from their party positions last fall, Liri Belishova and Koco Tashko, are not among the defendants. Three others have a military background.

The Conspiracy

Details of the plot have not yet been fully developed in the testimony, but the general outlines are clear. The first two defendants, Tahir Demi and Nasho Gerxho, claimed that as far back as 1951 the Greeks and the Yugoslavs had been working with their leader, Sejko, and others who had subsequently fled Albania, including a one-time party central committee member, General Panayot Plaku (who fled in 1957). The conspiratorial group allegedly had sought for years to work within the Albanian Workers (Communist) party against the Hoxha regime and in favor of the Yugoslav "revisionists." Those charged were said to have argued in 1956 that the Hoxha regime was not implementing the bloc's policy of friendship toward Tito.

Demi also testified that Sejko was responsible in 1958 for passing to the Greeks information about the Albanian Navy and that Sejko had plans to involve the navy in an international incident which would give Athens and Belgrade an excuse to condemn Albania before the United Nations.

The most important task of the group, however, according to the testimony, was to encourage dissidence among the people

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in the hopes that an armed uprising scheduled for September-October 1960 would have popular support. The US, Greece, and Yugoslavia allegedly were to intervene with armed forces to aid the insurrection. When the prosecution inquired as to what program the conspirators intended to follow if their uprising were successful, Demi said that the "dregs" of the Albanian people --presumably "revisionist" and anti-Communist exiles in Yugoslavia and in the West--would run the country, and that General Panayot Plaku would most likely head the government.

Regime Intentions

The trial is intended to justify once again to the Albanian people the regime's foreign policy which has provided the common ground for its support of Communist China in the Sino-Soviet dispute. The Hoxha regime has always manipulated the people's fears of potential Yugoslav and Greek aggression to justify the need for its harsh internal system, little changed since Stalin's days.

The major--although implicit--theme of the trial, however, appears primarily to be anti-Soviet. By tracing the conspiracy back to 1951, the regime is in effect demonstrating that its assessment of Tito's Yugoslavia has been correct all along, while Khrushchev was in error in his rapprochement with Tito in 1955-57, his denunciation in 1956 of the 1948 Cominform Resolution outlawing Yugoslavia, and his decision to pursue "peaceful co-existence" with non-Communist states. The indictment, for example, attempts to show that the US, Greece, and Yugoslavia "at no time have...interrupted their

hostile activities in the political, ideological, or military fields."

The testimony implies that the conspiracy's pro-Yugoslav activities in 1956--essentially in harmony with bloc policy at the time--were traitorous. In this regard, Taho Sejko, then editor of the leading regime daily paper, Zeri i Popullit, has been linked in the testimony with the conspirators. By so doing, the regime is implying that the expressions of Albania's limited de-Stalinization that appeared in the press at that time did not reflect the "true" position of the regime.

The trial is also an expression of Hoxha's continued defiance of the Soviet bloc on another account. There is reason to believe that Moscow warned the Albanians in February against holding any anti-Yugoslav trials. Neither Moscow nor its satellites have ever referred to the conspiracy.

Impact of the Trial

The trial will not only serve to widen the fissure between Tirana and Moscow, it probably will also result in a severing of Albanian-Yugoslav diplomatic relations. Yugoslavia, according to the Albanian radio, threatened in late March to "review" its relations with Tirana if Albania held a trial. While Peiping might then break its ties with Yugoslavia, Moscow and its satellites probably would not follow suit. Thus, the facade of bloc unity--as established at the November conference of Communist leaders--would be overtly disrupted.

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CHINESE COMMUNIST TRADE MISSION IN BRAZIL

A delegation led by Nan Han-chen, head of Communist China's international trade promotion committee, is on a tour of several South American countries. Nan scored his first success last week when President Quadros agreed to the establishment of a "nonofficial" Chinese Communist trade office in Brazil. This will be Peiping's first permanent representation on the South American continent. Nan has held out the promise of substantial trade between the two countries, and Brazil has agreed to send an economic delegation to Peiping in the near future.

However, Chinese Communist trade with Latin American countries has--with the exception of Cuba--been small, and neither the visit nor the trade office is likely to lead to any great expansion of Sino-Brazilian trade. Peiping's objective therefore is probably more political than economic. It has found the signing of trade agreements or the opening of trade offices to be a useful wedge in establishing political relations. The initial diplomatic recognition of Peiping in the Middle East (by the UAR) and in North Africa (by Morocco) followed this pattern.

Such tactics have not always worked, however, largely

because of the intrusion of the "two Chinas" issue, as in Japan in 1958 and Lebanon in 1960. Han reiterated to the Brazilians Peiping's willingness to establish diplomatic relations if Brazil breaks its ties with the Chinese Nationalist Government.

The Quadros administration has been making strong efforts since its inauguration last January to expand economic relations with both Communist and non-Communist countries, and Quadros has made equivocal statements as to his alignment with the United States. Peiping is not likely to gain early recognition, however, since Quadros apparently prefers to space out his announcements of dramatic changes in foreign policy. He has indicated that the re-establishment of relations with the USSR will precede the establishment of relations with Communist China.

Nan's group, nevertheless, hopes to repeat its Brazilian success in other parts of South America. It has accepted an invitation to Uruguay from an unofficial trade promotion organization, and it apparently will then visit Argentina, which recently sold China 20,000 tons of grain. The Chilean foreign minister also has agreed to an unofficial visit by the Chinese.

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SOMALI REPUBLIC LOOKS TO SOVIET UNION FOR AID

Prime Minister Abdirascid, in response to an invitation from the Soviet good-will mission which visited the Somali Republic last month, will head a large delegation to the USSR for a visit beginning next week. Abdirascid, a moderate who is considered friendly to the West, was initially reluctant to make the trip but apparently concluded that the prestige aspects would improve his government's chance of winning a clear-cut victory in the referendum next month to approve the country's first constitution. The referendum would in effect extend the government's term in office for five years. The government is meeting vigorous opposition from the Communist-oriented Great Somalia League (GSL) as well as from the dominant party in the northern region--formerly British Somaliland.

The Soviet delegation traveled extensively during its nine-day stay and was particularly active in Somalia's northern region, where political leaders organized an unusually warm welcome. This action was more a reflection of hostility to Abdirascid and the government-supported referendum than of real friendship for the Soviet visitors. The leader of the delegation nevertheless took advantage of the friendly atmosphere and announced that Moscow would give "full consideration" to development projects in the area and expressed an interest in opening a consulate in Hargeisa, the regional capital. Moreover, he carried the favor of two Somali ministers from the northern region--both of whom have consistently opposed the prime minister's

policies--by inviting them as well to visit the Soviet Union.

The Abdirascid delegation--which will include high-ranking officials in the ministries of agriculture, education, health, and foreign affairs, and perhaps the army commander--can be expected to follow up the preliminary agreements enumerated in a joint communiqué issued at Mogadiscio on 9 April at the conclusion of the Soviet visit. The communiqué called for the early signature of cultural and trade agreements between the two countries and stated that Moscow would "examine favorably" a Somali request for a long-term development loan. The Soviet delegation delivered a letter from Abdirascid to Khrushchev in which the Somali leader requested assistance in the construction of ports, dams, and an international airport, the development of processing industries and an information service, and the construction and equipping of hospitals and schools.

The US Embassy in Mogadiscio estimates the cost of Abdirascid's "shopping list" at between \$50,000,000 and \$100,000,000. Although the USSR probably will agree to conclude general economic and cultural agreements, it is not likely to respond with aid of the magnitude requested by Abdirascid or to offer arms--particularly in view of its commitments in Ethiopia. The most likely aid offer will be a modest line of credit under which individual projects will be negotiated. The prospects for trade between the two countries are limited by the Somali Republic's weak

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weak export potential. The banana crop--the country's leading export--is largely committed by trade agreements with Italy and the UAR at premium prices.

After the Somali Republic became independent last July, Moscow, Prague, and Peiping promptly established embassies in Mogadiscio. Albania, Bulgaria, and Hungary also arranged last

year to set up diplomatic missions, but their representatives have not yet arrived. Two Czech technical experts are in Hargeisa to study the progress of technical education in the country. Last February Prague reportedly offered to build, equip, and staff a technical school in the republic at a cost of about \$1,400,000.

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CONFERENCE OF NONALIGNED STATES

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A meeting in Cairo to prepare for the heads-of-state conference sponsored by Tito and Nasir will probably be held in early June. Representatives from some twenty "nonaligned" countries are expected to attend. The preliminary inquiries contained in a joint note from the Yugoslav and UAR leaders to 17 Afro-Asian and four Latin American nations last April have received generally favorable responses. The delegates in Cairo will consider the agenda, time, and place for the "neutralist summit" meeting.

Little difficulty on selecting the time and place is expected. The conference will probably be held sometime prior to the next United Nations General Assembly session in September; Belgrade is the likely site. The agenda and the question of what constitutes non-alignment will probably stir long discussions, however, and could do much to prevent the establishment of the solid neutralist front which Tito and Nasir hope to achieve.

Premier Khrushchev probably has strong reservations over Tito's prominent role; although Yugoslavia and the USSR agree on many current international issues, Belgrade has used its prestige to promote among the uncommitted states its own type of "socialism"--declared "revisionist" by the bloc. Peiping, which is omitted from the guest list, doubtless will regard the conference as a setback to its hopes for the early convention of a second Bandung-type Afro-Asian meeting.

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

Francois Duvalier on 22 May begins a new six-year term as President of Haiti as the result of the elections on 30 April in which all legislative candidates were Duvalier followers and Duvalier's name appeared at the top of all ballots. Duvalier still has two years remaining in the term to which he was elected in October 1957, and the generally apathetic electorate was not aware that it was voting for a president. However, Haitian newspapers announced on 9 May that Duvalier was "re-elected" by more than 1,321,000 votes; the total vote in the 1957 presidential elections was about 940,000.

On 7 April a presidential decree dissolving the old bicameral legislature was announced, following a press campaign justifying the action on a constitutional technicality. An electoral law pre-dating the 1957 constitution by several months provided that the terms of office of lower house members were to expire in April 1961, while members of the upper house --elected under the same law-- apparently were to remain in office until 1963. Last month's election was decreed ostensibly for the sole purpose of choosing a new 58-member unicameral legislature, as specified by the 1957 constitution.

Duvalier may claim that his second term will be the first to which he was elected under the 1957 constitution, since it was officially adopted two months after he took office. The last three elected Haitian presidents were ousted by combined public and military action after they tried to extend their terms beyond their constitutional length, but they made their attempts closer to the end of their legal terms than has Duvalier.

Haiti, with a population of about 3,500,000, is one of the poorest of the Latin American countries; its per capita gross national product was about \$65 in 1959, one of the lowest in Latin America. US grant aid in 1960 totaled \$11,500,000. Haiti has an illiteracy rate of 90 percent--highest in the hemisphere. Haitian history is marked by alternating periods of dictatorship and anarchy; the complete collapse of governmental authority in 1915 led to 19 years of occupation by the US Marines. The present regime, which assumed power in 1957 after the fall of five governments during the previous year, has favored Haiti's black masses against the small mulatto elite.

Duvalier, who assumed the presidency following a year of intense political instability, has governed with a mixture of paternalism and despotism characteristic of other strong Haitian presidents. Army Chief of Staff Merceron apparently acquiesces in Duvalier's continued rule, but the rest of the 4,700-man army is largely apathetic. Its loyalty and military effectiveness are open to question, largely because of the President's creation of his own civilian militia as a political counterweight to the regular armed forces and because of his policy of weakening and dividing the army leadership. Well aware of Haiti's military weakness and its geographic vulnerability to intervention from either Cuba or the Dominican Republic, Duvalier has pursued a policy of extreme caution regarding any involvement in Caribbean disputes.

Duvalier's position has improved since the collapse in early March of a four-month student strike which constituted the most troublesome threat to his regime since its inauguration, and it is unlikely that the President's maneuver to gain re-election will stimulate immediate action by his poorly organized opposition. However, this year's unfavorable harvest prospects for coffee--Haiti's chief foreign exchange earner-- could weaken the country's already poor economic position and encourage plotting against the government.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**SPECIAL ARTICLES**DE GAULLE AND FRENCH FOREIGN POLICY**

French foreign policy under the Fifth Republic is conditioned by De Gaulle's long-range historical perspective, which emphasizes national armed force and traditional diplomacy and has as a firm aim restoring France to the status of a world power. This has provided consistency and direction in the formulation of policy but has complicated France's relations with its allies. At the same time, however, De Gaulle has shown a pragmatic willingness to adjust his tactical position when necessary.

Over-All East-West Relations

De Gaulle sees the West's relations with the Communist bloc in terms of a continuing geopolitical struggle between historic national entities; thus giving little weight to ideologies, he has termed Communism a transient phenomenon in the history of Russia. Prior to the 1960 summit conference there were definite indications that De Gaulle hoped for progress toward an East-West detente. He maintained that cooperation between East and West was possible and would be especially beneficial if begun in the field of joint aid to underdeveloped countries. Khrushchev's visit to France in March 1960 apparently reinforced De Gaulle's belief that the Soviet premier was an able and moderate man guiding his country away from the aggressive policies of the past.

The ensuing summit failure did not touch De Gaulle's basic contention that a detente is in

the nature of things. Two weeks later he opened a press conference with the observations:

"Man, limited by his nature, is infinite in his desires. The world is thus full of opposing forces.... Competition of efforts is the condition of life. Our country finds itself confronted today with this law of the species, as it has been for 2,000 years." Although obviously disappointed, De Gaulle said that France "took note of the outcome with composure," and added, "What was necessary yesterday will still be necessary tomorrow." He also asserted that the methodical steps of traditional diplomacy are more valuable than the "tumultuous exchanges of public speeches."

De Gaulle's propensity to view the evolution of East-West relations in an extremely long-range context and his willingness to present his concepts publicly have resulted in statements that others have interpreted as demonstrating less than complete devotion to the Western alliance. Harking back to the French-Russian alliances during the two World Wars, for example, he has averred: "There has never been, between the French people and the Russian people, at any time, any natural opposition, any litigation of a political nature."

De Gaulle speaks deliberately of "Russia" rather than the Soviet Union and ignores the iron curtain with his definition of "Europe" as extending "from the Atlantic to the Urals." As a result of these views, French

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policy on several specific East-West issues--such as disarmament and a divided Germany --reflects concern for particular national interests more than regard for the over-all East-West balance.

Although De Gaulle often alludes to this long perspective in the same paragraph with, for instance, a castigation of current Soviet penetration in Africa, he seems to have no difficulty keeping the two separate in his own mind. More important, his immediate tactics in matters of specific East-West differences are formulated on the basis of what exists today, rather than what may be tomorrow, regardless of how valid he may feel his concept of tomorrow is.

Relations With Bloc States

Bilateral relations between France and the Soviet Union illustrate De Gaulle's pragmatism. In general he has kept relations cool and correct. Even Khrushchev's visit resulted in only a routine communiqué and in the Soviet premier's diplomatic understatement that on major issues French and Soviet views did not "fully coincide." Both sides have deliberately restrained their propaganda during periods of East-West tension. Paris, despite its standing general threat to break diplomatic relations with the governments recognizing the rebel Provisional Algerian Government (PAG), moved quickly to minimize the consequences of Khrushchev's de facto recognition of the PAG last year.

Trade with the USSR since De Gaulle came to power has remained relatively constant at only 5 percent of total French foreign trade, even though the Soviet Union has repeatedly sought to step up its purchases of French industrial products.

French relations with the European satellites have been

equally correct. Although De Gaulle has said publicly that he believes the best interests of those countries lie in close ties with Western Europe in some sort of economic union, present relations are limited largely to cultural exchanges and a small, stagnant trade pattern.

The emergence of Communist China as a major power appears to fascinate the French, and there is among them a strong belief, shared by De Gaulle, that a deterioration of Soviet-Chinese relations is inevitable. De Gaulle has publicly called attention to the "yellow multitude which cannot be kept within its limits" and which "must one day spread into the expanses around it." Nevertheless, the Foreign Ministry has more recently cautioned against basing Western policy on intrabloc differences.

France does not recognize the Peiping government and has made no move to expand relations beyond permitting occasional unofficial visits by left-wing political figures and some student exchanges. Paris has privately admitted that the question of Chinese representation in the UN is under study, but a Foreign Ministry spokesman recently stated that the China problem was of paramount concern to the US, and that France would follow the lead of the US on it.

France and the West

Almost every major policy decision taken under De Gaulle has included the ultimate objective of strengthening France's role in the Western alliance. This aim is reflected in a series of decisions over the last three years dating from his initial moves to impose political stability, through the highly successful program to strengthen and expand the French economy, to the continuing progress toward

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an Algerian solution and ultimately "complete decolonization." The earnestness with which De Gaulle views France's place as one of the three Western nations with world-wide responsibilities and his persistent pressure to build France to a position of power commensurate with this image have produced numerous instances of French intransigence and pique on matters of free world policy.

The drive for recognition and treatment as a full partner of the US and Britain has been most pronounced in De Gaulle's demands for closer tripartite coordination of global policy and strategy and in his reluctance to see what he considers great-power responsibilities fall, either by default or design, to other organizations or states. Although French suggestions that tripartite coordination be formalized in a permanent secretariat have been muted in recent months, the demands for continuous coordination--both before and after Western policy has been formed--are reiterated regularly in public and private policy statements by all levels of the French Government.

Whatever De Gaulle's desires for France throughout the world, it is on Europe that his greatest hopes are centered. Since the end of World War II he has called for a strong Europe capable of playing a role as the "third force" in the world and at the same time of directing the power of Germany into constructive channels that would not threaten France. This double goal for France and Europe has led De Gaulle, despite his repugnance for supranational institutions, to push ahead rapidly with the integration of the European economy. He has also urged regular political consultations among the six members of the European Economic Community.

De Gaulle regards close political and economic relations between France and West Germany as the basis for a strong Europe. Although he has given firm support to West Germany in the face of bloc threats to West Berlin, there are indications that in order to assure West Germany's firm attachment to the present European and Atlantic alliances, De Gaulle would prefer to see the division of Germany maintained, even if this meant recognition of the East German regime and a changed status for West Berlin.

The NATO Alliance

In his conceptual framework of world power formations, De Gaulle considers NATO in its present form outmoded and unable to cope with the diverse nature of the Soviet threat. He would like to see the Western military alliance extended in order to prevent the free world from being "outflanked" in Africa and the Middle East, and he apparently envisages that basic policy decisions in such an alliance would be made by the three Western great powers--the US speaking for the western hemisphere, the UK speaking for the Commonwealth, and France speaking for a politically coordinated Europe and a bloc of friendly African states.

De Gaulle's continued opposition to the integration of French forces in NATO reflects his feeling that NATO no longer offers adequate protection for French interests in the light of changed international power relationships and increased destructiveness of nuclear weapons.

There is widespread belief at the highest levels in Paris that the US would not use its strategic weapons against the Soviet Union in the event of a Soviet attack on Europe, and there is an even more intense belief that the Soviet Union is

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operating under this assumption. Consequently, De Gaulle argues that even a limited French deterrent force could inflict sufficient damage on the Soviet Union to cause the Soviets to pause before striking Europe.

De Gaulle has therefore concentrated much of his program for modernizing the French military establishment on building a national nuclear striking force. Despite widespread political opposition, much of it on economic grounds, he has pressed ahead with the development of nuclear weapons and delivery systems primarily to provide Western Europe with its own deterrent.

In an effort to reduce the time lag in his program and lighten the economic burden, De Gaulle is likely to continue to seek outside help, particularly from the United States. His argument for aid will probably concentrate increasingly on the need to improve Western Europe's nuclear defense, rather than stating simply that France deserves the aid because it has qualified as a nuclear power.

France's desire to narrow the gap between itself and those powers possessing a nuclear deterrent has colored its position on disarmament. De Gaulle opposes a nuclear test ban agreement which, given the present state of French nuclear weapons technology, would weigh more heavily against France than the other nuclear powers. Paris' main substantive contribution to disarmament talks--calling for the control and eventual elimination of vehicles capable of carrying nuclear weapons--is also aimed, at least in part, at reducing the superiority of the US and USSR in a field in which France is notoriously deficient.

France opposes enlarging the ten-nation disarmament group

and would probably prefer to see Communist China, with its recognized military strength, added to the group rather than have the doors opened to neutral nations in either a voting or nonvoting capacity.

France and the Free World

De Gaulle continues to regard the world outside of Europe and the US in terms of spheres of influence or--as the French recently labeled them--"zones of primary responsibility." This has led France to guard jealously what it considers its pre-eminent role in Southeast Asia, large parts of Africa, and to a lesser extent the Middle East.

France has acknowledged the primary US interest in the Far East and Latin America, although it has shown some interest in strengthening cultural and economic relations with several Latin American states. De Gaulle has maintained an extremely close relationship with Israel, considering that state the best bulwark for stability in the Middle East, while attempting to retain some influence in the Arab states formerly under French control. France's effort to interest Tunisia and Morocco in joining Algeria in a united Maghreb has as one of its aims the preservation of French interests in North Africa--particularly the Sahara.

France has recently criticized US diplomatic initiatives in Laos and the Congo. In both cases the objection has been that action was taken in an area of French responsibility without sufficient prior coordination. Paris prefers a neutral Laos as defined in the 1954 Geneva Accords, which granted France a primary advisory role in the nation, and would probably welcome the return of Souvanna Phouma as head of a new government. A Foreign Ministry spokesman has remarked that any Laotian policy

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would have one strike against it, in De Gaulle's view, if it were not the product of advance coordination with France.

French policy in the Congo illustrates two other aspects of De Gaulle's long-term view of international relations. Paris has steadfastly opposed UN intervention on the legal grounds that the situation there is an internal affair of the Congolese Government, and on the practical grounds that the UN is ineffective at maintaining peace in the world. Keeping peace, De Gaulle feels, is the responsibility of the great powers and not the UN, which he described last month as carrying with it "the global incoherence of its tumultuous and rowdy meetings."

France's Congo policy also demonstrated Paris' continuing concern to preserve its influence in the newly independent states of former French Africa and at the same time to limit a US-Soviet rivalry that would further entangle the new states in the cold war. After breaking drastically with Guinea in 1958 when that country chose independence rather than membership in the French Community, De Gaulle has acquiesced in most demands of the new African states including outright independence. Direct French economic aid to the African states in 1960 is estimated at \$200,000,000, and De Gaulle proudly claims that, per capita, France spends more on economic aid than any other country in the world.

France has military agreements with most of the African states--involving French aid for local defense forces and in most cases base rights for France--and is encouraging those states to form a more cohesive political bloc which would be useful to France as a moderating in-

fluence in Africa. This effort is aimed at building close, informal ties with Africa and protecting the French "zone of responsibility" against incursions by other nations or international organizations.

De Gaulle and Diplomacy

France's foreign policy is clearly De Gaulle's foreign policy. The Quay d'Orsay has had little role in the creation of policy, and Foreign Minister Couve de Murville seems to have been chosen for his post primarily because he is a loyal Gaullist and a highly competent administrator with little interest in pushing his own views. The Foreign Ministry has at times been ignorant of decisions on aspects of government policy, especially when De Gaulle has allowed the French military establishment to act independently in fields bordering on foreign policy. Nuclear aid to Israel and the military reconnaissance flights over Libya in connection with the Algerian war apparently caught the ministry by surprise.

De Gaulle has made extensive use of quiet but astute personal diplomacy, particularly with European and African heads of states, to create an atmosphere of good will which has eased the way to acceptance of many of his policies. His personal magnetism has plainly overawed some and has convinced others of his sincerity and realism. The ability to project his views effectively on a personal basis, plus the centralization of foreign policy decision-making in his hands, has thus far resulted in the increasingly consistent application throughout the world of a French diplomacy firmly aimed at achieving De Gaulle's goals for France.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****THE ITALIAN SOCIALIST PARTY**

Periodic efforts to break the near stalemate among the Italian political parties have focused on the attempts of Pietro Nenni and other Italian Socialists to move the party away from its earlier alignment with the Communists to positive support for the governing Christian Democrats. Successive postwar elections have brought the Communist vote close to a quarter of the electorate, while that of the four center parties now amounts to little over half. The Socialists currently poll nearly 15 percent of the popular vote; if the party switched its support to the Christian Democrats and carried most of its electoral following with it, the result would be the restoration of some real flexibility in parliamentary government.

The Socialist party has played a key role in Italian politics since the late 19th century. The Communists split with the party in 1921, and Nenni successfully resisted reunification with them in 1934 but concluded a unity-of-action pact. This pact was reaffirmed in 1944 but formally abrogated by the Socialists in 1956.

Moves toward Socialist - Christian Democratic cooperation have been under way for over half a dozen years but still face formidable obstacles. There are, of course, policy differences between the two parties, and strongly placed groups in each are working to prevent any understanding. Severance of the surviving ties with the Communists, moreover, would present operating difficulties for the Socialist party; Socialists are still allied with the Communists in some 2,000 of Italy's nearly 8,000 local governments, as well as in a number of sizable consumer cooperatives, and these relationships are frequently important for financing the Socialist party organization.

The association of Socialists and Communists in the CGIL, Italy's largest labor confederation, is a greater problem. Socialist officials in the CGIL wield no real power, and many of them have long resented Communist domination of the organization. With company unions and unorganized workers increasing in number, however, trade unionism as such is at present on the defensive in Italy, and the division of the major non-Communist unions into two confederations provides no attractive alternative to the CGIL for the Socialists.

Socialist labor leaders fear that the chief result of any split in the CGIL at this time would be a net loss in labor's industrial bargaining power and its ability to bring pressure on the government. Socialist political leaders fear that such a break would also lose the party votes unless counterbalanced by pro-labor moves on the part of the government.

Nenni, who is now 70 and generally conceded to be one of the country's shrewdest politicians, apparently had decided as early as 1951 that continued association with the Communists would never restore his party to leadership of the Italian left or put him back into the cabinet. He also seems to have become progressively disenchanted with Soviet Communism.

Following the death of Stalin, Nenni began to extricate his party from its ties with the Italian Communists and later to move toward association with the Christian Democrats. This delicate operation was received with skepticism by the Christian Democrats--first as to Nenni's sincerity and later as to his ability to carry his party with him. The move has been actively opposed not only by the Communists but also by right-wing

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forces both inside and outside the Christian Democratic party--partly because of its effect on the balance of power in Italy.

Current Socialist Problems

Nenni's basic problem is to demonstrate to the Christian Democrats his party's good faith and to get from them--in return for parliamentary support--a quid pro quo substantial enough to persuade the bulk of his following that it would be profitable to leave the Communists. Many party stalwarts are acutely aware of what has happened to Giuseppe Saragat's Democratic Socialist party since it formed an alliance with the Christian Democrats in 1947.

Saragat took more than half the Socialist deputies with him when he split with Nenni over continued cooperation with the Communists in 1947. Now, however, he controls less than a fifth as many as Nenni's party--partly because Nenni held on to the party name and most of the party machinery, and partly because Saragat proved unable to push through reform measures as a minister in the Christian Democrat - dominated government.

Much of Saragat's labor following--except for a few white-collar workers--went back to Nenni soon after the break, and others followed later. Since official Socialist reunification negotiations collapsed in 1956, five of Saragat's deputies and several of his party's provincial federations have gone over to Nenni, and it appears that reunification is taking place at the grass roots.

In the 1960 provincial elections the Saragat Socialists scored some slight gains. The collapse of the Monarchist

DISTRIBUTION OF VOTE IN ITALIAN ELECTIONS
(PERCENT OF TOTAL VOTE)

	1948	1953	1956	1958	1960
	PARLIAMENTARY	PARLIAMENTARY	PROVINCIAL	PARLIAMENTARY	PROVINCIAL
Christian Democrats	48.5	40.0	38.9	42.3	40.3
Democratic Socialists	7.1	4.5	7.5	4.7	5.7
Liberals	2.8***	3.0	4.2	3.4	4.0
Republicans	2.5	1.6	1.3	1.4	1.3
Total Center	60.9	49.1	51.9	51.8	51.3
Communists		22.6		23.1	24.5
Nenni Socialists		12.7	35.2*	14.7	14.4
Total Left		35.3	35.2	37.8	38.9
Neo-Fascists	2.0	5.8		4.6	5.9
Monarchists	2.8***	6.9	10.9**	4.7	2.9
Total Right	4.8	12.7	10.9	9.3	8.8
Others	6.1	2.9	2.0	1.1	1.0

*Communists and Nenni Socialists ran together.

**Neo-Fascists and Monarchists ran together.

***Liberals and Monarchists ran together.

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party may throw some former Monarchist deputies Saragat's way, but at the cost of alienating certain Democratic Socialist voters, at least in the north. In any case, Saragat's party is regarded by Italian Socialist party leaders as an example of the consequences of a move too far, too soon, to the right.

At present Nenni must cope with several factions within the party. His efforts to make the party completely independent are strongly opposed by a left-wing group led by Tullio Vecchietti and including many pro-Communists. Nenni is supported on most issues by a group led by Riccardo Lombardi, while a small faction under Lelio Basso tries to play a balance-of-power role. Nenni controls most of the party organization, but the left-wing faction obtains funds from Communist sources and is usually better financed than he is.

Nenni's own position now is somewhat strengthened by the Socialists' participation with the Christian Democrats in the governments of certain large cities, including Milan, Genoa, and Florence. This development, which came about early this year as a result of the local elections last November, should in time help the party's finances as well as its prestige.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

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ITALY
DISTRIBUTION OF SEATS ON KEY CITY COUNCILS
FOLLOWING LOCAL ELECTIONS OF 6 NOVEMBER 1960

	CHRISTIAN DEMOCRATS	DEMOCRATIC SOCIALISTS	LIBERALS	REPUBLICANS	COMMUNISTS	NENNI SOCIALISTS	NEO-FASCISTS	MONARCHISTS	OTHERS
Rome (80 seats)	28	3	3	1	19	11	12	3	--
Milan (80 seats)	25	8	6	--	17	17	5	2	--
Turin (80 seats)	27	8	6	1	20	12	2	2	2***
Genoa (80 seats)	27	6	3	1	22	17	4	--	--
Venice (80 seats)	23	4	2	--	14	13	3	--	1*
Florence (80 seats)	22	4	3	--	20	8	3	--	--
Naples (80 seats)	21	1	1	--	19	5	3	30	--
Palermo (80 seats)	24	2	2	--	9	4	5	5	9**

* Independent **Dissident Christian Democrats ***Local Autonomy party

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Nevertheless, at the time of the Socialist party congress, from 15 to 18 March, the full impact of these local alliances had not been felt by those doubting the policy of collaborating with the ruling party. At this congress Nenni, who is usually a master of ambiguity, took an unusually direct and vigorous line against collaboration with the Communists. He obtained approval of the idea of Socialist parliamentary support for a "center-left government with a concrete program," but with only 55 percent of the congress behind him.

Nenni therefore must move carefully because of his slim majority and the continued strength of the left wing-- which now has six representatives among the 21 members on the new party directorate. As Italy's "Mr. Socialism," Nenni appreciates that his faction must hang on to the Italian Socialist party and that any split must be initiated by the left wing. In view of the rough treatment given him during the congress, Nenni probably wants to see the most extreme of his opponents leave the party, although some of these would try to stay and make as much trouble as possible.

That the Socialist voters generally approve Nenni's gradual moves to the right is sug-

gested by the over-all increase in the Socialist vote from 1953 to 1960. Estimates as to how much of the party's electorate is behind Nenni range from 55 to 75 percent. It is clear, however, that this support is in the long run conditional on obtaining from a Christian Democratic government some of the reform measures his party advocates.

Sub-leaders in the party would probably want a few political plums such as jobs in the government holding company IRI or in the Fund for Development of the South, as well as inclusion of Socialist representatives in government missions abroad. Some of these concessions would, for varied reasons, arouse opposition in the Christian Democratic party.

Relations With Christian Democrats

Nenni faces a major problem in gaining the cooperation of the Christian Democrats. In most domestic policies the Socialist position is close to that of the Christian Democrats' majority left wing, led by Premier Fanfani and party secretary Moro, the principal advocates of cooperation. Like this group, the Socialists urge controls on securities and exchange, as well as agricultural reform, nationalization of nuclear energy, and the tightening up of the Italian tax system.

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To the Socialists the most important Christian Democratic platform planks would probably be: nationalization of energy --beginning with atomic energy --which was included in the program of the 1958 Fanfani government; establishment of geographic regions as provided by the constitution; and a school bill involving greater separation of church and state.

To narrow the wide area of disagreement between the two parties on school reform, Nenni has in recent months been toning down the Socialists' traditional anticlerical position. At least in local and regional politics, moreover, familiar considerations of mutual self-interest can evidently go far to overcome ideological differences--as is seen in the capital of Rieti Province, near Rome, where left-wing Socialists and right-wing Christian Democrats are collaborating in this small city government.

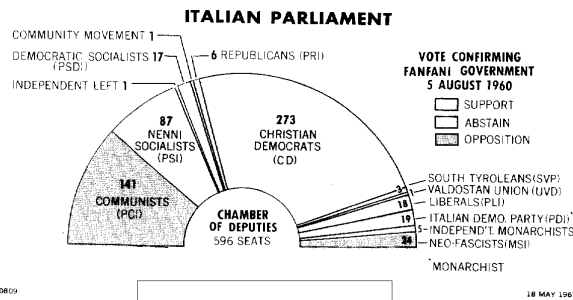
It is in this field of domestic reform, however, that Fanfani's progressive program is most susceptible to the veto of the influential Christian Democratic right-wing minority, supported by the conservative Liberal party, on whose votes the government's thin majority depends. It was in order to rid himself of this built-in veto--which has resulted in inaction on many legislative reforms and hence feeds the Communist popular vote--that Fanfani in April 1960 sought to form a center-left government dependent on the Socialists' large parliamentary vote. This effort was blocked by the right-wing Christian Democrats. In the vote of confidence given Fanfani's minority government the following August, the Socialists abstained--for the first time in 13 years on a ballot of this nature--rather than join

the Communists in opposition.

In the sphere of foreign policy, the Nenni Socialists --like Saragat's Democratic Socialists earlier--originally opposed NATO but now accept it as a fact of life. In 1956, Italy's ratification of the European Common Market treaties was actively opposed by the Communists, while the Socialists merely abstained. On a number of more recent questions, ranging from the May 1960 summit conference to last month's military insurrection in Algeria, the Socialist position has differed sharply from the Communist. At the same time, the party maintains an official position of neutrality between the US and USSR--although at the March congress Nenni publicly attacked the subordination of Italian Communism to Soviet foreign policy.

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The position of the Roman Catholic Church has been a strong factor in blocking cooperation between the Christian Democrats and Nenni. Now the church itself appears somewhat more flexible toward local collaboration. Even Genoa's die-hard Cardinal Siri seems to have accepted the Socialist - Christian Democratic government in his city as preferable to the alternative--a Socialist-



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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

Communist administration. It is not clear, however, whether the Vatican would try to block collaboration at the national level by withdrawing support from the Christian Democrats with the idea of backing a new, right-wing, Catholic party.

Outlook

Powerful forces on both left and right see their positions threatened by Socialist - Christian Democratic collaboration, and the area of maneuver open to Nenni and Moro in their efforts to bring it about is at present limited. Both the rightist and the Communist opponents of such an alliance evidently hope to keep the situation frozen till the 1963 national elections. Knowing that Nenni's tactics require legislative issues on which his party following will be willing to give the government parliamentary support, rightists both inside and outside the Christian Democratic party will probably try various expedients to keep such legislation bottled up in committee.

There is, on the other hand, considerable dissatis-

faction among left-center elements--Democratic Socialists, Republicans, and right-wing Christian Democrats--with Premier Fanfani's present minority government. It is little more than a holding operation pledged to resign if any of the four divergent center parties withdraws its parliamentary support. The successes achieved to date by the policy of Socialist - Christian Democratic alliances in city governments are encouraging further such moves in local or provincial administrations --particularly the regional government of Sicily--where political stalemate has long persisted.

If, as seems likely, the government lasts until fall, pressures may then build up for a new try at an avowedly reformist national government of the left-center relying on external support in parliament from Socialist party deputies. The likelihood of such an attempt may be determined by the outcome of current negotiations for new governments in Sicily, Rome, Venice, and the province of Milan.

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