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# CURRENT INTELLIGENCE WEEKLY SUMMARY

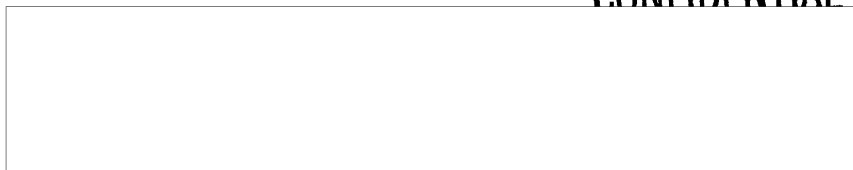


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## CURRENT INTELLIGENCE WEEKLY SUMMARY

3 August 1961

### T H E   W E E K   I N   B R I E F

EAST-WEST RELATIONS . . . . . Page 1

The tone and content of Khrushchev's conversations with Ambassador McCloy suggest that the Soviet leader still prefers to avoid a showdown over Berlin but feels obliged to adopt an increasingly strong line against the West. Khrushchev's principal purpose in these talks apparently was to intensify pressure on the West to take an early initiative in proposing formal negotiations. Referring to the President's address of 25 July as a "declaration of preliminary war," the premier warned that he might be obliged to inform the Soviet people that the US had, in effect, presented the USSR with an ultimatum which was "tantamount to war." In an effort to strengthen his hand, Khrushchev hinted at further Soviet military measures. He was careful, however, to indicate a continuing preference for negotiations and to suggest that proposals might be exchanged.

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EAST GERMAN REGIME SEEKS TO STEM REFUGEE FLOW . . . . . Page 3

The East German regime has steadily tightened existing police controls in an effort to cut the refugee flow to West Berlin. To date--probably on Moscow's orders--the regime has hesitated to take the drastic step of sealing off West Berlin and is using a high degree of caution in dealing with a hostile population. West Berlin registered 30,444 refugees during July, the highest monthly total since 1953.

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THE NEW SOVIET PARTY PROGRAM . . . . . Page 4

The Soviet Union's new party program--an outline for the building of communism over the next 20 years--reaffirms the main lines of Khrushchev's pronouncements since the 20th party congress in 1956 and indicates that future policies will be patterned largely on present practices. Free medical care, housing, utilities, and public transport are promised--unless precluded by the international situation and the struggle against the "imperialists," particularly the United States. Heavy industry is to retain an overwhelming priority. The program contains no important new ideological formulations; the USSR's stand on issues in dispute with Communist China appears unchanged.

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BIZERTE . . . . . Page 8

Bourguiba has indicated his willingness to enter into bilateral negotiations with France. Some Tunisians consider that an emergency General Assembly session would strengthen Tunisia's position. Bourguiba apparently still hopes for a gesture of Western support and has sent his defense minister to Washington. The parallel visit of the foreign minister to Moscow may result in an invitation to Bourguiba for a trip to the USSR. The first installment of Arab League military support is en route to Tunisia. [redacted]

FRANCE-ALGERIA . . . . . Page 9

The decision by the provisional Algerian government (PAG) to suspend the second round of talks with the French underscores its determination not to compromise its demand for control over the Sahara. PAG leaders deny the move is connected with the Bizerte problem, but they probably hope to profit by the additional pressure on France. PAG failure to obtain its objectives in the talks to date, however, may strengthen the "hard-line" advocates of all-out war at the upcoming meeting of the 62-member National Council of the Algerian Revolution. [redacted]

CONGO . . . . . Page 11

After a delay occasioned in part by squabbling among representatives from Leopoldville, Cyrille Adoula, a moderate, was confirmed as premier by the Congolese parliament on 2 August. Gizenga received one of three vice-premierships, and Christophe Gbenye, a xenophobic Gizenga lieutenant who has been showing considerable ambition of his own, was named interior minister. The new government reflects a wide political spectrum and is likely to prove unwieldy; it appears less oriented toward the West than was that of Joseph Ileo. Gizenga apparently is continuing his efforts to build up his Stanleyville base. Instability in Katanga seems to be increasing as officials there become aware of their isolation, and unrest is growing in the Katanga army. [redacted]

SITUATION IN LAOS . . . . . Page 13

Boun Oum and Phoumi are in Phnom Penh for talks with Souvanna Phouma in what may be merely the first in a series of meetings seeking a basis for agreement on a coalition government. Prince Souphannouvong is boycotting the Phnom Penh meeting, insisting that talks on the composition of a new government be conducted in Laos by deputies of the three princes. The Lao National Congress passed a constitutional amendment on 30 July enabling the King to choose the premier of the projected coalition government or even to assume the position himself. The Pathet Lao has refused to recognize the legality of the amendment. The military situation remains generally quiet. [redacted]

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**CUBA . . . . . Page 14**

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Havana's close scrutiny of the Security Council's proceedings on the French-Tunisian dispute over Bizerte may presage a Cuban move in the UN seeking the withdrawal of the US from the Guantanamo naval base. Relations with Venezuela have deteriorated further as the result of a recent diplomatic incident. The Cuban-Venezuelan dispute stems indirectly from the increasing number of Cubans who have been taking asylum in Latin American embassies in Havana.

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**BRAZILIAN FOREIGN POLICY . . . . . Page 15**

President Quadros' foreign policy moves continue to emphasize strengthened relations with the bloc and a modification of Brazil's traditional posture of support for the United States. His recent order to renew diplomatic relations with the USSR rounds out Brazil's recognition of all European bloc countries except East Germany, and efforts to expand trade relations with Communist China are now in progress.

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**PANAMANIAN'S SEEKING REVISION OF TREATY WITH US . . . . . Page 17**

A campaign to increase the annuity paid by the US for the use of the Panama Canal and the surrounding Zone is being pressed by Panama and will probably be raised at the Inter-American Economic and Social Council meeting which begins on 5 August in Uruguay. The Panamanians will probably also request other changes in the treaty, last revised in 1955. Chronic irritants in US-Panamanian relations are being emphasized by information media, businessmen, students, and officials. Some have indicated that the threat of violence may be used as a pressure tactic.

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**UNITED NATIONS SECURITY COUNCIL ELECTIONS . . . . . Page 18**

Two of the three seats to be filled on the UN Security Council will probably be hotly contested, and there may be a further splitting of the two-year term by the contestants. Rumania and the Philippines are seeking election to what was originally the Eastern European seat. Furthermore, Cuba's determination to oppose Venezuela--the majority candidate of the Latin American caucus--for the seat being vacated by Ecuador may lead to the election of an African member as a compromise candidate. Elections will take place during the 16th General Assembly session, which opens on 19 September.

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**AUSTRIA AND THE SOUTH TIROL ISSUE . . . . . Page 19**

New instances of sabotage in the South Tirol have led to a bitter exchange of notes between the Italian and Austrian governments and exposed tensions within the Austrian coalition cabinet; Further discussions on autonomy for the area appear most unlikely at this time, since Vienna is handicapped in finding new approaches to the problem by pressures from extremist Tirolean elements. Representatives of both the Socialist and the People's parties are reluctant to do anything which might cost them support in next year's national elections.

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**THE SITUATION IN SPAIN . . . . . Page 20**

Spain's recent economic advances under the US-backed stabilization program have strengthened Franco's domestic political control. The government is concerned, however, over the possible impact of Angolan developments on the stability of neighboring Portugal and the likelihood of increased Moroccan pressure on Spanish North Africa.

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**SPECIAL ARTICLES**

**THE QUESTION OF PARTITIONING ALGERIA . . . . . Page 1**

While De Gaulle's main aim in threatening to "regroup" the Algerian population is to induce the provisional Algerian government (PAG) to meet French terms on a solution of the Algerian war, there is no doubt he is determined to carry out his threat as a last resort. His commitment to protect the European minority in Algeria and his desire to strengthen French military forces in Europe this fall may outweigh the grave economic and political problems involved. Although French officials stress the temporary nature of "regroupment" and hint that they envisage eventual mass emigration or an accommodation with the PAG, they seem to expect to retain areas large enough to permit a relatively long transition period.

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**THE FEDERATION OF RHODESIA AND NYASALAND . . . . . Page 5**

The adoption of a moderately liberal constitution for Southern Rhodesia, following a referendum on 26 July by a predominantly white electorate, is at best a small step toward solution of the problems facing the Federation of Rhodesia and Nyasaland. The new constitution is opposed as inadequate by most Africans and as going too far by a substantial minority of the whites. Northern Rhodesia is still simmering following the publication of new constitutional proposals, which Britain probably will impose in the face of widespread African opposition. In Nyasaland, where the situation has been quiet as a result of the firm discipline exerted by Hastings Banda's Malawi Congress party, Banda may try to take Nysaland out of the

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Federation after the protectorate's first African-dominated legislature convenes late this summer.



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WEEKLY REVIEW

## EAST-WEST RELATIONS

The tone and content of Khrushchev's conversations with Ambassador McCloy on 26 and 27 July suggest that the Soviet leader still prefers to avoid a showdown over Berlin but feels obliged to adopt an increasingly strong line in response to Western moves. His principal motive in these talks was to inject a further note of alarm over Berlin and intensify pressure for the West to take the initiative in renewing negotiations.

Khrushchev sought to provide an incentive for a Western move by suggesting an exchange of proposals. He was careful to indicate that his offer to negotiate on a peace treaty remained "valid and open." He also went to some lengths to point out that the USSR was prepared to accept any US proposals on guarantees for the "freedom and independence" of West Berlin after the conclusion of a peace treaty.

Khrushchev's remarks suggest that he will make a vigorous public response to the President's address but will be careful not to foreclose the possibility of negotiations. Khrushchev also made an effort to improve his bargaining position by implying that some new Soviet defense measures were under consideration.

In further moves to reinforce the impression of military readiness to deal with a crisis over Berlin, speeches and official pronouncements in connection with Soviet Naval Day activities emphasized the ability of the Navy to attack surface ships at great distances. In a 29 July Pravda article Admiral Gorshakov stated that the West "would do well" to realize that their "traditional invulnerability has been liquidated forever." A display of Soviet naval strength off Leningrad included about 60 surface ships and submarines and a naval air fly-by of 36 mis-

sile-equipped Badger jet medium bombers.

Berlin

In his first meeting with McCloy, Khrushchev raised the Berlin question and repeated his position in essentially the same terms he has used since the Vienna meeting, with particular emphasis on Soviet determination to conclude a peace treaty "under any conditions."

Khrushchev referred to Soviet proposals for agreement on a peace treaty, stating that the USSR was not seeking a clash with the US and that "lancing the Berlin boil" would clear the atmosphere. He said he fully realized the danger of the approaching situation, but he added that no efforts at intimidation would keep the Soviet Union from signing a peace treaty. Khrushchev invited the West to advance proposals and suggested that the Soviet Union might have some counterproposals to make.

In their second conversation, Khrushchev turned to the President's speech of 25 July and claimed that the President had presented an ultimatum which if not accepted would mean war. Khrushchev declared that the USSR accepted this "challenge" and would not change its policy on Germany and Berlin. He stated that he planned to meet with his military advisers, review the situation, and decide on measures to strengthen Soviet defenses.

Khrushchev doubted that the USSR would follow the US in mobilization of armed forces and industrial power, since he believed a war would be thermonuclear. He emphasized alleged Soviet missile superiority and reiterated his intention to consult with the Soviet general staff. Deliberately misconstruing the President's position in his address, Khrushchev

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contended that the Soviet people had to be informed that the US would start a war if a separate treaty were signed. He claimed, nevertheless, that a separate treaty would indeed be signed.

The Soviet premier ended this discussion, however, on a more conciliatory note. He stated that he still believed in the President's "reason" and pointed out that Western consultations would be necessary and it was uncertain whether the US' allies would want war. In any event, he continued, Soviet proposals for negotiations on a peace treaty remained and the USSR wished to resolve the problem of Berlin "peacefully."

Prior to these discussions and the President's address, the Soviet ambassador in Washington told a US official that Moscow would definitely sign a peace treaty with East Germany in the second half of November and that invitations to a peace conference would be issued some time before. The ambassador adopted the same line as Khrushchev, stating that "time was running out" and that there should be serious negotiations between the US and USSR before war became "inevitable." After a peace treaty the East Germans would gain control over access, he stated, but would be prepared to grant access to Berlin if certain "offensive" activities in West Berlin were stopped. He implied that full recognition of East Germany would not be necessary.

The ambassador's categorical statement on the timing of a peace treaty was probably intended to influence the US decisions over Berlin, since the conversation occurred on 17 July, when the ambassador probably believed high-level decisions were being made by the US.

Disarmament

In his conversations with McCloy, Khrushchev implied that the future of disarmament talks might be influenced by developments over Berlin. He alleged that pressure for resuming tests

would grow in the USSR because of the Berlin situation, and that if the US intensified its "threats" over a German peace treaty, he might not be able to resist pressure for resumption. He boasted that the USSR had a 100-megaton thermonuclear weapon which needed to be tested.

On the general disarmament talks, Khrushchev adopted a pose of flexibility and reasonableness and stated that the Soviets were prepared to agree to any US measures in the first stage of a complete and general disarmament program. Echoing his speech of 8 July, he listed a number of first-stage measures such as a partial troop withdrawal, a nuclear-free zone, inspection zones against surprise attack, and nonaggression pacts.

At the end of the conversation, Khrushchev referred to an aide-memoire which was subsequently submitted to the US in the bilateral talks in Moscow. This memorandum represented a tactical shift in the Soviet position by putting forward a set of principles to serve as a guide to future multilateral negotiations. In a further tactical switch, the Soviets agreed to a recess and indicated they would be prepared to resume negotiations in September in New York. Previously the Soviet delegation had argued that a discussion of detailed disarmament plans was necessary in order to reach agreement on principles.

While the new set of principles does not signal any shift in the substantive Soviet position, the move to salvage some agreement out of the US-Soviet bilateral talks may have been influenced by the Soviet leaders' concern over the Berlin situation. They may regard further bilateral talks with the US as a form of insurance against a mounting crisis over Berlin. Moscow's shift may have also been due in part to the publication of the Soviet party program, which stresses "universal and total disarmament" as one of the main tasks for Soviet foreign policy.

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**EAST GERMAN REGIME SEEKS TO STEM REFUGEE FLOW**

In July, escapes of East German refugees to West Berlin reached the highest figure for any month since 1953. Registrations at the West Berlin reception center at Marienfelde reached 30,444. The actual total may have been even higher, since some refugees go directly to West Germany and others remain in West Berlin without complying with processing formalities. Escapes to West Berlin and West Germany so far this year total almost 140,000, in comparison with just under 200,000 for all of last year. The flow is continuing, with a total of 2,349 registering the first two days of August.

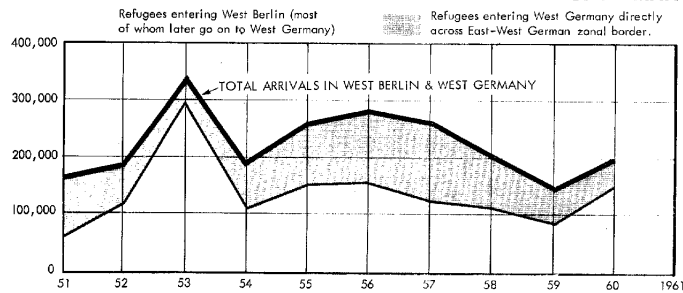
West German Social Democratic (SPD) leaders are fearful that increasing public discontent in East Germany may erupt into disorders, although they doubt that these would develop into another uprising like the one in 1953.

To date, the East Germans appear to have relied on tightening existing internal controls and on scare propaganda--including show trials--in an attempt to discourage escapes to West Berlin and West Germany. American officials in Berlin had no information as of 31 July on specific new measures taken by the regime to prevent escapes. The increasing stridency of regime admonitions to East Germans to remain away from West Berlin suggests that the regime may place restrictions on visits to the city; some refugees have referred to rumors that a special permit will be required.

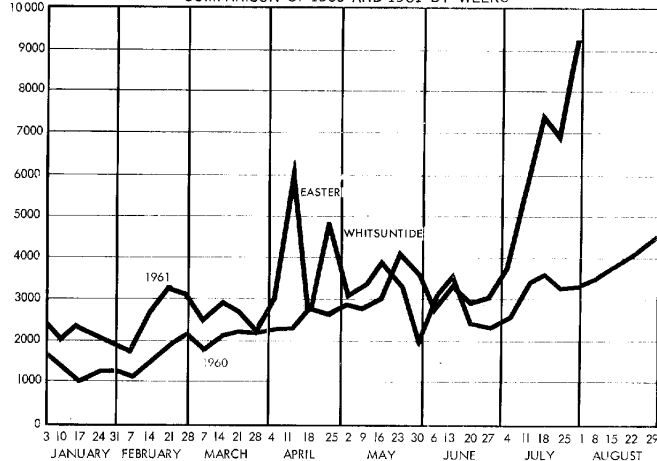
The regime has also been pressing its campaign to coerce East Berliners and East Germans working in West Berlin--"border crossers"--to take employment in East Germany. West Berlin officials report that absenteeism among "border crosses" has been unusually high in recent days; a total of 463 border crossers, plus their dependents, defected between 8 and 31 July.

The East Germans have apparently concluded that a separate peace treaty is inevitable and will bring about at least the permanent division of Germany if not the next world war. However, there has been no evidence of organized resistance activities against the East German regime.

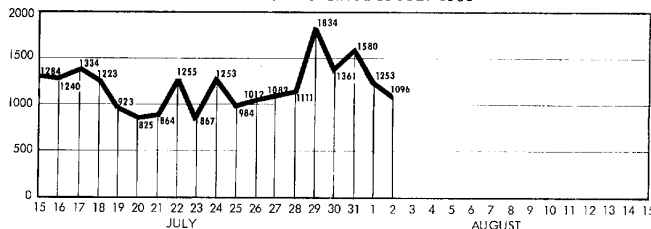
**TOTAL ANNUAL REFUGEE FLOW INTO WEST BERLIN AND WEST GERMANY**



**WEST BERLIN REFUGEE TOTALS**  
COMPARISON OF 1960 AND 1961 BY WEEKS



DAILY TOTALS SINCE 15 JULY 1961



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****THE NEW SOVIET PARTY PROGRAM**

The Soviet Union's new party program--an outline for the building of communism over the next 20 years--reaffirms the main lines of Khrushchev's pronouncements since the 20th party congress in 1956 and indicates that future policies will be modeled largely along the lines of present practices.

The program--third in the history of the Communist party --is, like its predecessors, essentially a statement of aims and purposes rather than a blueprint to be followed in detail. Many of the provisions of the earlier programs were never fulfilled, although the programs as a whole were declared achieved. The new program embodies the most precise timetable yet put forth for the achievement of communism. (The Soviet Union officially is still a socialist society, now in the process of "building communism.") However, it makes fulfillment of the timetable contingent on peace, disarmament, and an uncomplicated international situation, thus affording the regime considerable leeway in carrying out its provisions.

The document promises that a Communist society will be substantially achieved in the USSR within the next two decades and will be fully completed sometime later. The specific achievements forecast for each of the next two decades, however, fall far short of meeting the criteria which Marx and Lenin set forth for the Communist society and which are reaffirmed by the new program. These criteria are a sufficiency of material wealth so that every individual can receive in accordance with his needs without regard to the work he performs, and the creation

of a "new man" who will work to the best of his abilities without regard to any material incentive. The present generation in the Soviet Union, it is clear, will see the achievement of communism only by fiat.

The economic features of the program, though sparing of specific data, provide an image of rapidly expanding industry and agriculture making possible a consumer welfare program on an unprecedented scale for the USSR. Stripped of its heavy layer of propaganda, however, the program appears to be little more than a continuation of present economic policies.

Industrial production by 1980 is to reach six times the 1960 level. This implies an annual average rate of growth slightly higher than called for in the Seven-Year Plan (1959-65).

To support this, the program calls for industrial labor productivity to increase through 1980 at a rate about equal to that achieved in the last decade --roughly 7 percent. The program recognizes that such a rate would require "enormous investments," but there is little question that, as in the past, Moscow will also place great reliance on increased efficiency and technical innovation to achieve these goals.

Should the Soviet Union succeed in increasing industrial output as planned, by 1970 it would just about reach the 1960 level of industrial output in the US. Assuming that the US growth rate will be 4.5 percent per year and that Soviet industrial production at the end of 1960 was about 42 percent of that of the US, Soviet output by 1970

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would be about 67 percent of that of the US and by 1980 would be about equal to it.

With the dictum that "electrification plays the leading role in the development of all branches of the national economy in ensuring technological progress," the program proposes a tripling of electric power output by 1970 and a production of from 2,700 to 3,000 billion kilowatts in 1980. Such growth would require the addition of 54,000,000 kilowatts of new capacity in 1980 alone, compared with 60,000,000 kilowatts called for during the entire period of the Seven-Year Plan.

Production of crude steel, the only other commodity target specified, is planned at approximately 250,000,000 tons by 1980 --about 2.4 times the US peak production reached in 1955 and roughly equivalent to 75 percent of world production in 1960. Annual investment in the closing years would have to amount to from one third to one half the entire steel investment of the Seven-Year Plan.

The party continues to be "ceaselessly solicitous of the growth of heavy industry," thus supporting the implication in the steel and electric power goals that despite recent remarks by Khrushchev on the future equality of light and heavy industries, the latter will continue to enjoy its priority. At the same time, promises of the wide introduction of household gadgets suggest that a significant rise in the production of consumer durable goods is in store.

In its agricultural goals, Moscow appears again to be

vastly overoptimistic, and unrealistic ambitions are not made any more believable by vague promises of increased investment in agricultural machinery, fertilizer, and construction. Agricultural production is planned to increase 6-7 percent annually during the next 20 years, while grain production is to be doubled in order to support a 200-percent increase in the output of meat in the first ten years and a 300-percent increase by 1980. In the unlikely event that grain output could be expanded in the manner planned, the 1970 goal for meat would only approximate US per capita production in 1956, a target which Khrushchev had hoped to surpass by 1960.

Perhaps the most impressive feature of the program is the "pie in the sky" offered the consumer. Consumer demands are to be "satisfied," the housing problem "solved"--at a low level --and a wide array of "free" services offered to the consumer including medical care, housing, utilities, and public transport.

The promise to provide each family--presumably both urban and rural--with a suitable "hygienic" apartment during the 1970s is apparently an extension of the program announced in 1957 to eliminate the housing shortage by 1970 by providing 100 square feet per person of housing (the present figure for the US is 300 square feet). Such a program is feasible but will mean the Soviet Government must continue to devote a heavy share of construction outlays to housing during the entire period and possibly adopt a more tolerant attitude toward private housing.

The net effect of the welfare program on the economy will

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be slight. The prospective "free" items now cost the consumer relatively little in direct outlays--about 15 to 20 percent of total consumer expenditures in 1960. The balance of the cost of these goods and services is paid primarily through indirect taxes. Whether the consumer pays directly or indirectly for such services would be mainly a bookkeeping problem and would have no real effect on his standard of living. Moscow's concern that its welfare program should not disrupt the value of incentives in promoting economic progress is indicated by the statement that throughout the period, personal income would be tied to the "quantity and quality of production."

In the political sphere, the principal aspect of the program is the provision for "systematic renewal" of the membership of the leading governmental and party organizations. On the government side, it is proposed that "leading workers of all-union, republican, and local organs be elected to their duties for no longer than three consecutive terms." For the top echelons of the party, replacement of not less than one quarter of the membership of the central committee and presidium every four years is called for.

A larger turnover is specified for republic, regional, and local party organizations. A loophole provides that "some party leaders, in recognition of their acknowledged authority, notable political, organizational, and other qualities, can be elected to the leading organs for a longer period." A similar clause assures the continued

re-election of "exceptional" workers in the government.

Achieving a healthy turnover in the membership of the various party and governmental organs has not been a particularly serious problem, however. Normal attrition in the central committee over a four-year period, for instance, is consistently greater than the 25 percent figure stipulated in the program. The same can be said for membership in the party presidium. A systematic reshuffle, however, could facilitate the breaking up of cliques and discourage empire building at the lower levels; it might even help to create the impression that the party has adopted a new safeguard against the recurrence of one-man rule. In fact, these and other organizational changes outlined in the program do not touch the essentials of the Soviet governmental system or reduce the hegemony of the party leadership.

The international section of the program does not signal any major shift from the main lines of Soviet policy laid down by Khrushchev at the 20th and 21st party congresses. The program makes it clear that Khrushchev considers the achievement of his domestic program bound to the successful implementation of his peaceful coexistence strategy--the "main aim" and "central principle" of Soviet foreign policy. Peaceful coexistence is justified as the only valid policy under present world conditions. The program cautions that international developments could force an increase in defense expenditures which would hold up the "realization of the plans for increasing the prosperity of the people."

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The program strongly reaffirms, however, that a world war is not inevitable, and it pledges the Soviet Union to "utilize all means" for preventing a new war. At the same time, it distinguishes between various types of wars--along the lines of Khrushchev's 6 January statement--and reiterates the duty of the Soviet Union to support struggles for national liberation.

The program is also a strong restatement of other main points which have distinguished Khrushchev's foreign policy approach. The "zone of peace" and the heightened appreciation of neutralism which Khrushchev introduced at the 20th party congress are re-endorsed. Similarly, peaceful accession is confirmed as the preferred method for Communists to come to power. The program stresses complete and general disarmament as one of the essential tasks of Soviet policy with equal emphasis on the liquidation of military bases. Although it bitterly denounces the US as the stronghold of international reaction, the program commits the USSR to "conduct an active and consistent policy" of improving relations with the US and other capitalist states. Thus the program permits the USSR to adopt a more conciliatory foreign policy line or to continue its current more militant posture.

In dealing with intrabloc relations, the program repeats much of the language of the declaration signed by the world

Communist parties in December in 1960. The obligation to respect joint decisions and to respect joint actions is endorsed, along with a warning that construction of socialism in isolation from the remainder of the camp not only is a "reactionary" policy but could lead to the loss of socialist gains. This formulation, together with the emphasis on "nationalism" in socialist countries as a danger to bloc solidarity, while probably aimed at Yugoslavia, is equally applicable to Communist China and Albania. The sections on revisionism and dogmatism, which figure strongly in the Sino-Soviet polemic, closely adhere to the Moscow declaration.

The Chinese have so far restricted their comments on the party program to the publication of a TASS report concerning it. While there are passages in the program with which the Chinese are certain not to agree, it is unlikely that it will lead to open criticism unless the Soviet Union attempts to make it appear that the program is applicable to all Communist countries. The Chinese instead will probably emphasize those sections of the program with which they agree and circumspectly disregard those parts of the document which represent wholly Soviet views. If subsequent Soviet comments interpret the program as a statement of principles and guidelines that should determine the actions of all members of the bloc, both the Chinese and the Albanians can be expected to enter a strong dissent.

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## BIZERTE

Tunis is asking for an emergency special General Assembly in the belief that such a meeting would strengthen its position vis-a-vis France by showing that a majority of UN members support Tunisia's demand for the evacuation of Bizerte.

President Bourguiba, however, believes it more important to keep on good terms with the Afro-Asians than "take chances on De Gaulle's making some concessions."

The UAR, Iraq, Guinea, and Ghana were reported to be exerting the strongest pressure for immediate UN action.

In Tunisia, the possibility persists that the ceasefire will be disrupted by some incident. Tunisian forces, strengthened by the return of the troops assigned to the Congo, former fellagha, and Algerian volunteers are regrouping but have little military capability.

French forces maintain the positions they seized outside the Bizerte base complex two weeks ago and have extended their control somewhat in several areas.

The Tunisian Government announced on 2 August that "antiaircraft" guns had

fired on French planes violating Tunisia's air space near the Algerian frontier, listing the incident among 60 such violations occurring within two days.

France has moved to reduce tension in the Bizerte area by replacing paratroops stationed at some posts outside the base with gendarmes trained to handle civilians and by repatriating military dependents and some French civilians. The French Foreign Ministry has sent a representative to act as a political adviser to the Bizerte base commander, Admiral Amman. Tunisia, for its part, has relaxed some of the restrictions imposed on French nationals but continues to hold 167 persons who it claims were connected with intelligence agencies of the French forces at Bizerte. Another 51 French citizens have been expelled for "illegal activities."

In response to third-party overtures, Tunisian officials have indicated that Tunis would both guarantee immediate intra-base communications and permit France a reasonable period in which to evacuate the base. They consider, however, that a meeting between Admiral Amman and local Tunisian officials--on which the French made a prerequisite for withdrawing their forces into the base and viewed as a means of obtaining the desired "guarantees"--would be "pointless" and consider it a French excuse to "drag feet over withdrawal."

President De Gaulle told Ambassador Stevenson on 28 July that a solution can be reached only through bilateral negotiations, asserting that France would not be influenced by any UN resolution distasteful to it. Foreign Minister Couve de Murville told Stevenson the next day that it is not France's intention to remain permanently in Bizerte. He stated that he did not think France could leave

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right away and that it would not leave under pressure, "even if the base were useless." He added that evacuation might be possible in a year "if the world situation were better."

Although Tunisia apparently has discouraged the dispatch of foreign troops, it has actively solicited arms aid, and the first installment of Arab League military support passed through Bengasi, Libya, during the night of 30-31 July.

Bourguiba apparently still hopes for a gesture of Western support to balance the backing of the Arab and African governments and the Soviet bloc. He may hope some commitment will emerge from Defense Minister Ladgham's visit to Washington.

Ladgham reportedly was selected to go to Washington in a last effort to get American support before Bourguiba takes "more drastic steps" because Ladgham has argued strongly against a hasty break with the West. In effect, he was told to "go to your friends and see what help you can get."

Foreign Minister Mokaddem's concurrent visit to Moscow is, according to Ambassador Walmsley, a courtesy trip to balance that by Ladgham. Mokaddem is likely, however, to return with an invitation for Bourguiba to visit Moscow. Even though the Tunisian Government claims to have no confidence in the USSR, Bourguiba would probably accept in the belief that he could not rebuff Soviet psychological support.

## FRANCE-ALGERIA

The decision of the provisional Algerian government (PAG) to suspend the second round of talks with the French was taken, [redacted] because of France's refusal to consider Algerian control over the Sahara as part of an Algerian settlement. The PAG leaders said they refused a French request to take "48 hours for reflection" before requesting suspension because the PAG position would still

have been the same. They denied that their decision to suspend the talks was connected with the Bizerte question, but the timing suggests they may have wanted to take advantage of the pressure France is under on that issue.

The top PAG negotiator, Belkacem Krim, observed after the suspension that "negotiations cannot be based on a country from which four fifths of its territory has been amputated."

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Krim said they were prepared to resume talks and had made provisions for maintaining contact with the French, but whether the PAG will try negotiations again will probably be determined at the meeting of the 62-member National Council of the Algerian Revolution (CNRA) scheduled for the first part of August. The failure of two rounds of negotiations will almost certainly again bring to the fore the struggle between those who favor negotiations and the military "hard-liners" who advocate all-out war and no compromise.

The CNRA may decide to await French reaction to the break and the results of discussion of the Algerian problem in the United Nations this September, while preparing for stepped-up military activity. A move by De Gaulle toward partition of northern Algeria rather than toward compromise on the Sahara would probably end the chances for a peaceful settlement.



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On the same day the suspension was announced, De Gaulle told Ambassador Stevenson that France would remain in the Sahara for purposes of economic development, which he said was "impossible" without French help. The specific issue of sovereignty, he said, was "not important."

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The French President's comments to Stevenson and others about the urgency of an Algerian settlement this year and his repeated references to regroupment of the Europeans could imply that De Gaulle considers negotiations under present circumstances virtually hopeless and that he will soon proceed with steps toward regroupment as a further means of pressure on the PAG to make concessions.

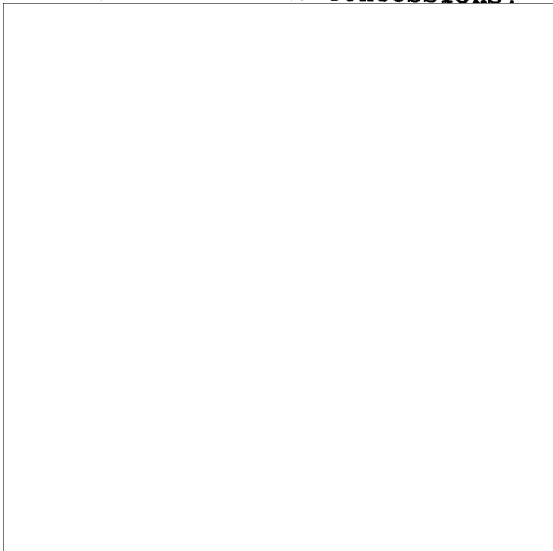
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After a delay occasioned in part by squabbling among representatives from Leopoldville, Cyrille Adoula, a moderate who had been Premier Ileo's interior minister, was confirmed as premier by the Congolese parliament on 2 August. Gizenga received one of three vice premierships; the other two went to opportunistic tribal leaders who have been identified at various times with both Leopoldville and Stanleyville. Christophe Gbenye, a xenophobic Gizenga lieutenant who has been showing considerable ambition of his own, was named interior minister. The new government seems to include most of the major Congolese factions except Katanga; it is likely to be unwieldy and may prove unstable.

In voting late last week, supporters of Gizenga were elected by small margins to most of the offices in the chamber of deputies, and it appeared that a Gizenga band wagon might be getting under way. The trend toward Stanleyville was halted, however, by a variety of factors. The senate, which is more conservative than the lower house, offset the Gizenga victory by electing moderate officers by comfortable majorities. Kasavubu, in his speech officially opening the legislature, termed the period of Lumumba's pre-

miership "the darkest moment of our history," thereby endorsing the stop-Gizenga movement publicly for the first time. Moreover, the continued absence of Gizenga himself, together with the self-serving activities of Gbenye, weakened the Stanleyville group's unity.

A further factor which aided the early confirmation of Aboula was the desire of the legislators to end their two weeks' monastic seclusion at Lovanium University outside of Leopoldville. The near-unanimous vote by which the Adoula government was approved thus is not an accurate reflection of the government's strength in parliament.

Although Gizenga and his supporters received a substantial portion of the cabinet positions, it remains uncertain whether the Stanleyville leader will abandon his stronghold in Orientale Province. He apparently continues his efforts to build up his strength there. An arrangement has been made between the Stanleyville government and Air Jordan for 80 charter flights from Cairo to Orientale Province over the next 12 months. The cargo shipments reportedly would be prepared by the UAR Army. The first charter aircraft arrived in Stanleyville on 20 July, but there has been no indication that arms were aboard.

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The Sudan has not officially modified its position refusing landing rights to cargo flights to Stanleyville. Although Sudanese officials permitted the 20 July flight to land in Khartoum, they would probably refuse overflight permission in any case where they had evidence that illicit cargo was being carried.

A Chinese Communist ambassador arrived in Stanleyville on 31 July, according to a Peiping announcement. The USSR, Yugoslavia, the UAR, and Mali already have diplomatic representatives in Gizenga's capital.

In Katanga, there are signs of growing instability. Officials in Elisabethville appear to be increasingly aware of their isolation, but they are unwilling to make the concessions necessary for a rapprochement with Leopoldville or with foreign countries. Interior Minister Munongo reportedly has been given a free hand to implement his plan to pressure the West by seeking a rapprochement with the Soviet bloc. However, Munongo's statements have evoked little response in Western capitals, and his overtures have been rejected by both Yugoslavia and the USSR.

Moscow has refuted Katangan Interior Minister Munongo's claims that the Soviet Union

is prepared "to help Katanga by peaceful means." Izvestia stated on 1 August that the USSR "does not intend to have any dealings with the clique of puppets" and "bankrupt lackeys" in Elisabethville. The article added, however, that the USSR takes to heart the suffering and struggle for freedom of the people of Katanga, but that it in no way identifies the population with "degenerates like Munongo."

The Katanga regime is under pressure from the UN and from a few of its own supporters to come to terms with Leopoldville. Apparently as a result of this pressure--and probably also because he thought Leopoldville officials would bid high for the support of his legislators in the power struggle with Gizenga--Tshombé made a quick trip to Brazzaville, where he offered to negotiate with Kasavubu. His terms were too high even to permit a meeting, however, and the trip proved abortive.

Katanga's isolation is complicated by growing unrest in the Katangan army. The Congolese troops reportedly are dissatisfied over their pay--which is lower than that of Leopoldville's forces--and over the fact that Belgians still occupy most of the important military posts. Several near mutinies have recently occurred.

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## SITUATION IN LAOS

Premier Boun Oum, General Phoumi, and 36 other Vientiane leaders are in Phnom Penh for talks with Souvanna Phouma on the possible formation of a coalition government. Prince Souphannouvong is boycotting the Phnom Penh talks, in line with his group's insistence that follow-up talks to the Zurich accord between the three princes be undertaken by their deputies at Namone; however, a ranking Pathet Lao leader, in an apparent effort to limit Souvanna's concessions to the rightists, has unexpectedly turned up in Phnom Penh.

be persuaded to assume the premiership, thus denying the job to Souvanna. This maneuver by Phoumi to avoid serving under Souvanna in a new government seems destined to fail, since the King continues to show little inclination to be drawn into the political arena. The Pathet Lao has served notice that it will not recognize the legality of the constitutional amendment, describing it as merely another effort by the "Boun Oum - Phoumi clique" to frustrate formation of a government of national unity under Souvanna.

At Geneva, the 14 powers in restricted sessions continue to work on the long list of points bearing on Laotian neutrality and the establishment of safeguards against foreign intervention which the British and Soviet cochairmen agreed to in mid-July. Several points, including the proposed stipulation that Laos must eschew military alliances, have already been put aside for the future because of failure to reach agreement. The bloc participants took advantage of the discussions on military alliances to launch a new broadside against SEATO. The conference is now bogged down over the question of withdrawal of foreign troops.

Despite the optimism professed by both Souvanna and Boun Oum, the prospects for any meaningful agreement at Phnom Penh seem none too bright; Souvanna's statement to the press that his group must control the foreign affairs, defense, and interior ministries in particular does not augur well for the success of the talks.

The Laotian National Congress passed a constitutional amendment on 30 July which will permit the King to assume full powers and to choose a person to form a new government without reference to the National Assembly. General Phoumi engineered this amendment in the hope that the King himself could

The military situation remains generally quiet, with the monsoon rains at their height. The opposing forces are using the lull for training, resupply, and redeployment so as to be in the best possible position should general hostilities be resumed.

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## CUBA

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Castro has long promised Cuba's "recovery" of the US naval base at Guantanamo by legal means, and it has been conjectured that Cuba may seek UN action ordering the evacuation of the base. The Argentine ambassador to the UN has commented to a US delegate there on the careful attention being given by the Cuban delegate to the Security Council proceedings on the French-Tunisian crisis. He also said he has learned "on good authority" that the Cubans are not spending the \$3,386 annual rental recently paid by the US under the terms of the 1903 US-Cuban agreement. He inferred that some Cuban maneuver to regain Guantanamo is imminent.

Cuba will attend the conference of the Inter-American Economic and Social Council opening in Punta del Este, Uruguay, on 5 August, even though the Castro regime has frequently attacked the scope and nature of the Alliance for Progress program, the main issue to be discussed there. Havana announced on 2 August that its 13-man delegation to the meetings would be headed by Che

Guevara, who may be expected to work for the frustration of US objectives and to seek greater Latin American support for the Castro cause.

The second Latin American Construction Workers' Congress met in Havana from 1 to 3 August to draw up a united stand on wage and benefit demands and to express "solidarity" with the Cuban revolution. Another conclave of Latin American and bloc labor representatives was reportedly to meet in Havana at about the same time in order to lay the groundwork for establishing a new Communist labor organization to replace the largely ineffective Latin American Workers Confederation (CTAL), the regional affiliate of the WFTU.

In Panama, the action of the Cuban chargé in firing shots from an embassy window during an anti-Castro demonstration on 26 July has led to demands for his expulsion. In what may be a more significant move, the Venezuelan Government reportedly said on 25 July that its relations with Cuba--which have been cool for some time--had become "precarious" due to an altercation regarding Cuban refugees who had taken asylum in the Venezuelan Embassy in Havana.

The Castro regime had demanded the recall of the Venezuelan chargé there for permitting Cuban asylees to enter and leave the embassy at will. Venezuela, in turn, accused Cuba of following a policy of "deliberate delay in issuing safe-conduct enabling refugees to leave the country."

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Travelers from Cuba have informed American press representatives that there are at least 600 political refugees in the Latin American embassies in Havana. The number reportedly is growing, largely due to Cuban reluctance to issue exit permits, to increased government repression of "counter-revolutionary" elements since mid-April, and to increasing difficulties in arranging transport.

A ten-man Swedish trade delegation has been invited to Havana to discuss a deal involving such industrial products as motor vehicles, construction equipment, and steel, but a Swedish Foreign Ministry spokesman informed the US Embassy on 28 July that his government had not been aware of the matter.

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**BRAZILIAN FOREIGN POLICY**

Brazilian President Quadros' foreign policy moves continue to emphasize strengthened relations with the Sino-Soviet bloc and modification of Brazil's traditional posture of support for the United States. These moves have been interspersed with less frequent expressions of support for the West without specific reference to the US, such as Brazil's explanation that its inter-American commitments preclude sending more than an observer to the Belgrade conference of nonaligned states on 1 September. Quadros has reserved his favorable remarks on the US mainly for private conversations but taken pains to publicize his complaints--as, for example, his public criticism of the US ambassador on the eve of the arrival of a Soviet good-will mission.

The mission, headed by Mikhail Georgadze, secretary of the Presidium of the Supreme Soviet, conveyed a personal letter from Khrushchev to Quadros inviting him to visit the USSR. Quadros accepted and reportedly invited Khrushchev to Brazil, although in neither case was a date indicated. Quadros decorated the mission and requested the Gagarin visit, which started on 29 July.

Khrushchev's letter held out strong hope of Soviet economic aid. A Soviet plan for extensive development of irrigation and hydroelectric power facilities in Brazil's impoverished northeast reportedly was submitted to the Brazilian delegation that toured Eastern Europe last May. According to a Brazilian press agency, the

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Foreign Ministry announced on 31 July that the USSR had offered Brazil \$200,000,000 on the same credit terms given Egypt for the Aswan Dam. This could mean long-term Soviet economic involvement in Brazil, since the payments on principal and interest at 2.5 percent would not commence until after delivery and would be spread out over 12 years after each item reached Brazil.

After the Soviet mission departed on 24 July, Quadros ordered the Foreign Ministry to take steps to renew diplomatic relations with the USSR, thus rounding out Brazil's recognition of all European bloc countries except East Germany. Quadros on 7 July ordered measures to expand trade with East Germany, and a ministerial level delegation from East Germany is expected to visit Brazil soon. Foreign Minister Arinos reaffirmed Brazil's support for West Germany in a speech on 23 July, but East Germany will play up the visit as an important step toward de facto recognition.

Brazil has some trade but no diplomatic relations with Communist China. Foreign Minister Arinos stated on 20 July that in the future, Brazil would have to decide which of the two governments represents China. Brazil has expressed support for discussion of the Chinese representation issue at the forthcoming UN General Assembly.

Vice President Goulart is now en route to Communist China at Peiping's invitation, charged by Quadros with negotiations regarding expanded trade and the establishment of commercial of-

fices in each country. Quadros told Arinos on 28 July that he would receive "with greatest satisfaction" the North Korean "good-will" mission seeking to visit Brazil, and instructed him to examine trade possibilities.

Quadros has tentative plans to visit all of the South American countries in late October or November and, according to the press, later to visit the US. Arinos stated publicly on 20 July that the Cuban problem was "not bilateral but continental" and must be studied through consultation with other governments, although a hemisphere meeting to debate the problem is "not advisable" now. At the same time, Quadros has ordered a study of ways to increase trade with Cuba.

Quadros' supporters explain his foreign policy moves--which in propaganda impact have been more pro-Soviet than neutral--as political expediency to conciliate leftist criticism of his domestic economic policies. These moves also conform to Quadros' desire to play a more important role in world affairs--as seen in his efforts to expand Brazil's relations with Africa and the Middle East--and to his admiration of Tito and Nasir. His actions, following hard on extensive financial credits from the US and Europe, could encourage other Latin American countries to consider expanding diplomatic and economic relations with the bloc, especially as a means of supporting their efforts to obtain economic assistance from the US.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## PANAMANIAN SEEKING REVISION OF TREATY WITH US

A campaign to increase the annuity paid by the United States for use of the Panama Canal and surrounding Zone is being pressed by Panama, and the subject will probably be raised at the Inter-American Economic and Social Council meeting beginning on 5 August in Uruguay.

A change in the annuity would involve revising the Panamanian-US treaty--last revised in 1955--and raising many other issues in the process. Panama is almost certain to point out that a larger annuity could be financed by raising the tolls--which have not been changed since the canal opened in 1914--or by giving Panama a share of the increased income that results from the rise in traffic through the canal.

There may also be demands to display the Panamanian flag on transiting ships and at more than one point in the Zone. More job opportunities and better pay for Panamanians in the Zone would be sought, although wages there are already substantially higher than in Panama. Student groups and others can be expected to propagandize their claims that the US controls several areas outside the Zone. Panamanian businessmen and information media are also raising chronic irritants in US-Panamanian relations.

Spokesmen for several political parties reportedly believe they have persuaded President Chiari to seek Latin American support at the conference

for an annuity increase from \$1,930,000 to \$10,000,000. Foreign Minister Galileo Solis was quoted as saying at the meeting of Central American foreign ministers in late July that Panama could not yet join Central American economic integration efforts, since it "lives in a constant struggle to retain the lands taken from the economy of the nation by treaties with the United States." Castro's propaganda agency Prensa Latina was quick to use this statement in its dispatches to Latin America.

Like other Latin American countries, Panama, while anxious to participate in the Alliance for Progress, has been slow to present planned and documented requests for assistance. In addition, its preoccupation with the US presence in the Canal Zone has distracted it from making any serious effort to develop the rest of the country.

Ambassador Farland believes that "Panamanian aspirations relative to the US and the Zone are deeply held" and that the chief deterrent to a major effort to wring concessions from the US has been the fear of providing the small but active Communist-Castro forces in Panama with new opportunities. He suspects the regime may become impatient and disregard this fear. Some Panamanians--including Vice Foreign Minister Chiari, the President's nephew--have indicated that they favor using the threat of violence as a pressure tactic against the US.

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UNITED NATIONS SECURITY COUNCIL ELECTIONS

Two of the three seats to be filled on the UN Security Council will probably be hotly contested, and this may result in a further splitting of the two-year term by the contestants. Furthermore, rivalry between Cuba and Venezuela for the Latin American seat may lead to a successful bid by an African state for this vacancy. The elections will take place during the 16th General Assembly, which opens on 19 September.

Rumania and the Philippines are running for what was originally the Eastern European seat on the council. A "gentlemen's agreement" in 1945 assigned one seat each to Eastern Europe, the Commonwealth, the Near East, and Western Europe, and two seats to Latin America. Distribution at that time was based on the comparative voting strength of the regional areas in the General Assembly. Since 1952 the Eastern European seat has frequently been filled by a Near Eastern or Asian representative or, when a voting deadlock developed, has been divided into one-year terms for each contestant.

While Rumania is not considered the strongest Soviet bloc candidate, the Philippines is not a strong contender either. Many uncommitted countries consider that the Manila government is too pro-Western, and some will say it had its turn in 1957 when it split a term with Yugoslavia. Much depends on the caliber of the Philippine delegation to the UN this year; in the past, Manila's representatives have not especially distinguished themselves.

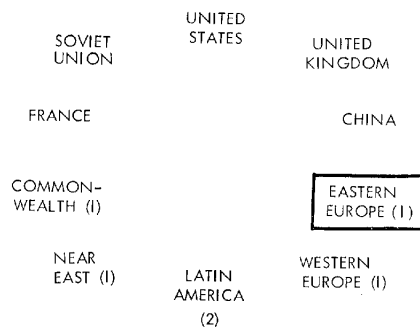
Cuba, which withdrew its candidacy last year in favor of Chile, now is running for the seat being vacated by Ecuador. A majority of the Latin American caucus seems to favor

Venezuela, but there remains some support for Guatemala, which announced its candidacy primarily as a counter to Cuba. Cuba is arguing that the only way it can properly defend itself against "further incursion" is through membership on the council. An Argentine delegate believes that this line of argument may be dangerously effective.

Elections require a two-thirds majority in the assembly, and a continued deadlock in the balloting could lead to the emergence of an African candidate. An impasse last year over Portugal's candidacy for the Western European seat led to a split term shared by Liberia and Ireland.

Ghana, which withdrew in favor of Ceylon in 1958, will probably replace that country in the Commonwealth seat; it is the only Commonwealth candidate at this time. Ghana is also a leading spokesman for tropical Africa.

U N SECURITY COUNCIL "EASTERN EUROPEAN" SEAT OCCUPANTS



1946-1948	Poland
1948-1950	Ukrainian SSR
1950-1952	Yugoslavia
1952-1954	Greece
1954-1956	Turkey
1956-1958*	Yugoslavia-Philippines
1958-1960	Japan
1960-1962*	Poland-Turkey

\*Two-year term divided by agreement between the candidates when neither received the necessary two-thirds majority vote.

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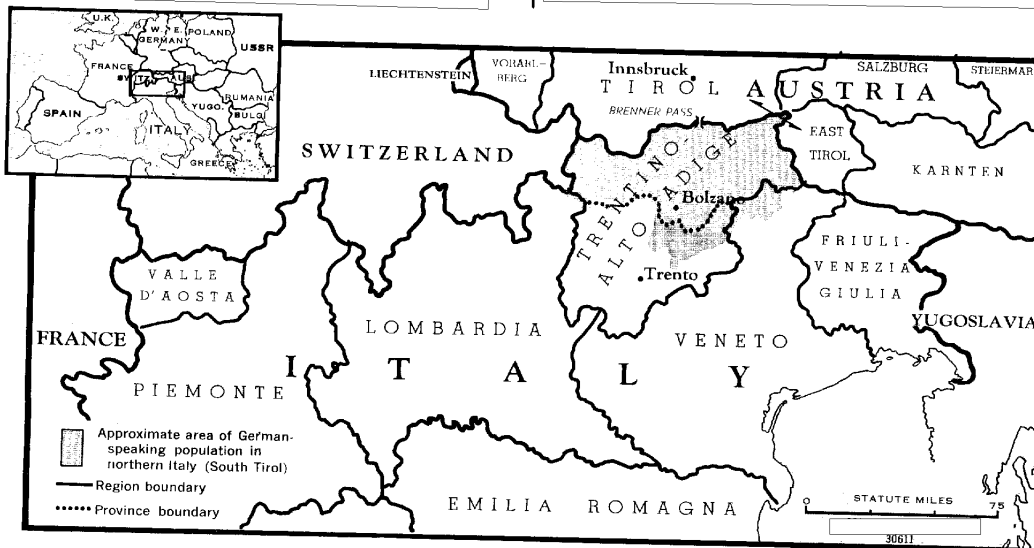
AUSTRIA AND THE SOUTH TIROL ISSUE

New instances of sabotage in the South Tirol have inspired a bitter exchange of notes between the Italian and Austrian governments and exposed tensions within the Austrian coalition cabinet. On 11 July, Tirolean terrorists severed all rail lines leading into northern Italy. Bilateral negotiations on autonomy for the area broke down in June, and a resumption of talks appears most unlikely, inasmuch as Vienna is handicapped by pressures from extremist Tirolean elements and by the reluctance of both parties in the coalition cabinet to do anything that might cost them support in next year's national elections.

Reports of dissension within the Austrian Government have been highlighted by the publication of charges in a reputable Swiss newspaper on 22 July that terrorist activities in the South Tirol were being countenanced by Foreign Minister Kreisky and Interior Minister Afritsch, both Socialists, and by radical nationalists in the People's party. In denying this accusation, Kreisky referred to a "slandorous" campaign to force him out of office and hinted that it emanated from a government official who is a member of the People's party.

Embarrassed by these criticisms, the Austrian Government is seeking outside assistance in solving the South Tirol problem, possibly on terms less far-reaching than its public stand for de jure provincial autonomy. Adamantly opposed to taking the dispute to the International Court of Justice, as desired by Italy, Austria on 18 July acted to return the issue to the UN General Assembly, even though it has no real expectation of favorable action. Its principal hope appears to be third-party mediation. Thus far, however, the US, India, and France have declined the task, and the UK has merely agreed to study the question. Recourse to the Council of Europe is also being discussed by Austrian officials.

Tirolean terrorist activities have caused Italy to institute a system of visa requirements for Austrian visitors and to threaten to withdraw the citizenship rights of German-speaking South Tirolese. In Austria both government and press have unreservedly condemned these Italian countermeasures.



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## THE SITUATION IN SPAIN

Spain's recent economic advances under the US-backed stabilization program have strengthened Franco's political control and made it unlikely that there will be any efforts to modify the regime in the near future. The government is concerned, however, over the possible impact of Angolan developments in Portugal and the likelihood of increased Moroccan pressure on Spanish North Africa.

After an initial period of uncertainty and business stagnation following inauguration of the stabilization program in July 1959 and the containment of inflation, the level of economic activity has gradually risen, particularly in the past year. Most Spaniards have shared in the resulting prosperity to some degree and anticipate more. Little, however, has been done to assure sustained economic growth, and while interest is growing in European integration, there is no real pressure to put through the liberalization of the economic structure that would be necessary before Spain could participate. Greater productive capacity is still hampered by various controls such as the restriction on the discharge of superfluous workers, which deters management from hiring additional labor when business picks up.

The present political stability is reflected in Franco's reported intimation to his cabinet ministers last month that he did not plan any portfolio changes in the near future. Popular aversion to a

change of regime is summed up in a quotation reported by the American Embassy in Madrid, "I am anti-Franco, but may he live forever." Despite a recent pact emphasizing the common objectives of Christian Democratic, Socialist, and some small left-wing parties, opposition to the regime is still too fragmented to pose a real threat. 25X6

In recent months the government has become increasingly worried over African developments. It fears in particular a move by Morocco against the Spanish Sahara, which King Hassan II reasserted last March was Moroccan territory. Since that time there have been border incursions by both sides. Madrid has substantially reinforced its garrison in that area, but, in accordance with an earlier agreement, is withdrawing all troops from Morocco itself except for those in the enclaves of Ceuta and Melilla. On 27 July the undersecretary of the Spanish Foreign Ministry sought an expression of US intentions in the event Morocco threatened Spain's North African possessions.

Spain is also disturbed over Portugal's position in Africa, fearing that a marked deterioration there might topple Salazar--whom Franco has firmly supported on the Angolan issue--and pave the way for a leftist takeover in Lisbon. 25X1

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SPECIAL ARTICLES

THE QUESTION OF PARTITIONING ALGERIA

While De Gaulle's main aim in threatening to "regroup" the Algerian population is to induce the provisional Algerian government (PAG) to come to terms on a solution of the Algerian war, there is no doubt he is determined to carry out his threat as a last resort. His commitment to protect the European minority in Algeria and his desire to strengthen French military forces in Europe this fall may outweigh considerations of the extremely grave economic and political problems involved.

The "Regroupment" Concept

The possibility of regrouping the population and partitioning Algeria has been under discussion in France for some years. Several early studies, including one brought before the National Assembly in 1957, envisaged running a line from north to south, starting on the Mediterranean coast between Algiers and Tizi-Ouzou. This would have left the eastern third of Algeria to the Moslems, while the western two thirds and the Sahara would have remained under French sovereignty.

After the overthrow of the Fourth Republic in May 1958, emphasis was put on integrating Algeria with France, but De Gaulle has consistently cited partition as a means of protecting the European and pro-French Moslem minority if an eventual self-determination vote should favor an end to all ties with France. After the French broke off the Evian talks on 13 June, "regroupment" was pushed with new urgency, primarily to get the PAG to adopt a more conciliatory position on key issues.

The second break in negotiations on 28 July may cause De Gaulle to begin regroupment in order to impress the PAG with his willingness to try this alternative, despite strong opposition in France and PAG threats to fight it indefinitely. Precisely what he means regroupment to include has not been made clear, however, except that he does not think of the Sahara as being part of Algeria, and that his reference to the temporary nature of the resettlement seems to rule out any intention to make Algerian partition permanent. It also seems clear that, at least in theory, individual Algerians would be allowed to move to the area of their choice, with those choosing French protection having the additional option of moving eventually to metropolitan France or elsewhere, probably with financial assistance from the French Government.

The Regroupment Area

French officials in discussing regroupment have carefully avoided defining the territory that would remain under French control.

On 28 July, De Gaulle told Ambassador

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Stevenson that if no negotiated agreement could be reached with the PAG he would push for regroupment of the French population in Oran and Algiers this year.

Premier Debré, speaking before the National Assembly, discussed partition in terms of Moslem and European population densities. Other government officials, notably Minister of Algerian Affairs Louis Joxe, have spoken of regrouping the European population in French-protected enclaves in Algiers and Oran.

Unofficial speculation, much of it in the press, as to the area France will retain envisages a coastal strip running from Algiers to Oran and on to the Moroccan border and, usually, projecting from 75 to 80 miles inland. Some unofficial maps show French-controlled corridors along gas and oil lines and the railroad running from Oran to the missile test center at Colomb Bechar. The former information director in Algiers, Jacques Coup de Frejac, has suggested that an early public delineation of the boundaries would allow population readjustment to take place "naturally." Paris may wish to conduct a referendum prior to the public announcement of the exact area to be retained. Partition is more likely to be based on military, economic, and geographic factors than on the results of a referendum, however, and such considerations would argue for retention of the areas shown on the accompanying map if these areas are intended to be anything more than a way station for emigration of those unwilling to accept Moslem rule.

#### The Problems Involved

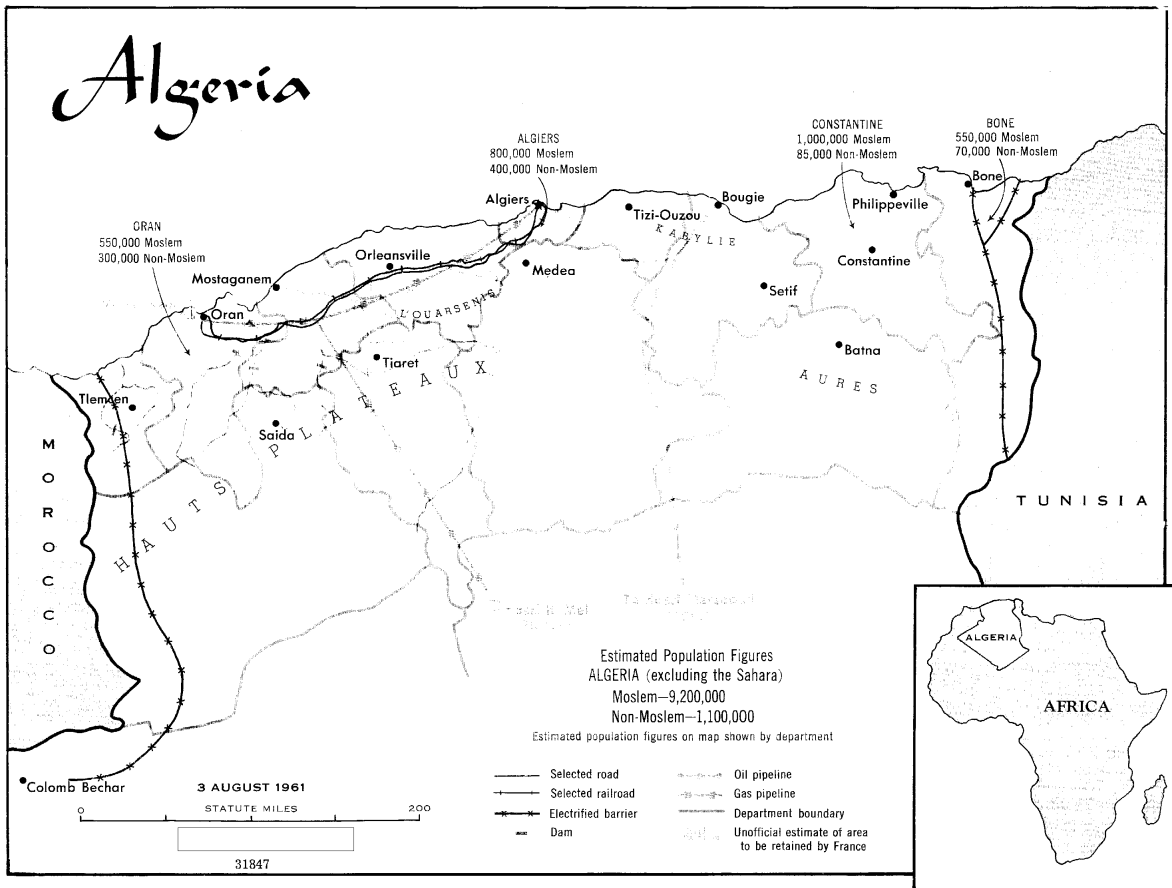
There are enormous economic, military, and human problems involved in making

such a political division and maintaining a separate state against continued attack by the PAG. An estimated 200,000 Europeans would be forced to choose between moving if their homes lay in that territory France would relinquish--for the most part, the cities of Constantine, Bone, Phillippeville, and Bougie--or living under PAG rule. Also involved would be the removal from the French area of a considerable number of Moslems who would choose to align themselves with the PAG. Even a temporary relocation would create staggering problems of employment for those displaced.

If partition were to last for a number of years, the difficulties in both parts of the country would be increased. Algeria as a whole is already heavily dependent on outside aid, and even under normal conditions it is questionable whether the relatively costly industrialization program France has been pushing would substantially raise living standards in the face of the high Moslem birth rate. Economic problems would be especially acute in the parts left to PAG control, because most of the agricultural and industrial wealth is concentrated in the Algiers-Oran region.

Even with massive international aid, establishing and developing a viable economy in Moslem Algeria would be a very long range problem. The French-held lands would be little better off, and the production and shipment of oil and natural gas, which are the basis for French hopes in the area, would be subject to the constant threat of interruption with consequent loss of revenue. France would probably maintain control of the key dams and rivers which supply water to the coastal areas, but some of the headwaters would be lost, and aqueducts, dams, and reservoirs would be subject to PAG harassment.

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Paris could expect to hold the reduced area with fewer troops and more cheaply than at present. Concentrated within perhaps 20 percent of the present limits of Algeria, the army would have shorter internal lines of communication, and the coastal terrain would simplify the problem of maintaining a pacified zone. Terrorism in the coastal strip and the security of oil and gas pipelines could probably be handled by less than half the present 500,000-man force in Algeria.

The Aures and Kabylie mountains, where the PAG retains some military strength, would be outside the French area, and repulsing PAG attacks would probably not be appreciably more difficult than the present job of maintaining the electrified barriers on the Moroccan and Tunisian borders. Moreover, if the PAG were to move the military forces it now has in Tunisia and Morocco into the area the French would evacuate, retaliatory measures against PAG attacks would no longer need to be limited by fear of offending a third country. The major pipelines and pumping stations would be vulnerable to PAG harassment, but French supremacy in the air and the maintenance of military strong points along the lines would probably assure reasonably constant operation.

PAG Attitudes

The PAG would prefer to avoid a situation leading to partition or regroupment. Rebel leaders have made it clear that the indivisibility and territorial integrity of Algeria, including the Sahara, is not subject to compromise. They maintain that if France does attempt regroupment, the war will go on. PAG Deputy Premier Balkacem Krim, for example, stated publicly on 24 May, "Partition precludes a

return to peace."

The PAG probably believes the widespread response to its call for demonstrations in Algeria on 5 July has effectively demonstrated Moslem hostility to partition and given warning of PAG capabilities to arouse the Moslems to even more militant action if necessary.

The PAG would probably establish itself on Algerian territory once French forces were withdrawn. It would press immediately for diplomatic, financial, and military support from any source to maintain control, while planning moves against the French enclaves. The large reservoir of Moslem manpower then under its control would permit substantial augmentation of rebel forces. In addition to its ability to disrupt oil, gas, and water lines, the PAG would be able to deny Moslem labor to the French-held territory, use heavier land armaments than heretofore, and possibly develop an air-strike capability.

What De Gaulle May Hope to Gain

Regardless of the problems involved in even a temporary partition, De Gaulle apparently feels that if negotiations should fail, regroupment would be the only way to force the Algerian problem into a new stage. Although most French officials admit that partition alone offers no final solution, a regroupment of population would, in French thinking, have some advantages in the short run and might lead to an acceptable solution. With a smaller and more easily defensible area to hold, De Gaulle could go ahead with his plans to return to Europe military units now in Algeria.

Many of the economic costs would continue after partition,

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but it is assumed that the part of the costly Constantine plan that is designed to spread industry to the largely agricultural eastern section of Algeria would be abandoned. Some adjustments to accommodate new borders might involve unexpected initial expenditures, however--as, for example, the cost of shifting the terminus of the Hassi Messaoud pipeline from Bougie to Algiers.

The stress French officials have placed on the temporary nature of the regroupment proposal indicates that Paris looks on it as a first step toward a more permanent arrangement. De Gaulle's public statements indicate a willingness to withdraw from Algeria those Europeans and pro-French Moslems and Jews who hesitate to risk PAG rule. Such a step would be bitterly opposed by many Europeans in Algeria, but there is evidence that others are adapting themselves to the possibility that they may have to leave, and European emigration to France has recently increased. De Gaulle's threat to exchange populations between Algeria and France and "leave Algeria in chaos" would pose great problems in France, and there is no way of gauging the strength of rightist military and civilian reaction to such an "abandonment."

Most of the Europeans who have migrated from North Africa to France in the past half-dozen years have had the economic means to establish themselves in some proprietary capacity. In many instances, however, they antagonized the local inhabitants by their attitudes. They were dismayed, for example, to find labor costs far higher than those they were accustomed to, and reports of their disillusionment is fairly common knowledge in Algeria. It is argued that expulsion of the 400,000 Moslem Algerians now in metropolitan France would not necessarily open a corresponding number of jobs for European emigrants from Algeria, because most of the Moslems occupy menial posts, and over half of them are engaged in seasonal

agricultural jobs or even in more casual employment such as peddling.

This line of reasoning may set too high a price on the skills of the European working class in Algeria, however, because most of them are in direct competition with their Moslem neighbors and would in the long run have little to lose in seeking employment elsewhere. Moreover, the ability of West Germany to absorb more than 11,000,000 refugees from Eastern Europe in the postwar period is frequently cited by proponents of "abandoning" Algeria as evidence that France could assimilate the immigrants.

De Gaulle is probably still hopeful that after a period of partition, the PAG would be amenable to an accommodation with the French-held area. He may anticipate that the PAG would eventually agree to give the regroupment areas a measure of autonomy within an Algerian state, or that it might even permit the return of Europeans to the area they had vacated. The chief French negotiators at Evian and Lugin have felt that the PAG has no understanding of the problems involved in governing a large and underdeveloped area like Algeria. De Gaulle may hope that the problems of trying to hold together the rump state without the western coastal area, the key administrative centers and ports, and the skilled European population would convince the PAG of the need to cooperate with France.

If such is indeed the French hope, it is likely that Paris overestimates the effect partition would have on the PAG and underestimates the ability of the Algerians to win international assistance to obtain independence and control of the Sahara. The failure of negotiations would almost certainly lead to the ascendancy of the military-minded "hard liners" over the "negotiators" now in control of the PAG, and there is little likelihood that the PAG would accept, as a result of partition, the French terms it was unwilling to accept to avoid it.

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SPECIAL ARTICLES



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## THE FEDERATION OF RHODESIA AND NYASALAND

The adoption of a moderately liberal constitution for Southern Rhodesia, following a referendum on 26 July by a predominantly white electorate, is at best a small step toward solution of the problems facing the Federation of Rhodesia and Nyasaland.

The new constitution is opposed by most Africans and by a large minority of the whites. Northern Rhodesia is still simmering following the publication of new constitutional proposals, which Britain probably will impose in the face of widespread African opposition. In Nyasaland, where the situation has been quiet as a result of the firm discipline exerted by Hastings Banda's Malawi Congress party, there is the possibility that Banda may try to take Nyasaland out of the Federation after the protectorate's first African-dominated legislature convenes late this summer. Until all these problems have been worked out, further constitutional development for the Federation as a whole will be kept in abeyance.

Background

The Federation, comprising the self-governing colony of Southern Rhodesia and the two British-administered protectorates of Northern Rhodesia and Nyasaland, was set up in 1953 despite vigorous African opposition. There was some political motivation in its formation; Britain hoped that by creating a multiracial state in central Africa, it could head off the growing trend toward racialism in its colonial possessions.

The principal reasons for the creation of the Federation, however, were economic. It was argued that the econo-

mies of the three territories were complementary, with Northern Rhodesia furnishing foreign exchange through its copper exports, the burgeoning Southern Rhodesian economy providing a wide range of manufactured and agricultural products, and Nyasaland exporting labor to the other two territories. In addition, it was expected that Southern Rhodesian industry would benefit from preferential treatment in the markets of the northern territories, and that Southern Rhodesia and, particularly, poverty-stricken Nyasaland would profit from association with copper-rich Northern Rhodesia.

The planners also hoped that the diversified Southern Rhodesian economy would cushion the effect throughout the Federation of any drop in copper prices. Further, it was believed that an economically viable federation would leave Southern Rhodesia less subject to the economic attraction of the Union of South Africa.

From its formation until 1957, the Federation enjoyed a period of phenomenal economic growth, based principally on rising copper prices. A declining world copper market in 1957 and 1958, however, sharply reduced the Federation's foreign exchange position and forced a slowdown in developmental expenditures. At the same time, racial conservatives came more and more to dominate white politics in the Federation.

These developments led to stepped-up African nationalist activity and ultimately to disturbances in early 1959, whereupon most of the African parties were outlawed and their leaders jailed. In the wake of these disturbances, and particularly after the appointment of Iain Macleod as colonial secretary in October 1959, the British

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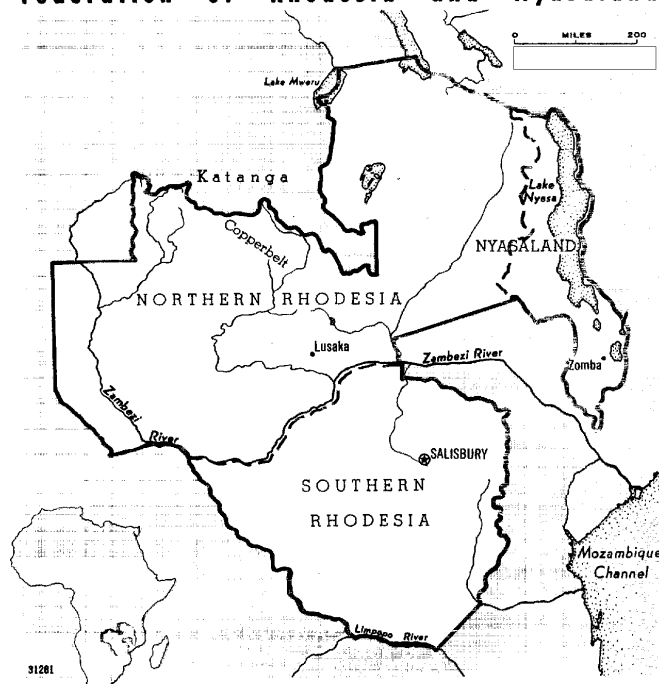
and Federation governments decided that African demands for greater political representation should be met at a faster pace, although friction continued between British and federal authorities over the speed of African advance. For the last year and a half, Britain has been engaged in complex negotiations with whites and Africans in an effort to produce a revised set of constitutions for the Federation as a whole and for its three parts.

The Constitutional Proposals

The proposals for Northern and Southern Rhodesia are the points most vigorously contended. Nyasaland is assured of an African majority in the legislature--although Africans probably will still be in the minority in the cabinet--after elections on 15 August. Constitutional talks on the Federation have been adjourned since last December, pending the outcome of the other negotiations.

The new Southern Rhodesian constitution, approved by an electorate composed of some 78,000 whites and 4,400 Africans, allows for the election of Africans to the legislature for the first time--albeit in a minority position. Fifty of the 65 members are to be elected from "constituencies" and the remainder from "districts." Each voter will cast a ballot for a candidate on each list, but the "constituency" votes will be weighted to favor the

Federation of Rhodesia and Nyasaland



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"A" voters' roll--which has high educational and financial qualifying requirements and thus will be dominated by whites --while the "district" tallies will favor the "B" roll, which will be predominantly African.

Under the new constitution, Britain will abandon its veto power over Southern Rhodesian racial legislation. The Rhodesians will get a bill of rights and a constitutional council whose duty it will be to advise on racial matters. The constitution liberalizes somewhat the colony's land-tenure legislation--a sore point among rural Africans.

The Northern Rhodesian constitutional proposals are even more complex--the British Labor party has termed them a "dog's breakfast." The proposals envisage the creation of a legislative council with 45 elected

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members. Of these, 15 would be elected by an upper roll similar to the Southern Rhodesian "A" roll and therefore dominated by whites, and 15 would be chosen by a predominantly African lower roll. Of the remaining 15, one would be elected by the Asian and colored (mixed-blood) communities combined. The others would be chosen from seven double-member constituencies according to an extremely involved formula designed to ensure that these members have at least a minimum of support from both major races. The governor apparently would retain the authority to nominate a few additional members, and there presumably would also be a few ex officio members.

The constitutional proposals for both territories are acceptable to the white-dominated United Federal party (UFP), which controls the federal government and that in Southern Rhodesia and has considerable support among whites in Northern Rhodesia. They have been rejected by African nationalists, by white liberals, and by die-hard European conservatives. Nevertheless, the Southern Rhodesian constitution probably will go into effect following elections this fall, and Britain probably will impose its new proposals on Northern Rhodesia, at least for a short period.

The Current Situation

Politics in all three territories are dominated by moderates of both races, but there are extremist elements among both Africans and Europeans who are putting pressure on the present leaders. Moreover, the gaps even between moderate groups are wide and often appear unbridgeable.

Nyasaland: In Nyasaland, Hastings Banda's Malawi Congress

party seems certain to capture all 20 lower-roll seats and to have a good chance in three of the eight upper-roll constituencies in the elections on 15 August. Under the Nyasaland constitution, this means that Banda's party is sure of three portfolios in the ten-member cabinet--and that at least one of the two ministries allocated to upper-roll legislators may also fall to the Malawi. Banda, who is running unopposed, has indicated he will take the Agriculture Ministry.

Although Banda has been trying to project a more moderate image of himself and his party, there is no indication that his animosity toward the "stupid Federation" and toward federal Prime Minister Welensky has abated. Malawi officials insist that Nyasaland has received little economic benefit from federation, and they complain in particular that funds for economic development have largely bypassed the protectorate. They concede that Nyasaland's perennial deficits, which run about \$8,400,000 a year, have been made up from federal funds, but they believe this amount could be obtained elsewhere. Moreover, they are unwilling to continue in a federation they believe is dominated by Southern Rhodesian whites. Thus, if the Malawi emerges in a strong position after the August elections, Britain may be faced with an early demand from Banda to break up the Federation.

Northern Rhodesia: In Northern Rhodesia, there is a widespread realization among the whites that an African-controlled government in the near future is virtually inevitable. The majority report of the advisory Monckton Commission--which examined the Federation in detail last year in preparation for the December constitutional

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talks--recommended such a development last October. The recent British proposals, however, leave the question of racial predominance up in the air and may actually be shaded slightly in favor of the UFP.

The proposals for Northern Rhodesia have been rejected by both the United National Independence party (UNIP) and the African National Congress (ANC), the two major African parties. Kenneth Kaunda, the moderate president of UNIP and the leading African in the protectorate, has received blanket authorization from his followers to conduct a campaign against the proposals. Kaunda's program involves consultations with constitutional lawyers and sympathetic states abroad, and he may plan to demand that Britain name a definite date for Northern Rhodesia's independence.

Kaunda is strongly opposed to violence, but UNIP extremists, although presently under firm party control, might be able to foment demonstrations if the rank and file becomes dissatisfied with Kaunda's slow pace. UNIP has strong influence in the key African mine workers' union, and it could disrupt the Federation's economy if it managed to line up the mine workers behind its political aims.

Although both UNIP and the ANC oppose the new constitutional formula, neither has said it will refuse to take part in elections based on the proposals. The complex electoral system is unlikely to produce a stable parliamentary majority for any of the factions, however, and it is questionable whether the African leaders will participate in a government. Britain thus may be forced to reopen talks on revision of the Northern Rhodesian constitution within a few months. No matter what the constitutional develop-

ments, Northern Rhodesians of all races can be expected to press for a major reduction in their financial contributions to the other territories.

Southern Rhodesia: The last-minute British changes in the Northern Rhodesian constitutional proposals apparently were made in order to help Welensky and Southern Rhodesian Premier Whitehead in the referendum over the new constitution for Southern Rhodesia. Southern Rhodesia, where 225,000 of the Federation's 312,000 whites live, has been a virtually autonomous territory since 1923 and has always been the most resistant of the three territories to political change.

The last year and a half has seen a substantial liberalization in the racial attitudes of the Europeans in Southern Rhodesia, although they still lag behind the northern areas. Europeans regard the admission of 15 Africans to the legislature as a major concession, and Whitehead and Welensky seem to have felt that even this advance would be jeopardized if Africans received a parliamentary majority in Northern Rhodesia. Britain apparently yielded to their pressure, even at the risk of alienating Kaunda, the strongest force for moderation in the protectorate.

Last February, the liberal trend among Southern Rhodesian whites apparently caught up momentarily with the demands of the rather inept leaders of the main African group, the National Democratic party (NDP). The result was an appearance of agreement among all factions at the colony's constitutional conference. Immediately thereafter, however, NDP President Joshua Nkomo began to back away from the agreement and ultimately repudiated it altogether. Under

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pressure from extremists within the party and from radical African states, Nkomo apparently has come to feel that the constitution will perpetuate the Africans' minority position.

In protest against the proposals, the NDP on 23 July mounted a highly successful "referendum" of its own among the African populace. Although the announced totals--373,000 "no" votes to 471 in favor--doubtless reflect an African willingness to go along with the crowd as well as considerable pressure from the NDP, the "referendum" was the party's most successful operation to date. An attempt to foment strikes prior to the official referendum was largely ineffective, however--partly because of a prompt police and army mobilization and partly because Nkomo failed to give wholehearted support to the radical youth groups behind the strike call.

Whitehead thus may be faced with much more effective African opposition in the future. In addition, many Europeans in Southern Rhodesia favor breaking up the Federation before the other two territories attain African parliamentary majorities. Most advocates of this course favor the establishment of an independent state, although this might set the economy back as much as 20 years; some believe Southern Rhodesia's salvation lies in amalgamation with South Africa.

The political uncertainty has virtually halted the expansion of Southern Rhodesia's economy, and both African and European unemployment is at a record high. With population pressure in the native reserves driving increasing numbers of Africans into the money economy, and with African nationalists exerting greater influence in the labor movement, Southern

Rhodesia may face unrest unless economic expansion is resumed.

Outlook

Optimists hope that Africans in Northern Rhodesia can be persuaded to go along with their new constitution, at least for a short while; that the liberalizing trend among Southern Rhodesian whites, which may have been interrupted during the African disturbances last week, can be resumed and even accelerated; that Welensky and Whitehead can control white separatist sentiment in Southern Rhodesia; and that the leaders of the NDP can exercise firmer control over party extremists and can guide Southern Rhodesian Africans into relatively moderate channels. Further, they hope that Banda and his lieutenants, who have become increasingly realistic on economic questions, can be persuaded that continued association with the other territories will provide the surest source of financial aid to Nyasaland; that Northern Rhodesians will continue to permit a large part of their copper proceeds to be used elsewhere in the Federation; and that the expansion of the money economy can be resumed at a rate which will absorb the large numbers of Africans who are trying to enter it.

Unless these conditions are substantially met, the Federation has little chance of survival as a meaningful entity. Yet it is unlikely that it can continue with anything resembling its present degree of centralization or that the Africans will permit Welensky to continue as premier in the revised setup. The closest form of association that seems possible is an economic and common-services union, with most political functions returned to the constituent territories. In any event, it is unlikely that all the new constitutional structures will be worked out and political turmoil reduced until well into 1962.

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