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23 February 1961

# CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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T H E   W E E K   I N   B R I E F

WEEKLY REVIEW



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THE WEEK IN BRIEF

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**THE WEEK IN BRIEF**

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**THE WEEK IN BRIEF**

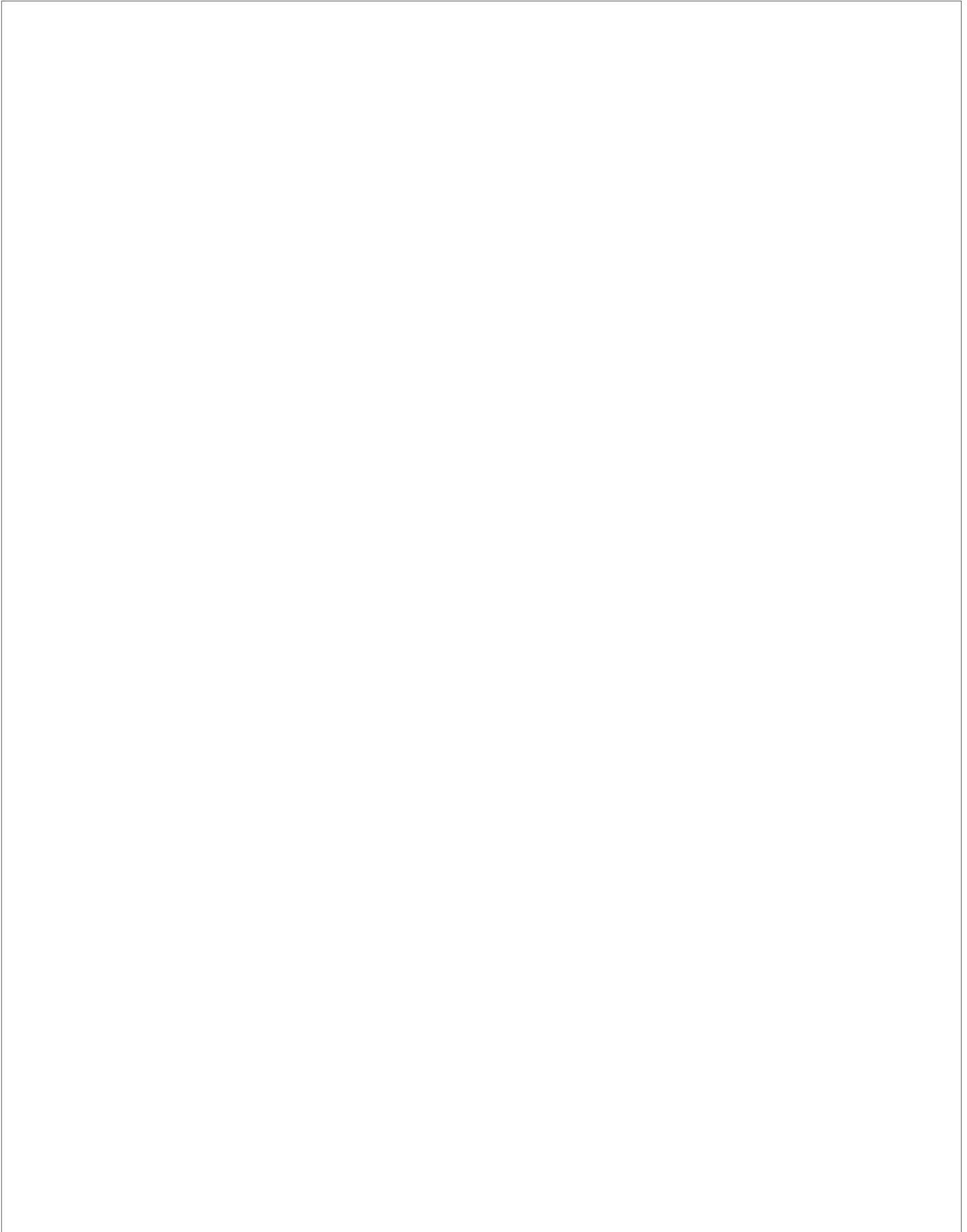
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**THE WEEK IN BRIEF**

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**THE WEEK IN BRIEF**

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## WEEKLY REVIEW

## CONGO

With a stronger mandate from the Security Council, UN Secretary General Hammarskjold will probably move quickly to try to dissociate Congolese armies from politics--a move he believes is essential to any settlement in the Congo. The latest resolution on the Congo, passed by the Security Council on 21 February, authorized the use of force by UN troops if necessary to avert civil war in the country. This is the first time UN troops have been allowed to go beyond mere self-defensive measures, and the council's action establishes a precedent which many UN members find disquieting. The Korean action was not under the centralized control of the UN; the first armed force employed by the UN, the UN Emergency Force in Gaza, is not authorized to use force.

The resolution failed to meet three key Western demands but met many of the conditions necessary to the UN operation in the Congo. The resolution failed to interdict the movement of materiel as well as personnel into the Congo--which would have been an obvious reference to UAR and other clandestine support of the Gizenga regime. It also failed to specify the UN secretary general as primarily responsible for the UN operation in the Congo. It made no reference, moreover, to the government of the Congo or to Kasavubu as chief of state.

Since the Security Council has again assumed the direction of the UN effort in the Congo, the possibility of a heated debate on the issue at the resumed

General Assembly session has lessened considerably.

The USSR's abstention from voting on the resolution points up the difficulty the Soviet leaders face in their efforts to achieve their objectives in the Congo without at the same time becoming isolated from the "Afro-Asian position." Following the vote, Soviet delegate Zorin stated that the resolution, despite its "shortcomings," can play a positive role in restoring peace to the Congo, particularly those measures calling for immediate removal of the "Belgian aggressors."

While continuing its propaganda attacks on Hammarskjold and the UN Congo operation, Moscow may find it necessary to moderate the uncompromising demands set forth in its 14 February statement. The USSR can be expected, however, to oppose strongly any effort aimed at strengthening Hammarskjold's personal authority in dealing with the situation. (b)(1)

Although Communist China has formally recognized the

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Gizenga regime in Stanleyville, the USSR has not. Repeated expressions of Soviet support for his "legitimate government" are probably designed to allow Soviet leaders a free hand in pressing for his participation in any proposed settlement, without tying their policy to a regime which is beyond the reach of direct Soviet support.

Communist China has used Lumumba's death as the occasion for its most strident propaganda campaign of the year, holding large rallies in Chinese cities to express indignation over the "monstrous crime" allegedly engineered by US and Belgian imperialists and "their agent" Hammarskjold. Chinese pledges of "utmost" support--presumably only moral and financial--have been coupled with expressions of confidence in the ability of the Congolese to win eventual victory and give the impression that Peiping intends to let others carry on the fight. The three Asian satellites have also been loud in their condemnation of Lumumba's "murder."

On 19 February, Peiping expressed readiness to establish diplomatic relations with Gizenga. A joint communiqué of 20 February announced agreement for an exchange of ambassadors. Peiping is likely to accredit an ambassador in another African country to Stanleyville.

Although the Sudanese Government has continued to resist

UAR and bloc pressure to allow supplies for Gizenga to transit the Sudan, it appears that internal pressures are now forcing the Abboud regime to take a harder line in its relations with the UN. On 16 February the Supreme Council--the country's top ruling body--sent a cable to Hammarskjold stating that the UN had failed to achieve its primary aims in the Congo, and that unless immediate steps were taken to solve the problem, the Sudan would be forced to withdraw its troops from the UN Command.

The decision to send the sharply worded cable was apparently made as a result of public reaction in the Sudan to Lumumba's death. On 14 and 15 February, small but well-organized pro-Lumumba street demonstrations took place in three towns in the Sudan. The government was concerned over the possibility that the internal Sudanese opposition group, which has recently been pressing for a return to civilian government, would use the Congo problem for its own purposes. The cable, which received wide publicity in the Sudanese press, probably does not presage any change in the government's policy of support for the UN, but is rather an attempt to cater to public opinion.

In Accra the foreign ministers of Ghana, Guinea, Mali, Morocco, and the UAR have reaffirmed their support for Gizenga and called for the immediate withdrawal of all foreign

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diplomats from the Congo. They re-endorsed Ghana President Nkrumah's plan for reconstituting the UN force into an African command and recommended a halt to mobilization of Congolese forces. They also proposed that all foreign activities be controlled by the UN and that a neutral commission investigate Lumumba's death.

The preliminary report of the UN Conciliation Commission--an 11-member body on which most of the Asian and African nations who have had troops in the Congo are represented--was made public on 19 February. It recommends the establishment of a broadly based Congolese government, the removal of the army from politics and its reorganization under a national defense council, the release of political prisoners, and parliamentary approval of the new government. Since its recommendations use the Ileo government as a starting point for re-establishing a national regime, the report is likely to be congenial to Kasavubu; however, recent reports indicate that Tshombé and his associates are in no mood to accept any reconciliation proposals, although on 22 February he did announce his agreement with UN officials to stop troop movements in Katanga Province.

The reaction of the Gizenga regime to the commission's recommendations probably will depend on the dissidents' estimate of their ability to resist continued economic, political, and

military pressure from a broadly based Leopoldville government. Gizenga's position apparently is weakening: his troops, particularly in the Stanleyville area, are subject to little control from above; funds for paying them reportedly will run out by the end of March; and his lieutenant in Kivu Province, Anicet Kashamura, apparently is resisting Stanleyville's efforts to subject him to closer control. However, Gizenga has little to hope for in a rapprochement with Kasavubu, and he probably would be reluctant to accept a political solution imposed by the UN unless assured of significant influence in the Leopoldville government.

Large-scale reprisals for the death of Lumumba and his nine supporters--two of them in Katanga and seven in Albert Kalonji's "South Kasai" state--have so far not materialized. However, some atrocities, apparently on the part of undisciplined Congolese troops, were committed in Kivu Province. Scattered incidents have occurred throughout the Congo outside of areas controlled by the Tshombé regime.

In Leopoldville, Premier-designate Ileo reportedly has enlarged his proposed government, following discussions with former supporters of Lumumba. The additions allegedly will include several Lumumbists, but many of the appointees have not been personally consulted. The list contains names of individuals generally regarded as

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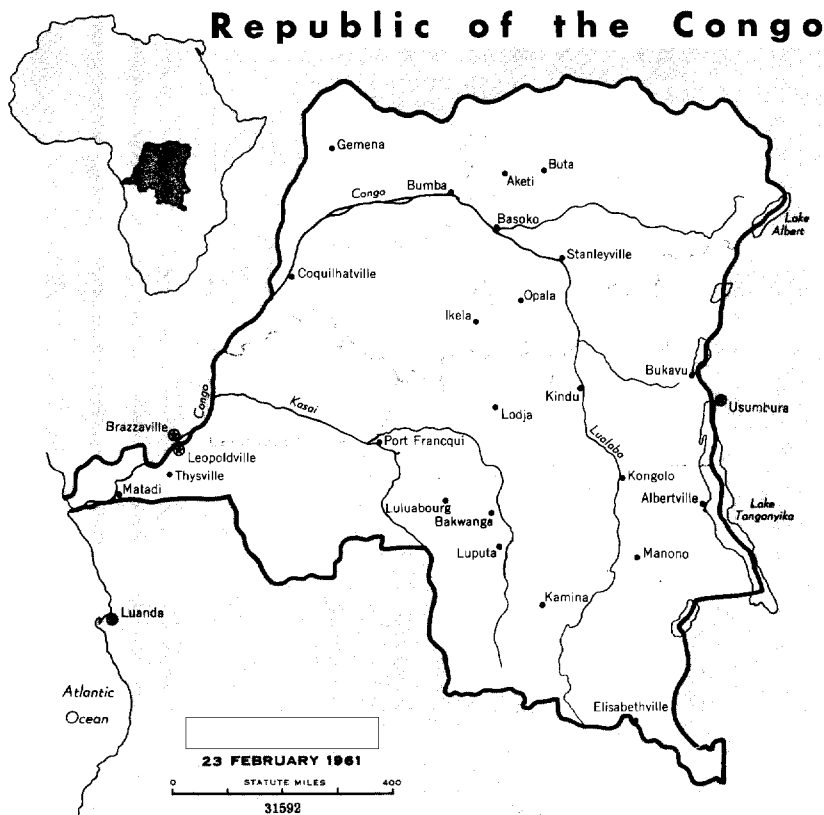
moderate members of the Lumumba faction; however, many of them are currently working for Gizenga in Stanleyville, Cairo, and New York.

The army, which retains its tribal loyalties, reportedly is also angered at the recent execution by the South Kasai government of seven Congolese, who came from several tribal groups which are represented in the army. Ileo's 22 February denouncement of any UN disarmament of Congolese forces probably is a response to these pressures.

The economic situation in Leopoldville is deteriorating rapidly, according to a recently appointed UN economic adviser. One of the last acts of Mobutu's college of commissioners before it disbanded on 9 February was to abandon the austerity program which had been developed with UN assistance. As a result, the government deficit for January rose to \$18,000,000. Stop-gap aid is being furnished by the central bank of the Congo; however, this policy is placing more money in circulation, with a resulting inflationary spiral. The UN official believes the only solution is a \$100,000,000 aid program under UN control.

Economic conditions in other parts of the Congo are also suffering from the political disintegration. A US official who recently visited Stanleyville expects the economy there to collapse in six or eight weeks; Katanga, the richest area in the country, is also running a budgetary deficit.

Before he agreed to limited cooperation with UN authorities, Tshombé reacted vigorously to the Security Council's 21 February resolution. Charging that the resolution was a "declaration" of war by the UN against Katanga and the whole former Belgian Congo, he announced the mobilization of the province's

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population to "defend their lives and property menaced by the United Nations." He said that the UN would be responsible for any bloodshed resulting from the resolution.

This initial reaction apparently was inspired by hard-line mining interests which counseled an immediate attack on UN forces.

[redacted]

Tshombé is reputed to believe he is "fighting for his job and his life" in the face of UN determination to punish him for the death of Lumumba.

[redacted] a considerable number of Africans adjudged loyal to Tshombé have been armed in order to thwart a possible attempt by UN forces to disarm the Katangans. Europeans may have been similarly armed.

Tshombé's regime is now almost completely isolated internationally following its involvement in the death of Lumumba; Tshombé continues to refuse to cooperate with the Ileo government in Leopoldville by taking the ministerial portfolios left vacant for a Katanga representative.

Tshombé's agreement with the UN apparently put at least

a temporary halt to his attempts to continue offensive operations against Baluba tribal supporters of Gizenga in northern Katanga Province. Last week a UN Nigerian patrol encountered a reconnaissance unit of Katanga troops about 50 miles south of Manono, capital of the Baluba "Lualaba state," and was told by a Belgian officer leading the unit that he would capture Manono as part of a general Katanga offensive. Any offensive is likely to be increasingly harassed by the Balubas, who have already made new incursions into the area along the rail line between Jadotville and Kamina which was recently won back by Tshombé. (b)(1) NR

This military action coincides with the establishment of a "Communist Congolese party" in Manono. The move was probably made at the initiative of Interior Minister Yuma of the Baluba "Lualaba state." Jason Sendwe, a leading anti-Communist Baluba leader in Leopoldville, denied on 20 February that any such "youth movement" had been formed. (b)(1) NR

The Communist label would seem to have considerable appeal to organizations of Lumumba's supporters, although this appeal is likely to be lessened to some extent by the party's tribal connections.

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## LAOS

Cambodia has rejected King Savang's invitation to form a neutral nations commission with Burma and Malaya, thus blocking, for the time being at least, this effort to find an avenue of approach to solving the Laotian crisis other than reactivation of the International Control Commission (ICC) or an international conference on Laos. In a note handed to the Laotian ambassador on 21 February, the Cambodian Government stated that it was rejecting the King's invitation both because of its "unilateral character" and because the establishment of such a commission should be preceded by an international conference --presumably along the lines of Prince Sihanouk's 14-nation proposal of early January. Malaya had previously accepted the invitation; the Burmese have not yet responded.

The USSR seems determined to keep any East-West negotiations for a Laotian settlement within the framework of the 1954 Geneva agreements. The bloc is undoubtedly convinced that time is on its side and intends to protract diplomatic exchanges on Laos until Communist bloc participation is assured in any talks on Laos.

In replying to the British proposal of 21 January, which called for the reactivation of the ICC in Laos, Soviet Deputy Foreign Minister Pushkin insisted that the present crisis called for new terms of reference for ICC operations. Such terms of reference could, according to the Soviet reply, be established only by a conference of the Geneva participants or a

14-nation meeting as proposed by Sihanouk. Pushkin warned that the only alternative to a conference was a prolongation and an intensification of the war in Laos.

Pushkin, who called in the British ambassador on short notice on 18 February, probably to make his point prior to King Savang's declaration of neutrality, denounced the idea of a neutral nations commission as a move to shore up the authority of the Boun Oum government and to liquidate the machinery of the Geneva agreements, particularly the ICC. The Soviet official, in reply to the British proposal that the Indian chairman of the ICC could deal with the King of Laos, pointed out that the King did not have executive authority and asserted that the only legitimate government in Laos was represented by Souvanna Phouma.

Pushkin suggested that the USSR and Britain, as co-chairmen of the Geneva Conference of 1954, make two proposals. The first plan would be an invitation to the US, Canada, Burma, Thailand, and South Vietnam, together with other Geneva signatories, to attend a new conference on Laos.

As a gesture of compromise to the British, Pushkin then said that the Geneva co-chairmen might approach Prime Minister Nehru about convening the ICC in New Delhi or some other convenient place outside Laos before the larger conference took place. Although this ostensible concession was designed to avoid outright rejection to

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the British ICC proposal, Pushkin stipulated that the commission could only discuss a resumption of its activity in Laos and that an international conference would have to be convened to furnish any new instruction for the ICC.

Communist China's Foreign Minister Chen Yi became the first bloc spokesman to comment publicly on the neutral nations proposal when, on 22 February, he described it as "the start of a new US scheme...to conveniently perpetuate its aggression and interference." Moscow thus far has not commented directly, although it has rebroadcast the statement by Pathet Lao leader Souphannouvong rejecting the proposal.

Souvanna Phouma meanwhile has flown to Xieng Khouang and possibly other territory controlled by the Kong Le - Pathet Lao forces, presumably to conduct his long-promised consultations with officers and ministers "loyal to him." The length of his stay and his precise intentions are unclear; in all likelihood Souvanna hopes to be able to return to Phnom Penh so as to hold himself in readiness for any call to form a government of national reconciliation in Laos. Souvanna has consistently supported Sihanouk's 14-nation proposal as the best of the various international approaches to the Laotian crisis.

According to bloc radio-broadcasts, Souvanna arrived at the Plaine des Jarres on 22 February, where he was greeted by Souphannouvong and Captain Kong Le. Hanoi radio claimed that Souvanna's arrival speech blamed

the United States for "hindering the realization of the policy of peace, neutrality, and national harmony in Laos" and congratulated "the government, army, and Pathet Lao fighting units for having liberated Xieng Khouang and the Plaine des Jarres." According to Hanoi, Souvanna described the neutral nations proposal as "devoid of any practical value." Even if Souvanna's visit to Xieng Khouang proves of short duration, it will tend to bolster the claim of the Communist-supported shadow government there to be the "legal government of Laos."

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Phoumi had offered to go to Phnom Penh in an effort to induce the former premier to return to Vientiane. Souvanna reiterated his preference for a government of national reconciliation which would include the Pathet Lao but indicated that he would accept as an alternative a nonpolitical government headed by the King which would be charged with preparing for new elections.

The Boun Oum government continues to be under pressure to broaden its base whether Souvanna returns or not. There are abundant signs, however, that it views with some distaste the necessity of offering positions to persons from regions of the country other than the south and who represent more moderate tendencies than its present members. Sisouk na Champassak,

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Laos' UN delegate who has returned to Vientiane to assist in the search for means to ease the crisis and improve the government's position, complains that many of the ministers, including Phoumi, are resisting suggestions for expansion of the cabinet, principally for fear of losing their jobs.

The military situation appears to be fairly stabilized at the moment, with a general stalemate obtaining between the government and the opposing Kong Le - Pathet Lao forces in Xieng Khouang Province, and relative quiet prevailing elsewhere in the country. Government forces attempting to move east on Route 7 toward the Plaine des Jarres remain stalled a few miles from the junction with Vientiane - Luang Prabang road by a combination of strong enemy resistance and heavy rains during the past few days.

On the southern approach to the Plaine des Jarres, modest gains by the government

forces have been made possible by what appears to be a calculated enemy withdrawal to tighten the defensive perimeter and to minimize harassment by pro-government Meo partisans who are increasingly active in this area.

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Motor convoys are continuing to bring supplies to the Plaine des Jarres area. Aerial reconnaissance detected two convoys moving westward on Route 7 from Nong Het

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## SOVIET POLICY TOWARD THE WEST

Anticipating West German Chancellor Adenauer's talks with British Prime Minister Macmillan on 22 February, the USSR on 17 February restated its position on the German and

Berlin questions in a memorandum to Bonn. The memorandum was delivered by Ambassador Smirnov, who returned to Bonn with Khrushchev's reply to Adenauer's letter of 18 October on repatriation of Germans in the USSR.

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The memorandum, which probably foreshadows further diplomatic efforts to revive the German and Berlin questions, was apparently in response to Adenauer's attempts, acting through the Austrian and Norwegian foreign ministers last fall, to obtain clarification of the Soviet position. It is probably intended also as a reply to Adenauer's conversation with Smirnov in early January, before the ambassador returned to Moscow, in which the chancellor urged that disarmament be given priority over the Berlin and German problems in East-West talks.

The Soviet memorandum calls for negotiations on Berlin without further delay. It rejects any consideration of the "working in" period of the US administration or the need to await the West German elections, citing these as a "train of delaying arguments."

As the first formal and complete recapitulation of the Soviet position since the Paris summit, the memorandum reaffirms standard proposals for a free city in West Berlin and a German peace treaty. It does not insist on immediate implementation of the free city and refers to a possible interim solution with a fixed time limit. This approach is similar to the last Soviet proposal, made on 9 May, before the abortive summit meeting. At that time Moscow offered a two-year interim solution, at the end of which the four powers would be com-

mitted to establish a free city and sign a peace treaty with both German states.

The current memorandum also repeats the general threat to conclude a separate peace treaty with East Germany, either at the end of the interim period or in the event that West Germany refuses to participate in the peace settlement. It also repeats the Soviet claim that a separate treaty would liquidate the occupation of Berlin and force the Western powers to negotiate access to Berlin with East Germany.

In dealing with the interim solution, Moscow asserts for the first time that Bonn has no authority to participate in negotiations on such an agreement. This position is in direct contrast to the previous Soviet position and ignores the fact that East and West Germany participated as observers at the Geneva foreign ministers' conference in 1959, when discussions covered an interim agreement. It also contradicts the Soviet note of 2 March 1959 proposing that both German states participate in negotiations "on the question of a peace treaty with Germany and of West Berlin."

The new gambit is probably designed to elicit a West German demand to take part in any discussions--in which case the Soviets could inject the East Germans--or to draw a West German refusal, which the USSR would represent as an acceptance of its

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position that West Germany has no legal relationship to West Berlin.

The remainder of the Soviet memo reaffirms that unification and a peace treaty are separate issues and charges that West German "revisionism" over border questions necessitates the conclusion of a peace treaty. The memo also indicates the USSR will consider West German counterproposals if they are based on the "present situation," meaning the existence of two Germanies.

German War Prisoners

Khrushchev's letter to Adenauer dealt only with the question of repatriation of German nationals in the USSR. The Soviet premier returned to Moscow's position of early 1960 that formal repatriation ended on 31 December 1959 and henceforth would proceed only within the framework of Soviet law.

The repatriation of Germans from the USSR has had considerable domestic significance in West Germany. Nearly 10,000 German war prisoners were released in 1955 and 1956 in connection with the 1955 agreement to establish diplomatic relations between Bonn and Moscow, and their return enhanced Adenauer's

prestige. On the basis of a 1958 agreement, about 13,000 Germans went from the USSR to West Germany. Bonn claims, however, that there are still 10,000 eligible Germans in the USSR seeking to emigrate.

Khrushchev UN Visit Called Off

Khrushchev may have reversed an earlier decision to attend the UN General Assembly session, which resumes on 7 March. Czech diplomats have indicated that Khrushchev would not return to New York for the UN meeting. Czech Deputy Foreign Minister Nosek also gave the impression in private conversations with US officials that he would not be going to the General Assembly as planned and hinted that the bloc might boycott the session unless the issue of Hammarskjold's position was settled to the bloc's satisfaction. The absence of bloc foreign ministers, who might normally attend at least the opening of the resumed session, might be intended as such a "boycott."

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Developments in the Congo may have influenced Khrushchev to pass up the General Assembly. The Soviet leader probably recognizes that his decision to exploit Lumumba's death to the maximum and renew his attacks on Hammarskjold will make a sharp US-Soviet clash unavoidable, and that his personal participation in such a debate would undermine the prospects of a meeting with the President during the UN session.

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Khrushchev's apparent turnabout does not seem to foreclose the possibility of further Soviet attempts to initiate high-level discussions with the US either bilaterally or in a broader framework. Soviet propaganda has given widespread treatment to the recent exchange of telegrams between the President and Khrushchev, and Radio Moscow quotes "many journalists" who view the telegrams as an opening for a "comprehensive dialogue and as evidence of the desire to find a common language in order to settle the essential problems of our times." Moscow's coverage of the President's press conference on 15 February also concentrates on the subject of US-Soviet relations and plays down the opposing Soviet and American position on the Congo.

The Soviet press has refrained from giving an anti-

American flavor to its treatment of the Congo question and has resorted to such euphemisms as Belgium's "NATO allies" in implicating the US in charges against Belgium, Hammarskjold, and the Congolese leaders. Indirect criticism of the US has been conveyed only in reports of Ambassador Stevenson's UN speeches and quotations from foreign press sources.

Moscow now may revert to its proposal for a special General Assembly meeting on disarmament with the participation of heads of government. Chief Soviet UN delegate Zorin in private talks with UN delegations has mentioned such a meeting, and Moscow probably has been sounding out UN opinion before deciding to press the proposal. (b)(3)

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## CUBA

High Cuban officials have on several recent occasions publicly expressed willingness to resume "normal" relations with the United States, although these statements clearly imply prior acceptance by the United States of Cuba's ties with the bloc. The controlled press and radio contrast Cuba's "conciliatory gestures" with what they interpret as increasing signs of US intransigence.

The Castro regime is courting the newly inaugurated Quadros administration in Brazil, but there are indications that Quadros thus far prefers a neutral position and that the Brazilian military would strongly oppose close ties with Cuba. Cuban media have lauded Quadros for his "independence" of the US, and Fidel Castro on 16 February spent several hours with the departing Brazilian

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ambassador, Vasco Leitao da Cunha--the first time in over a year he is known to have talked alone with a Western diplomat. The ambassador, who left later the same day to assume the second most influential post in Brazil's Foreign Ministry, told the Brazilian press on his return home that "Fidel Castro emphasized to me that Cuba cannot withdraw from the American community" and that Castro expects President Quadros to visit Cuba shortly.

Leitao da Cunha was one of the more knowledgeable diplomats during his nearly three years in Havana, and it is doubtful that he succumbed to Castro's blandishments; his private report to high Brazilian officials will probably be pessimistic concerning Cuban developments. Quadros, who visited Cuba last year as a presidential candidate, is not known to have expressed an intention to return.

Ecuador's attempts to promote an inter-American effort to "conciliate US-Cuban differences" appear to have met with little favorable response. Cuba is encouraging the Ecuadorean move as it would encourage any

Latin American move that could be used to demonstrate "US intransigence." Castro's recent threat to support antigovernment groups in other Latin American countries--in retaliation for US aid to Cuban refugees--has led to bitter anti-Castro reactions elsewhere in the hemisphere and serves to undercut Cuban efforts to appear desirous of maintaining normal relations with other hemisphere countries.

Cuba's recognition of the Gizenga regime in the Congo on 16 February was accompanied by propaganda blasts at the United States, as well as at the UN and Belgium, equaled in virulence only by Communist China's.

Inside Cuba, government forces continue to try to liquidate anti-Castro guerrilla forces in the Escambray Mountains of Las Villas Province, but there is still no indication that the operations are nearing success. It has been over six months since the government initiated this effort and nearly two months since it announced the launching of a "major offensive."  (b)(3)

## DE GAULLE - BOURGUIBA MEETING

Preparations are continuing for a meeting between De Gaulle and Tunisian President Bourguiba--now reportedly set for 27 February--to discuss the Algerian

problem. There have been press reports that official contacts have already begun secretly between the French and the rebel Provisional Algerian Government (PAG).

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Tunisian Secretary of State for Information Mohamed Masmoudi has made two trips to Paris, where he talked with De Gaulle, Premier Debré, Minister for Algeria Joxe, and Foreign Minister Couve de Murville. Masmoudi, an admirer of De Gaulle, returned to Tunis after the first trip reportedly convinced of De Gaulle's sincerity in desiring to negotiate a settlement.

Masmoudi said the French nevertheless would have to pledge the release of imprisoned rebel leader Ben Bella and suggest a date to begin negotiations in order to convince the rebels of the "purity" of De Gaulle's intentions. According to Masmoudi, De Gaulle said that "at a minimum" he would permit Ben Bella to come to Paris to talk with Bourguiba.

Masmoudi and Habib Bourguiba, Jr., told an official of the US Embassy in Rome on 17 February that members of the PAG, following a meeting with

Tunisian ministers the previous day, now are in full agreement that Bourguiba should meet with De Gaulle in the interests of bringing about direct negotiations.

the rebels are deliberately not displaying optimism about Bourguiba's mission for fear of raising peace hopes and thus bringing about a slackening of effort by fighting units in Algeria. They feel, moreover, that crucial substantive problems will remain even if Bourguiba succeeds in bringing the French and the Algerians to the conference table.

Most French officials, while voicing cautious optimism, continue to stress that achieving a negotiated settlement would be a long and difficult process. Like the PAG officials, the French usually take this line--or even a more frankly pessimistic one--when commenting to domestic or foreign leaders who are pressing for evidence of progress toward a settlement.

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## SINO-SOVIET TREATY ANNIVERSARY

The USSR and Communist China observed the 11th anniversary of the Sino-Soviet friendship treaty on 14 February with strong protestations of their "everlasting and unbreakable" solidarity. Both sides also showed a desire to submerge those unresolved issues which were openly argued prior to the Moscow conference of world Communists last November.

Peiping and Moscow normally use the annual celebration as a major occasion for affirming their friendship and for demonstrating their solidarity against the West. Both have gone to considerable lengths this year to create a picture of harmony which masks the true state of their relationship.

Moscow gave the celebration much more than normal attention, larding its commentary with extravagant expressions of friendship and going out of its way to accommodate Chinese views. Speaking at the Chinese Embassy reception in Moscow on 13 February, presidium member Suslov placed unusually strong emphasis on Soviet government and popular support for Peiping's "liberation" of Taiwan. In addition, Suslov made a rare allusion to Moscow's 1958 declaration that an attack on China would be regarded as an attack on the USSR.

Each side showed some disposition to seek common ground and tailored certain statements specifically for home audiences of the opposite side. Speaking in Peiping, the Soviet ambassador offered a rare endorsement of the Chinese communes as a means to overcome natural calamities. Writing for the holiday issue of Pravda, the president of the Chinese Sino-Soviet Friendship Association echoed Soviet formulations on the destructive power of nuclear war and declared that wars (not merely world wars) can be prevented by the united action of the Communists. Both sides

declared that the West is preparing for a new war.

Peiping's interest in displaying cooperativeness at this time may be reinforced by its current economic difficulties. Preliminary talks on trade and economic relations between the two nations now are beginning in Peiping, several months after the usual start of the annual negotiations. The delay reflects both Chinese economic problems and the uncertainties resulting from the Sino-Soviet dispute. The discussions are likely to be especially arduous as a result of the deterioration in Sino-Soviet economic relations which began in mid-1960 when Moscow abruptly withdrew its technicians from China.

Developments since then indicate that a new stage has been reached in economic relations. Peiping now may be moving to reduce its heavy dependence on the Soviet Union and the rest of the bloc. China's foreign minister, however, recently expressed confidence that the current talks will lead to a new agreement on "mutual assistance and cooperation."

Strong discontent with each other's views continues, however. Whereas Khrushchev personally attended the Chinese reception in Moscow, Mao Tse-tung and his two top lieutenants, who played the major role in the dispute, did not go to the Soviet reception in Peiping. The Chinese kept up their subtle pressure for a greater role in policy formulation by emphasizing that Sino-Soviet unity is the "cornerstone" of the unity of the whole socialist camp. Communist China offered only limited endorsement of such cardinal Soviet policies as peaceful coexistence and disarmament and again promised to "defend" the Moscow declaration-- a promise replete with possibilities for a renewal of the polemics at a later date.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## BREZHNEV'S VISIT TO AFRICA

Soviet President Brezhnev has completed a 12-day visit to Africa during which he carried forward the USSR's effort to identify itself with the extremist, anti-Western views of the leaders of Guinea and Ghana. The high level of the delegation accompanying Brezhnev suggests that Moscow intended a review of all phases of Soviet-Guinean relations, with emphasis on future areas of economic and political cooperation, particularly with regard to the Congo.

In view of the haste with which the trip was scheduled and the last-minute addition of Ghana to the itinerary, it may have been planned to counter growing indications in late January and early February of new Western attempts to find a compromise formula to stabilize the Congo situation.

TASS announced on 2 February that a Soviet party delegation would pay an official visit to Guinea at the invitation of President Touré "in the second half of February." The group was to be headed by Brezhnev and to include the deputy ministers of foreign affairs, culture, and foreign trade, the deputy chairman of the State Committee for Foreign Economic Relations, and the heads of the First and Second African Departments of the Foreign Ministry. Four days later, however, it was announced that the schedule had been moved up and that the visit would begin on the 9th and last for three days.

Rabat originally was to be merely a stopover, but the stay was extended to 36 hours on short notice. Then, although it had already been announced that Brezhnev would leave for Moscow on 16 February, he went instead to Ghana for three days.

The stop in Morocco coincided with the arrival of 14 gift Soviet MIG aircraft. An agreement providing for large-scale Soviet economic aid, possibly including a \$120,000,000 credit, reportedly was initialed by Brezhnev and Crown Prince Moulay Hassan. In the past Morocco has rebuffed Soviet offers to provide economic assistance.

Commercial and cultural exchanges were also discussed, and Brezhnev invited Crown Prince Moulay Hassan to visit the USSR for the May Day celebrations. Brezhnev reportedly praised the King for convening the recent Casablanca conference and for his personal role in its deliberations. The conference, attended by radical African heads of state, adopted extreme anti-Western positions regarding the Congo and Algeria and endorsed other Soviet positions.

The close cooperation between the USSR and Guinea was underscored during Brezhnev's visit. In his speeches, President Sekou Touré praised the Soviet Union as the "unselfish friend and staunch champion" of newly independent countries and oppressed peoples.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

The joint communiqué signed on 15 February stated that the two countries had reached full agreement on major international problems, including the liquidation of colonialism, the need for general and complete disarmament, self-determination for Algeria, and the prohibition of military bases on foreign territories. They pledged "firm and unqualified support for the legal Congolese Government of Gizenga," and placed total responsibility for Lumumba's death on "Belgium, its allies, and the UN Secretary General."

Although no announcement has been made concerning economic aid, the extent of Soviet participation in construction of Guinea's Konkouré Dam was almost certainly discussed. Soviet and Czech survey teams have been in Guinea for several weeks, and Touré has previously stated that the USSR is prepared to extend the necessary credits for the project.

Brezhnev's last-minute decision to visit Ghana was apparently at President Nkrumah's request. The Ghanaian leader may have wished to discuss in more detail the wide range of development projects, specified in a December 1960 protocol, to be carried out by the USSR over the next several years. He may also have hoped to sound out Brezhnev on the possibility of substituting Soviet for Western aid in connection with the \$350,-

000,000 Volta project now in the final stages of negotiation with a Western consortium.

The USSR's swiftness in protesting the 9 February "attack" by a French jet fighter on the IL-18 carrying Brezhnev to Morocco, and the publicity given the incident by Soviet news media, underlined Moscow's efforts to heighten anti-French feeling among Africans. The Soviet leaders probably hoped it would also point up the international implications of the Algerian war and stiffen the attitude of the rebel government in anticipated negotiations with France. Moscow promptly published on 12 February a Guinean protest to France which charged the French Government with "abiding hostility to any international detente and the policy of cooperation."

Khrushchev is expected to make his long-awaited African tour this year; he has accepted invitations to the UAR, Morocco, Guinea, Ghana, Togo, Liberia, and Ethiopia. Travel plans of several of the African leaders appear to preclude a visit earlier than midyear. While in Guinea, Brezhnev noted that Khrushchev would visit that country "as soon as possible." Brezhnev's visit provided key African leaders with the personal high-level attention that has become a hallmark of Soviet diplomacy.  (b)(3)

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## BELGIAN DIFFICULTIES IN RUANDA-URUNDI

Belgium's plan to lead its trust territory of Ruanda-Urundi to independence as two separate states received a setback in late January when leaders of the provisional government of Ruanda--the northern state--declared it an "independent republic." This action reflects the determination of one tribal group to maintain its present power and to exclude from the government the former ruling tribe ousted in late 1959 with Belgian collusion.

Until 1955 Belgium had followed a policy in Ruanda of supporting the traditional Tutsi aristocracy over the more numerous but more backward Hutu tribe. Belgium thereafter gradually withdrew its support of the Tutsi and their Mwamis (kings) --who had become less responsive to advice from Brussels-- and encouraged the serflike Hutus to demand an end to Tutsi domination. Tension between the rival tribes mounted until late 1959, when the Hutus, inspired by the Belgians, began a year-long insurrection. After deposing the Tutsi Mwami and forcing nearly half the Tutsi population into exile, the Hutus in October 1960 established a provisional government in Kigali, the Ruanda capital.

The Hutu leaders were more interested in persecuting the remaining Tutsis and in securing their newly won positions of power than in developing a responsible government. The Belgians, mindful of the Hutus' administrative inexperience and seeking to present at least a facade of national unity to the UN, sought to induce some of the more moderate Tutsis to reassume an active political role.

Meanwhile, the UN--with the anticolonial Africans and Asians interested in the circumstances surrounding the ousting of the Mwami, still the legal chief of state--recommended

in December that legislative elections promised by Belgium for January be postponed, and the General Assembly dispatched a fact-finding commission to the trust territory. Preliminary comment by a member of the commission indicates that the report--to be submitted to the General Assembly's resumed session next month--will be very critical of Belgium's administration.

The increased UN activity brought a further deterioration of relations between the rival tribes. In addition to lessening Tutsi enthusiasm for cooperation with the Hutus, it encouraged less moderate Tutsi elements in exile to prepare for the "liberation" of Ruanda.

The Hutu leaders, convinced that the UN resolution will strengthen the Tutsis, declared Ruanda an "independent republic," although still under the guidance of the UN and Belgium, and announced a new government which excluded even token Tutsi participation.

Brussels responded by issuing a statement on 1 February which implied de facto recognition of the Hutu government. The statement also reiterated Belgium's responsibility to the UN for administering the trusteeship and urged tripartite discussions with the UN and the Ruanda regime on the current situation and on granting complete independence next year. An official in Brussels told the American ambassador on 9 February, however, that Belgium may "throw up its hands" in Ruanda and present the whole problem to the General Assembly at its resumed session in March.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## TANGANYIKA TO SEEK INDEPENDENCE THIS FALL

Julius Nyerere, chief minister of Tanganyika, made a strong effort to persuade British Colonial Secretary Macleod to designate 1 October as the date for the independence of this East African trust territory during the 27-30 March constitutional conference with British officials in Dar es Salaam. Nyerere, a moderate nationalist considered the ablest native leader in East Africa, probably hopes this move will undercut the growing popularity of the rival--and increasingly extremist--African National Congress (ANC) and other dissident minorities, which are expected to form a single opposition party within the next six weeks.

London has already promised early independence for Tanganyika but would be reluctant to set an early date because of the political situation in Britain and in its other African territories; London may give its consent, however, if convinced by Nyerere that this move is necessary to preserve his position.

Nyerere's action also reflects a change of tactics. He has been promoting the establishment of an East African federation, which would include Tanganyika, Kenya, and Uganda. Heretofore, he had urged that the federation include territories which had achieved only internal autonomy, on the ground that newly independent states would be reluctant to surrender the prestige of national sovereignty. He had indicated a willingness to delay Tanganyika's independence until other prospective member territories had reached a similar level of self-government.

This position has been heavily attacked by Nyerere's opponents. The ANC, which has not hitherto been a serious com-

petitor to Nyerere's Tanganyika African National Union (TANU), may soon develop into a dangerous opposition movement. ANC President Mtemvu, who polled a meager 67 votes against his TANU opponent's 7,500 in last August's legislative elections, was, by December, attracting audiences numbering several thousand.

These potential ANC supporters reacted enthusiastically to Mtemvu's charges that TANU had failed to keep its campaign promises to provide abundant jobs, "Africanize" the civil service rapidly, and expand educational opportunities in the territory. These and similar attacks made by ANC leaders have caused a considerable amount of criticism from leaders in the Tanganyika Federation of Labor--hitherto an arm of TANU--and even from some TANU members of the Legislative Council. Furthermore, when Mtemvu returns from a current fund-raising trip to Moscow and Peiping, he probably will launch colorful and well-planned membership campaigns while renewing attacks against Nyerere's administration.

Nyerere may also be forced to modify his pro-Western orientation in order to refute opposition charges that he is an American tool as well as to placate some important leaders of his party who have long disagreed with what they identify as the US position on the Congo. Many of his lieutenants are openly contending that Katangan President Tshombé is an "American creation." In a press conference on 16 February, an ANC spokesman announced a day of mourning for Lumumba and requested the Tanganyika Government to close both the Belgian and American consulates in the country and to deny the use of Dar es Salaam's port facilities to these countries.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## ECONOMIC DEVELOPMENTS IN NORTH VIETNAM

North Vietnam's admission of failure to fulfill agricultural goals belies its claim to have successfully completed its Three-Year Plan (1958-60). Rice output in 1960 was reportedly 4,470,000 tons--only 80 percent of the revised goal--compared with a claimed 5,190,000 tons in 1959 and 4,580,000 tons in 1958. However, total food production in 1960 is believed to have been about the same in 1960 as in 1958.

Last year's drop in rice output probably was the result mainly of natural calamities. The stepped-up socialization drive may also have affected the harvest; the regime claims that 85 percent of the peasants now are in agricultural cooperatives.

Demands on agriculture--to meet the needs of a rapidly growing population as well as to supply raw materials for local industry and for export--have grown steadily. Reluctant to call attention to last year's poor crop, the government has blamed deficiencies in management and distribution for the food problems. State procurement agents apparently have not picked up the state's full quota of rice, and as a result, illegal sales, speculation, and hoarding continue. Rations of rice apparently have been cut in both rural and urban areas.

For the period 1958-60, the regime has claimed an annual average increase of 17 percent in the gross value of output by light industry, including food processing. In heavy industry, still relatively small in North Vietnam, value of output was reportedly three times higher in 1960 than in 1957.

Agriculture and light industry will receive continued

attention in the Five-Year Plan (1961-65), and initial steps will be taken to develop heavy industry, beginning with electric power, metallurgy, and machine building. Original targets called for an average annual increase of 20 percent in the gross value of industrial output and 10 percent in agricultural output.

Recently announced targets for 1961 are even more optimistic, calling for an increase over 1960 of 29 percent in industry and nearly 29 percent in agriculture. Production of rice is to be raised from 4,470,000 tons in 1960 to 5,563,000 tons this year. The achievement of such a sharp jump seems highly unlikely, especially since even greater gains are planned for other sectors of agriculture; industrial crops are to increase 63 percent, livestock 44 percent, and fishery production 20 percent.

China on 31 January extended an additional credit of \$157,000,000 in support of North Vietnam's Five-Year Plan, boosting total bloc aid since 1955 to about \$882,000,000. The new credit will be used to build or expand 28 enterprises in the fields of metallurgy, power generating, light industry, and railways. The minister of light industry stated recently that the new agreement will create more favorable conditions for the production of consumer goods "to ameliorate the people's conditions."

Since domestic resources are inadequate, goals for the Five-Year Plan appear overly optimistic, and the scheduled progress in agriculture and light industry can be achieved only if bloc aid continues. Emphasis on heavy industry may increase, but significant gains will depend on obtaining additional bloc aid.

(Prepared by ORR)

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## PRO-COMMUNIST "PEACE" CONFERENCE TO MEET IN MEXICO

The "Latin American Conference on National Sovereignty, Economic Emancipation, and Peace" scheduled for Mexico City from 5 to 8 March, is a Communist-backed event designed to promote anti-US and pro-Castro sentiment. Sponsored principally by former Mexican President Lazaro Cardenas, a Stalin Peace Prize winner and high official of the Communist-dominated World Peace Council, the conference is expected to draw a large number of leftist and Communist delegates from most of the 20 Latin American countries, Asia, Africa, and the Sino-Soviet bloc.

The World Peace Council, its Mexican affiliate, and the Cuban Government appear to be the main organizational and financial backers of the conference. Leading figures in addition to Cardenas include Vicente Lombardo, head of the Communist regional labor organization, the Cuban ambassador to Mexico, and a number of Mexican and other Latin American leftists primarily connected with the "peace" movement in the hemisphere.

The Mexican Government is neither obstructing nor openly supporting the event, probably in deference to Cardenas' political prestige and influence, especially among radical elements. Nevertheless, if violent anti-American demonstrations

should be instigated by the Mexican leftist student groups which have been asked to participate, the government would probably intervene promptly to maintain order.

The tentative agenda of the conference will include such topics as anti-imperialism, anti-colonialism, defense of national resources, and disarmament, as well as support of the Cuban revolution. These subjects coincide precisely with those advocated by Latin American Communist delegates who proposed a "People's Congress" for Latin America at special sessions in Moscow in early 1959 at the time of the 21st Soviet party congress. As then projected, the congress was to be sponsored overtly by prominent leftist figures in the area--including Cardenas--with Communist participation camouflaged. It was to be in support of the Cuban revolution and national economic resources, and designed to spread anti-US sentiment in the hemisphere.

The Mexican peace conference seems to be the fruition of several Communist efforts to convene a "people's congress," which was originally set for April 1959, the height of Castro's prestige in Latin America. Cardenas' reputation may give the conference a substantial anti-US propaganda impact.  (b)(3)

## CHILE'S CONGRESSIONAL ELECTIONS

The Chilean congressional elections of 5 March are being fought mainly on issues connected with President Alessandri's efforts to cope with inflation along the lines of the US-backed stabilization program.

Popular resentment of some of his austerity measures is expected to result in minor losses by the Conservative and Liberal parties, which support Alessandri, but to leave pro-Alessandri parties still in control of both houses.

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**BACKGROUND**

*The US replaced Great Britain as the largest direct investor in Chile during World War II, and direct US investments now account for approximately 70 percent of total foreign investments in Chile. About two thirds of US investments are in the mining industry, primarily copper--the country's principal export and primary source of government revenue and foreign exchange. Only in Canada does the US have a greater investment in mining. Public utilities, manufacturing, and trade are, in that order, the next most important areas of direct US investment. In 1958 such investments totaled \$736,000,000.*

Leftist parties have tried to push closer relations with the bloc as a remedy for the country's economic difficulties. The increasing number of visiting bloc delegations in recent months--Chile has no diplomatic relations with the bloc--may in part be an attempt to embarrass the government. A Hungarian mission, in talks with officials in Santiago, has tried to exploit Brazilian President Quadros' statements on expanding relations with the bloc, and has pointed to the US balance-of-payments and unemployment problems.

The Communist party, legalized since the last congressional elections, will be able to campaign openly for the first

time since 1947. It now controls six seats in the Chamber of Deputies, and some observers expect it will double that number and acquire two of three seats in the Senate. Any gains probably would be at the expense of other leftist parties, however (b)(3)

particularly the militant Socialist party, whose pronouncements usually parallel the Communist line--and may lead to heightened tensions within the Popular Action Front (FRAP), the coalition of far-left parties dominated by the Communists and the Socialists.

The FRAP candidates are expected to poll about 25 percent of the popular vote. If, in addition, left-wing elements in the middle-of-the-road Christian Democratic and Radical parties become significantly stronger, there will be growing pressure on Alessandri to modify his conservative domestic and foreign policies.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

SPECIAL ARTICLES

## COMMUNIST CHINA'S NATURAL RESOURCES

Since 1953, Communist China has been making a determined effort--organized under several five-year plans--to exploit its natural resources to the maximum. Before the Communists came to power in 1949, these resources were for the most part developed by the exigencies of circumstance--the pressure of population in the case of agriculture, and foreign interest in the case of industry--rather than by design. This resulted in a high degree of development of agricultural resources but very little of industrial resources.

The regime began a program in 1952 to locate and evaluate its natural resources, but it will be many years before potential reserves can be fully proved. Thus, with few exceptions, current production is based on the intensive exploitation of resources known to exist before 1949. For these reasons, Western estimates of Chinese reserves are based on proved reserves plus potential reserves where these are likely to be proved within the next five or ten years.

Minerals

Reserves of iron ore are believed to be over 10 billion tons. While the iron content of much of the ore is low, as in the USSR, there is as yet no indication that this will prevent China from becoming one of the largest steel producers in the world.

Deposits of coking coal are also large, and, like those of iron ore, sufficiently well distributed to permit the establishment of large iron and steel centers in various regions. The three most important

sites are at Anshan in the northeast and the two now under construction at Wuhan, in Central China, and Paotou in the north.

China also has enough of the alloying element manganese to support a large expansion of the 1960 steel output of 18,000,000 tons. Potential reserves are estimated at 300,000,000 tons, compared with proved reserves of 2.2 billion tons in the USSR and only negligible amounts in the US. Chinese deposits, if proved, would constitute the world's third largest--after the USSR and India.

Copper reserves are estimated at 10,000,000 to 20,000,000 tons, substantially below the 32,500,000 tons in the US and 35,000,000 tons in the USSR but probably adequate for China's needs. Domestic production of copper has been insufficient so far, but this is attributable more to bottlenecks in processing than to a lack of ore.

COMPARISON OF RESERVES OF NATURAL RESOURCES

	COMMUNIST CHINA	UNITED STATES	USSR
<b>METALS</b>			
(million metric tons)			
Manganese	300	negligible	2,200
Copper	10-20	32.5	35
Bauxite	500**	50	600
Tin	1.9	0	0.5
Iron Ore		*	38
(billion metric tons)	10		
<b>POWER SOURCES</b>			
(billion metric tons)			
Coal	1,500***	1,700	8,700
Crude Oil	1.2***	4.3	3.4
Hydroelectric Potential			
(million kilowatts)	270-320	90	197
<b>LAND</b>			
(thousand square miles)			
Total Area	3,725	3,023	8,648
Cultivated Area	432	625	849
Sown Area	579 - 617****	594	752
Forests	386	1,000	2,868

\* Available figures not calculated on a comparable basis.  
 \*\* Made up of shale and clay.  
 \*\*\* Potential as opposed to proved.  
 \*\*\*\* Areas of multiple croppings are counted more than once, resulting in a total figure higher than that for cultivated land.

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Reserves of aluminum ore, consisting of aluminous shale, clay, and diaspore, are estimated at 500,000,000 tons. China has no bauxite--a superior source of aluminum--whereas the US has bauxite reserves of 50,000,000 tons and the USSR 600,000,000 tons. Chinese reserves of aluminum ore are, however, considered ample both for future industrial development and for export.

China is believed to have proved tin reserves of 1,900,000 tons; the USSR has 500,000 tons, and the US none. Chinese production, estimated at 34,000 tons in 1959, has changed the Communist bloc from a tin-deficit to a tin-surplus area.

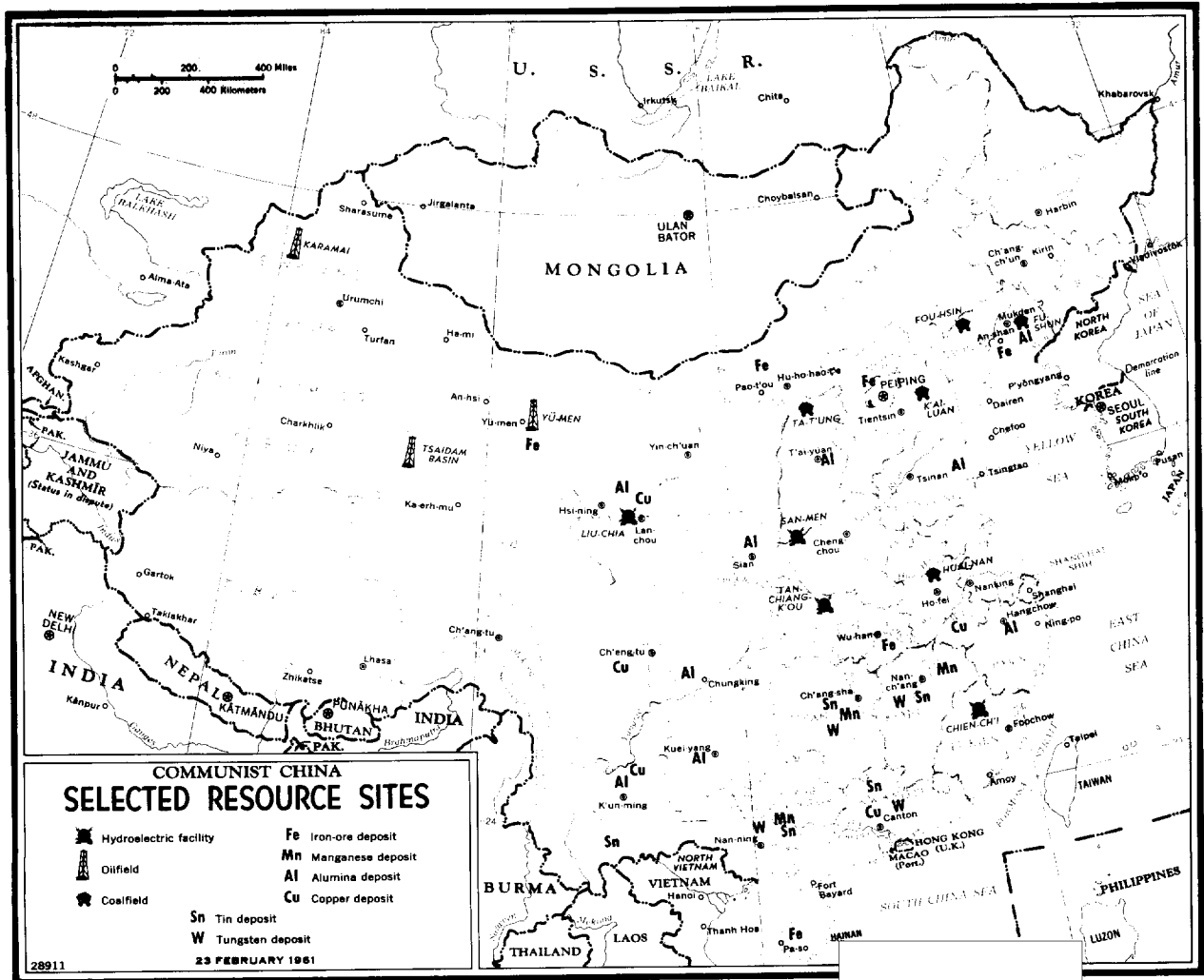
Reserves of many other metals are also large. China has the world's largest deposits

of tungsten, the world's second largest deposits of molybdenum, and reserves of antimony, magnesium, and mercury which are more than ample for current and future needs. It also has rich deposits of rare metals, such as beryllium, columbite, and tantalite, and may have important reserves of those minerals essential to the production of fissionable materials, notably uranium.

China's only mineral ore deficiency is in chromium and nickel. While these are important alloying materials, the need to import them does not significantly reduce China's over-all resource position.

Energy

China has abundant high-quality coal. The Communists



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## CURRENT INTELLIGENCE WEEKLY SUMMARY

have estimated their reserves at 1.5 trillion tons, about 44.2 billion tons of which are probably by Western standards, "proved." At the 1959 production rate--almost 350,000,000 tons--such proved reserves would support production for more than 100 years.

Over 80 percent of China's coal is bituminous, which is well suited to industrial and other heating applications. Although coking coal constitutes a relatively small proportion of total reserves, there is enough to support a large expansion of the iron and steel industry.

The abundance of coal is made more important by deficiencies in petroleum and firewood. Moreover, about 85 percent of China's output of electric power in 1959 was from thermal plants which burn coal. Railroads, the main form of modern transportation in China, also depend on coal.

Proved reserves of natural crude oil are believed to be only 130,000,000 tons, although potential reserves may be as high as 1.2 billion tons. However, such a potential, if proved, would sustain an annual crude production over 25 years of only about 40 to 50 million tons. This is approximately 10 to 15 times that of 1960, but only a fraction of present output in the US and USSR.

China does have large reserves of oil shale which could probably yield as much as 15 billion tons of oil. However, technical problems and high costs make it economically unfeasible to exploit the shale resources to this extent.

Communist China has had to import almost half its petroleum supply and will probably continue to be dependent on foreign suppliers, although to a

lesser degree, for many years to come. Development costs and the remote location of known reserves, whatever their real potential, will probably prevent domestic production from keeping pace with the increased demand for petroleum generated by industrialization.

The technical potential of China's water-power resources--the maximum amount of power technically exploitable regardless of cost--is estimated to be between 270,000,000 and 320,000,000 kilowatts, compared with about 90,000,000 in the US and 197,000,000 in the USSR. However, many of the locations of water-powered potential are far removed from present or future major centers of industry and population. Under present plans, hydroelectric plants are to provide about a third of China's generating capacity by the end of 1967. Even then, only about 5 percent of the country's technical potential would have been exploited.

Hydroelectric projects now under construction include the plants at Sanmen, on the Yellow River (with a planned capacity of 1,100,000 kilowatts); at Liuchia, also on the Yellow River (1,050,000 kilowatts); at Tanchiangkou, on the Han River (900,000 kilowatts); and at Chienchi, on the Min River (1,200,000 kilowatts). These projects are part of the regime's long-range plan to develop new industrial centers. They are also an integral part of the water conservancy program, which it is hoped will both moderate the ravages of China's recurrent floods and provide extensive irrigation facilities.

Agricultural Resources

China's agricultural resources, although extensive, are small in relation to the demands they must meet. In

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

addition to feeding and clothing an enormous population--700,000,000 at the end of 1960--they must provide export goods to finance the imports of machinery and equipment necessary for industrialization. The extent to which these needs are met depends predominantly on the degree to which yields from land presently under cultivation can be increased, and to a lesser extent on the degree to which new agricultural resources can be developed.

With a population more than 3.5 times that of the US, Communist China has a cultivated land area--about 430,000 square miles, or 12 percent of total land area--equal to only about two thirds that of the US and one half that of the USSR. Moreover, the Chinese population is growing more rapidly than either the American or the Soviet. Because of extensive multiple cropping, however, total crop acreage (about 600,000 square miles), as distinct from cultivated land, is roughly equal to that in the US and about 80 percent of that in the USSR.

Cultivation of farmland on the China mainland is more intensive than anywhere except Japan and Taiwan. Multiple cropping, extensive irrigation, and maximum use of natural fertilizers combine to offset lack of machinery and chemical fertilizer and to maintain yields well in line with the world average. Cultivated land is concentrated in the eastern one third of the country, the western part being generally too mountainous and arid. Although China farms only about 12 percent of its total land area, there is little potential

for any appreciable increase in cultivated area.

It will thus be difficult for the Chinese to increase agricultural output rapidly and cheaply. Attempts to enlarge cultivated area through reclamation and additional double-cropping have so far failed to justify the high cost. Increases in agricultural production, a factor vital to the industrialization program, must come mainly from better seed and the application of additional labor, water, chemical fertilizer, and, in selected areas, agricultural machinery.

Climatic conditions are another key factor. Fluctuations in the amount and distribution of rainfall are frequent, particularly in central and northern China, and droughts and floods periodically cause serious crop losses. Success in applying modern technology to lessen the effects of drought, floods, and other natural calamities will be an important determinant of China's economic growth. Crop losses from calamities in 1960 aggravated an already precarious food situation and were an important factor behind a cut-back in industrial expansion in 1961.

Agriculture thus constitutes the most important weakness in the country's resource pattern and will remain so for a long time. Since the country's farmland has just begun to feel the impact of modern technology, there is every possibility for increasing agricultural output sufficiently to maintain economic growth, but time and money are needed. (b)(3)

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THE ITALIAN COMMUNIST PARTY

The Communist party (PCI) still commands the support of about one in every four Italian voters, many of whom vote for the Communists as a means of protest against the government. The improvement since World War II in Italy's standard of living has not overcome the maldistribution of wealth and unemployment which the Communists exploit. The Communists have also profited from the instability of Italian cabinets in recent years and from the government's failure to reflect in any considerable measure the voting trends to the left.

The party's immediate aim is to block the threat of political isolation implicit in attempts by its former supporter, Socialist leader Pietro Nenni, to bring his party into an alliance with the center parties.

Since Giuseppe Saragat split the Socialists in 1947

ITALY: COMMUNIST AND SOCIALIST SHARE OF VOTE

(IN PERCENT)

	CONSTITUENT ASSEMBLY 1946	CHAMBER OF DEPUTIES			LOCAL PROVINCIAL COUNCILS 1960
		1948	1953	1958	
COMMUNIST PARTY (PCI)	19.0	} 31.0	22.6	22.7	24.5
SOCIALIST PARTY (PSI)*	20.7		12.7	14.2	14.4

\*In 1947, Giuseppe Saragat split with Pietro Nenni's PSI and later formed the Democratic Socialist party (PSDI).

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the Communists have been the second-largest political element in Italy. They have improved their voting percentages steadily despite adverse foreign and domestic developments. Their electoral success is particularly remarkable because it has been accompanied by a fall-off in the strength of the party's labor arm and the defection of Pietro Nenni, leader of the Italian Socialist party.

Present Standing

Communist party membership claims have declined from 2,000,000 in 1954 to less than 1,800,000 in 1958-60. Some estimates put it as low as 1,400,000 as of April 1960. The Communist party vote has consistently been strong in central and northern Italy, and in the late 1960s the party expanded its efforts in the south. In the nationwide voting for provincial councils last year, however, the south showed a loss of about one percent despite a slight national gain for the Communists over 1958. Although there was some retrenchment in its press program during the slump following the Hungarian revolution, the party's daily Unita maintains a circulation comparable to that of Italy's largest independent newspaper.

The Communist-dominated General Labor Confederation (CGIL) has more members than Italy's two major free unions combined, and the number of CGIL offices manned by Communists is far out of proportion to the number of Communists among about 1,500,000 members. In shop steward elections, nearly 50 percent of industrial labor supports the CGIL candidates; however, these include Socialists as well as Communists.

Like the other parties, the Communists in recent years have had difficulty in recruiting youths; the Communist youth federation, the FGCI, has declined in membership from

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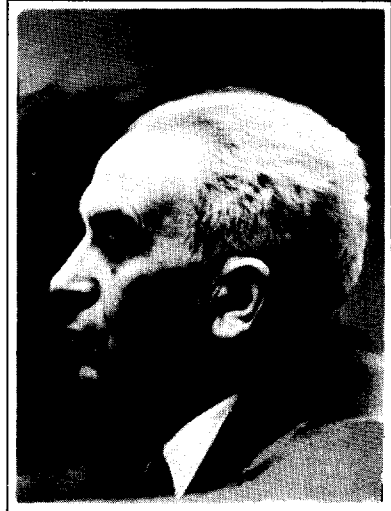
## CURRENT INTELLIGENCE WEEKLY SUMMARY

450,000 in 1954 to 200,000 in 1960. The women's group, the UDI, has also fallen off. Joint Socialist-Communist organizations such as the "Committee for Rebirth of the South" have been abandoned by the Socialists and have largely collapsed, although the Socialists continue to participate in important organizations such as the CGIL and the national association of resistance fighters (ANPI), as well as in consumer and other cooperatives that are dominated by the Communists.

At the same time an influx of postwar Communists into the PCI central committee and as officers of provincial party federations has reduced the organization's dynamism by bringing in persons without experience of party discipline under stress. It can be expected to result in fractionalization over controversial issues such as Moscow's policies, the party's handling of the Nenni Socialist defection, and Communist cooperation with rightists--as occurred in the Sicilian regional government.



TOGLIATTI



LONGO

Prominent Communist deputy Giancarlo Pajetta is reported to have become involved during the past two weeks in an intra-party disagreement regarding relations with Nenni. A member of the party directorate, Pajetta had been mentioned as a possibility to succeed party Secretary Palmiro Togliatti--now 68--although he does not appear to have the necessary party-wide support.

Giorgio Amendola, also a deputy of and directorate member, might be a successor preferred as having a more flexible approach than Pajetta and better past relations with Nenni, although in recent years Nenni and Amendola have carried on

bitter polemics. Togliatti's deputy, Luigi Longo, a hero of the anti-Fascist resistance and more blindly responsive to Moscow than is Togliatti, is perhaps more often mentioned as a possible successor. Should the Soviets revert to the hard line, deputy Pietro Secchia, a hard-core revolutionary, might emerge as a contender.

Thus far Togliatti has successfully



AMENDOLA



PAJETTA

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

played off potential rivals, and his eventual successor may be a dark horse.

Sources of Weakness

Once it had lost its bid for political power in the immediate postwar years, the PCI had to work under increasingly difficult conditions. Italy's economic situation improved; the party was obliged to adhere to the unpopular Soviet cold-war line; and financial contributions from Moscow were declining.

The situation was aggravated by the line taken by Khrushchev's policy at the Soviet party congress in 1956. The Italian party was disrupted and disoriented and lost such prominent and capable members as Antonio Giolitti, its intellectual spokesman, and Eugenio Reale, diplomat and former party treasurer. At the same time Pietro Nenni publicly attacked the basic systems of both Soviet and Italian Communism.

The most severe blow to PCI prestige was probably the break with the Italian Socialist party. Since Nenni announced the end of the unity-of-action pact with the Communists in 1956, the two parties have engaged in a continuous controversy, although Communists and Socialists continued closely identified in the CGIL, cooperatives, and over 1,000 local governing bodies. On the vote confirming Fanfani's government in August 1960, the Socialists for the first time in 13 years abstained in preference to joining the Communists in the opposition. In November 1960 the Socialists for the first time presented provincial election slates in competition with Communist lists.

The prospect of PCI political isolation sharpened in early 1961 when the Christian Democrats

accepted Socialist collaboration in forming municipal governments in the key cities of Milan and Genoa.

Sources of Strength

Despite these blows, the Italian Communist party leadership probably views the future with some optimism. Rumors that Togliatti is about to be replaced have died down during the past year, and his position in international Communism is relatively high. After some initial hesitation over Khrushchev's criticism of Stalin he quickly stepped into line, and now is firmly behind Moscow in the Sino-Soviet dispute, although friction on the issue continues within the party.

He may anticipate that Soviet foreign policy will create less difficulty for the Italian party than was usually the case in the 1950s, but even if he is called on to defend a new switch, he probably hopes to rely heavily on the increased prestige the USSR has derived in recent years. The Soviets' success in orbiting the first space satellite in the fall of 1957 and their more recent Venus probe offer dramatic opportunities for Italian Communist exploitation.

The Italian Communist party, besides being accepted as a respectable political group, has heavily penetrated the Italian cultural field. Furthermore, the party retains its wartime prestige as leader of the anti-Fascist resistance, and it was natural for the Socialists and members of the center parties to join the Communists in the anti-Fascist rallies which precipitated the downfall of Premier Tambroni in mid-1960. While politically motivated strikes called by the Communists no longer attract the mass response Communist agitators were able to

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CURRENT INTELLIGENCE WEEKLY SUMMARY

elicit just after the war, the riots this summer showed that issues such as anti-Fascism can still elicit joint action with the Communists. In the spring of 1960 the Communists were able to exploit disorders between civilians and government paratroops in Pisa and Leghorn.

A rash of short strikes later in 1960 indicates a new urgency in labor's demands. Management no longer discriminates against the Communists in order to secure US-backed contracts for manufacture of military materials, and recent shop steward elections have again given the CGIL strong support. On genuine economic issues the Christian Democratic and Social Democratic labor unions participate in strike activity with the CGIL, as in the December walkout of metalworkers.

Moreover, Italy's basic socio-economic ills, which the Communists have long decried, are still to be cured. The disparity in wealth between north and south has not been overcome and maldistribution of wealth between social classes is still great. While the industrial north has a per capita income comparable to that of France, the national average is pulled down drastically by large

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

	CHRISTIAN DEMOCRATS	DEMOCRATIC SOCIALISTS	LIBERALS	REPUBLICANS	COMMUNISTS	NENNI SOCIALISTS	NEO-FASCISTS	MONARCHISTS	OTHERS
Rome (80 seats)	28	3	3	1	19	11	12	3	--
Milan (80 seats)	25	8	6	--	17	17	5	2	--
Turin (80 seats)	27	8	6	1	20	12	2	2	2***
Genoa (80 seats)	27	6	3	1	22	17	4	--	--
Venice (80 seats)	23	4	2	--	14	13	3	--	1*
Florence (60 seats)	22	4	3	--	20	8	3	--	--
Naples (80 seats)	21	1	1	--	19	5	3	30	--
Palermo (60 seats)	24	2	2	--	9	4	5	5	9**

\* Independent

\*\*Dissident Christian Democrats

\*\*\*Local Autonomy party

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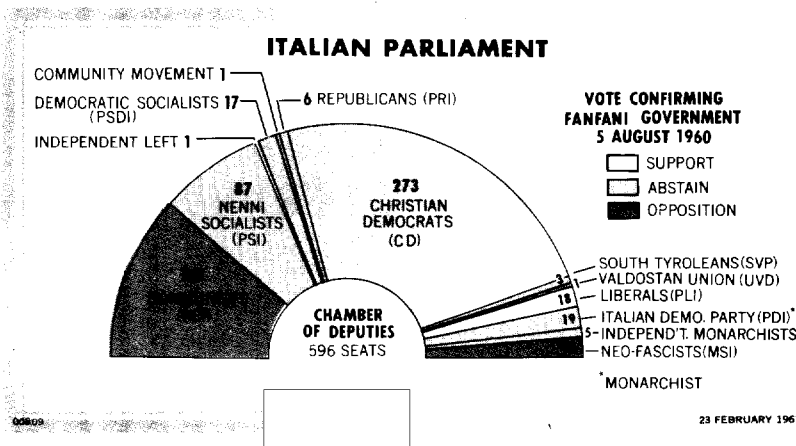
23 FEBRUARY 1961

poverty-stricken areas in the south, where, in contrast with the national trend, the latest figures show income down and unemployment up; economic conditions in the south closely resemble those of Greece and Portugal. Even allowing for the reported one-third reduction of unemployment in the past two years, some 5 percent of the labor force of 20,000,000 is still jobless, and many others are underemployed.

Then, too, improvement of the economy has created a "revolution of expectations" which helps the Communists. In the November local elections, although they lost in the depressed south where they had earlier shown brief gains, the Communists recouped in the prosperous area--central and northern Italy--where they had earlier been losing ground. Despite the impact of the Hungarian revolt on Italian opinion, large numbers of voters in Italy are willing to express their dissatisfaction with their own government in a protest vote for the extreme left.

Government Policy

The domination of the national government by one party during virtually all of the postwar period gives the Communists an increasingly effective issue. In addition to charges of legislative inaction, they have been able to cite such specific cases of official



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## CURRENT INTELLIGENCE WEEKLY SUMMARY

corruption as the Montesi scandal of 1953 and the Giuffre financial swindle in 1959--both of which allegedly involved Christian Democratic cabinet members--as well as the current uproar over contracts for the new Rome airport at Fiumicino. The Communists have astutely soft-pedaled the issue of clericalism, stressing rather the cynicism and general malaise which has developed in Italy during the Christian Democrats' monopoly of power.

The Christian Democrats probably realize that as a matter of practical politics, their ability to keep their own party together, derives in some degree from their posture as defenders of Italy from the largest Communist group outside the Sino-Soviet bloc. Possibly for this reason, they have failed to take effective action against the Communists in some areas--where it would seem to have been possible--such as curtailing East-West trade.

In addition the minor parties supporting the government are reluctant to urge legal measures which, although designed to curb the Communist party, might nevertheless threaten their own civil liberties.

More important, the inability of a government supported by groups of divergent economic ideology to agree on needed socio-economic reforms has resulted in a series of short-lived cabinets and the narrowing of the center parties' parliamentary majority to less than 2 percent. The Christian Democrats' powerful right-wing minority last year prevented the party from forming a viable reformist government with a broadened majority based on Socialist parliamentary support. Such tactics threaten to drive the Socialists back into the opposition with the Communists.

The failure of Italian governments to reflect the national voting trend to the left also swells Communist support. Last summer the Christian Democratic Tambroni government's reliance--despite the disapproval of all other parties--on neo-Fascist parliamentary support permitted the Communists to achieve solidarity with the democratic parties in anti-Fascist demonstrations, which in some cases the Communists turned into bloody riots. The situation gave them an opportunity to attempt a renewal of Communist-Socialist cooperation which would put a roadblock in the way of a rapprochement between the Socialists and the Christian Democrats.

The Socialist - Christian Democratic coalition in the Milan and Genoa city governments has reportedly led PCI leaders to disagree over whether a more flexible attitude should be adopted toward the Socialists in order to avoid eventual isolation on the national level. The immediate Communist objective is to stymie Nenni's attempt to win broad Socialist backing for a move toward rapprochement with the Christian Democrats following the Socialists' March congress.

Outlook

Communist mass appeal and voting strength depend principally on factors outside the party: the state of the world's prosperity, the cold war, Communist ideological turns, and the domestic political and particularly the economic policies of the Italian Government. In the short run, formation of a rightist government would push the moderate left--even including left-wing Christian Democrats--toward joining ranks with the Communists in a kind of popular front. In the long run, an authoritarian government which deferred elections indefinitely would face

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

the threat of disturbances possibly leading to civil war. Some political leaders apparently continue to fear that former premiers Tambroni or Scelba or some other rightist leader will return to power and espouse such methods.

Formation of a Socialist-supported government which would undertake basic socio-economic reforms is obviously feared by Communist strategists. Even under such a government, however, the damage to party fortunes would probably be gradual. The poverty in some areas is still sufficiently intense and the appetite for consumer amenities has been sufficiently whetted elsewhere to keep the Italian populace vulnerable to class-war propaganda.

The party's propaganda machine has shown itself adept at magnifying the effect of even a mild recession like that of 1958, and at the same time attributing all economic gains to Communist pressure on the

business and political communities. The habit of protest-voting is deeply ingrained in Italy, and if the PCI becomes the only opposition party on the left it will probably be able to draw the protest vote until the Socialist--or some other--party emerges as a democratic alternative to Christian Democratic government.

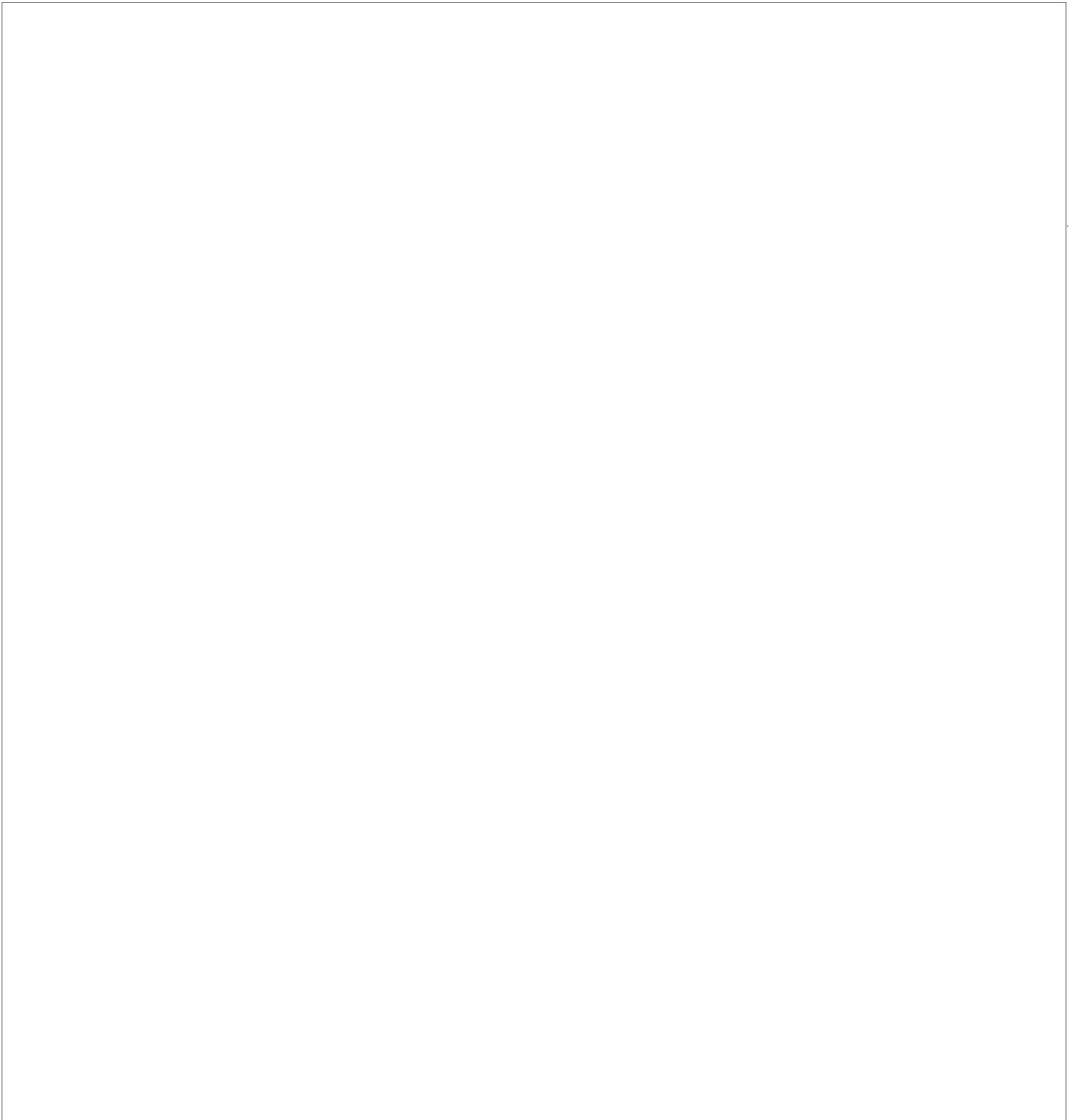
If, on the other hand, an Italian government with a parliamentary majority enlarged by Socialist support should fail to act on socio-economic reforms, Nenni's party could be expected to suffer a fate similar to that of Democratic Socialist Saragat. When Saragat split away from Nenni in 1947, he took more than half the Socialist deputies with him but--as a result of his inability to influence the government's social policies--he now controls less than one fifth as many as Nenni. This time, the lost deputies would go to the Communists.  (b)(3)

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