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EMBASSY OF INDIA
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ANNUAL POLITICAL REPORT FOR THE YEAR 1960

1. At the beginning of the year 1960 the prospects for an improvement in international relations seemed better than at any time since World War II or even World War I. The long-awaited Summit Conference in May was expected to result in an appreciable reduction in tension and to make some progress, however slight, towards disarmament. I had, therefore, hoped that this, my eighth, and last, annual report from Moscow, would be more cheerful than its predecessors. This hope was not destined to be fulfilled. The U-2 incident occurred and the Summit Conference collapsed in a tornado of vituperation. The cold war assumed almost unprecedented intensity and its repercussions could be felt in regions as far away as Laos, Cuba and Congo. No progress was made towards "complete and general disarmament". Germany continued to be divided; more countries were caught up in the cold war and threatened with division; and Berlin remained a volcano. Nevertheless, at the New Year's eve banquet in the Kremlin, Mr. Khrushchev, while ringing out the old year and ringing in the new, said that, whatever some people might think, the expiring year was a good one for the Soviet Union. In that year the Seven Year Plan was fulfilled and over-fulfilled. The economic gap between the USA and the USSR, which Lenin reckoned at a hundred years, promises to be closed in half that time. The worker's standard of living has been improving steadily and almost visibly. The long-drawn-out ideological controversy between the Soviet Union and China ended in the triumph of Mr. Khrushchev at a great gathering of Communist Parties in Moscow towards the end of the year. The Soviet Union made its presence felt, for the first time, in South America and Central Africa and, more than ever before, in South-East Asia. The Soviet presence has, for the time being, been eliminated from the Congo and Laos, but this can only be regarded as a temporary setback and has, in Soviet eyes, been more than compensated by the decline in America's prestige and moral authority in the eyes of almost all independent States, as a result of America's unprincipled conduct in these regions - or perhaps over-principled conduct, for in following one great principle, it has sacrificed many others for which the U.S.A. had been standing. Mr. Nixon, "the cold war candidate", was defeated in the Presidential election, and though there is no question of any reversal of American

policy..../

policy under Mr. Kennedy, hopes are cherished that there would at least be some heart-searching regarding certain aspects of American policy which are clearly out of date. In this confused situation there is one circumstance in which India as well as the Soviet Union can take undiluted pleasure. While the Soviet Union's relations with the Great Powers were subjected to considerable strain, her friendship with India was strengthened by another year of fruitful collaboration in the arts of peace.

2. I shall divide this report into five parts. Part I deals with external affairs before the U-2 incident; Part II, with events thereafter. Part III deals with ideological questions; Part IV with internal and economic affairs; and Part V with Indo-Soviet relations.

PART I

E X T E R N A L (Before the U-2 Incident)

THE SUMMIT IN SIGHT

3. The year 1960 could not have opened more auspiciously. The Summit was in sight. Mr. Khrushchev had always been its greatest advocate. For the latest move towards the Summit, however, he gave the credit to Mr. Macmillan, who visited Moscow in 1959 and returned convinced that Mr. Khrushchev was a man - and the only man in the Communist world - with whom it was possible and necessary to negotiate. General de Gaulle, a late starter, had reconciled himself to the idea of a Summit or a series of Summits, and his amour propre was tickled by the decision to hold the first Summit meeting at that fountain of civilization, Paris. Above all, Mr. Khrushchev had established personal relations with President Eisenhower during his visit to the USA in October, 1959. In one quarter, and one only, there were no signs of a thaw, but Dr. Adenauer was clearly becoming an anachronism.

REDUCTION OF SOVIET ARMED FORCES

4. At a banquet in the Kremlin on New Year's eve, 1960, Mr. Khrushchev hinted, in keeping with the pre-Summit spirit, that there would be a substantial reduction in Soviet Armed Forces. A few days later, he announced at a session of the Supreme Soviet that the Soviet Government had decided to reduce its Armed Forces by another 1.2 million men. He gave what was considered to be the first official statement on Soviet troop levels. In 1927 the Red Army and Navy .../

and Navy had 586,000 men. Ten years later, their strength had increased to 1.4 million as a result of Japanese aggression in the Far East and the rise of Fascism in Germany. In 1941, when Hitler attacked the Soviet Union, the Armed Forces were increased to 4.2 million; and by 1945, they had reached the peak figure of 11.3 million. In 1948, following demobilization, the Armed Forces were reduced to 2.8 million, but in the next quinquennium their strength rose again as a result of the formation of NATO and the possession of A- and H-bombs by the Western Powers, which the Soviet Union was late in discovering, and they stood at 5.7 million in 1955. Then Mr. Khrushchev came to power with his doctrine of peaceful coexistence and determined to set an example in disarmament. A reduction of over 2 million men was made in three years; and by 1958, the Armed Forces had been reduced to 3.6 million. And now, with the latest reduction, announced in January 1960, the strength of the Soviet Army and Navy would stand at 2.4 million, or a little below the level proposed by the Western Powers during the discussion of the disarmament problem in 1956. The demobilization, now in progress, of 3.2 million men is expected to be completed in two years. Alternative employment had to be found for them; and incentives in the form of higher bonus, better living accommodation and ampler consumer goods, were held out for people destined for such distant places as Siberia. While announcing the reduction of Armed Forces, Mr. Khrushchev made it clear that it was not necessitated by any economic or budgetary weakness in the Soviet Union, and that it would not affect "their firing potential". Conventional arms, he said, had lost some of their previous importance on account of the advances in rocketry - a field in which the Soviet Union was supreme.

SOVIET LEAD IN ROCKETS

5. By the end of 1959, the Soviet Union attained a distinct lead over the USA in rocket. It was in that year that the Soviet Union hit the moon and planted its pennant there. It was also in that year that the Soviet Union unveiled the hidden half of the face of the moon. In January 1960, President Eisenhower announced that the Atlas ICBM had travelled over 5000 miles and hit within two miles of the target. Hardly had the rejoicing over this announcement subsided when the Soviet Union fired a rocket with a speed of over 26,000 kilometres per hour to a distance of 12,500 kilometres from the launching site which landed within two kilometres of the target fixed.

MR. KHRUSHCHEV'S VISIT TO SOUTH-EAST ASIA

6. In the second half of February Mr. Khrushchev paid a visit to Indonesia, where he had not been before, and also briefly re-visited India, Burma and Afghanistan. The fact that the relations of two of these States with China had been severely strained did not prevent him from undertaking this tour. To Indonesia, the Soviet Government gave a loan of 1000 million roubles, with which it is proposed to put up a 100,000-ton steel project, an oil refinery, chemical plants, textile mills etc. The Soviet Government also offered to set up an atomic reactor for scientific research and to put up a 200-bed hospital as a gift to the people of Indonesia. As for Afghanistan, Mr. Khrushchev announced the Soviet Government's wholehearted support of the idea of Pushtunistan, because, he said, the demand that the Pathans should have an opportunity to express their will through a referendum as to whether they should form an independent state, remain in Pakistan or reunite with Afghanistan was absolutely legitimate and conformed to the principles of the United Nations. Critics asked whether Mr. Khrushchev would be prepared to extend this principle to East Germany.

THE FRIENDSHIP UNIVERSITY

7. A permanent result of Mr. Khrushchev's visit to South-East Asia was the establishment of a Friendship University in Moscow for students from South-East Asia, Africa and Latin America. When Mr. Khrushchev was in Indonesia he put forward this idea; and - like all of his ideas - it was promptly put into effect, and the University was established in September 1960. Certain difficulties regarding the procedure for the admission of Indian students were solved in consultation with the Pro-Rector, who went to India specially for this purpose. The students would receive not only free admission, board and lodging from the Soviet Government but free transport to Moscow as well. The University has opened with 500 students, of whom 100 are from the Asiatic Republics of the Soviet Union. Eventually, the strength of the University is expected to be 6000, of whom 5000 will come from South-East Asia, Africa and Latin America. At the opening of the University, Mr. Khrushchev said that it was meant primarily to provide newly independent countries with technical personnel, qualified to take part in nation-building schemes. He said that the Soviet Government would not attempt to inject the virus of Communism into the students, but if anyone happened to catch this deadly germ, he should not be blamed. The Friendship University is a symbol of the Soviet Union's entry into Africa, South-

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East Asia and Latin America, despite the Monroe Doctrine, regarding which Mr.Khrushchev had a few hard things to say - vide paragraph 19 of this report - and the undeclared and yet effective doctrine which kept Russia out of all these regions for centuries.

MR.MIKOYAN'S VISIT TO CUBA

8. While Mr.Khrushchev was in South-East Asia, Mr.Mikoyan was in a very different part of the world, in which, too, the Soviet Union began to take an increasing interest, South America. He went to Cuba, ostensibly to open a Soviet exhibition of science and culture, but in reality to size up Premier Fidel Castro and the strength of the revolutionary movement in Cuba. He offered to buy a million tons of Cuban sugar annually at world prices and to give a credit of 100 million roubles at 2½% interest repayable in 12 years. Cuba was thus encouraged to face the severe economic blockade which the USA was threatening to impose on her. Mr.Mikoyan even offered to supply Soviet military planes which Cuba was finding it difficult to procure elsewhere. Mr.Mikoyan's visit was intended to warn the USA that if she tampered with Russia's neighbours, Russia could also meddle with the neighbours of the USA. It led to the exchange of diplomatic missions between the USSR and Cuba and other developments, described in paragraph 19 below.

MR.MIKOYAN IN IRAQ

9. Hardly had Mr.Mikoyan time to recover from the fatigue of his journey to South America than he set off to West Asia for the declared purpose of opening a Soviet exhibition in Iraq. He visited the ruins of Babylon and admired the "might of the people who had turned the valley of the Tigris and the Euphrates into the cradle of world civilization" and who had now expelled the imperialists who had impoverished their country. He visited a refinery in Iraq, built with Soviet assistance, and enlarged on the difference in the nature of Western and Soviet aid to underdeveloped countries. He refrained from giving any encouragement to the Communists in Iraq; he even declined to invite the leader of an outlawed Communist Party to his reception. However, Mr.Mikoyan must have hoped that his visit would arrest Iraq's swing to the right, which was shown in the release of Mr.Jamali and a number of right-wing men who had been in prison.

MR.KHRUSHCHEV'S VISIT TO FRANCE

10. Mr.Khrushchev paid a visit to France in the second half of March and established cordial personal relations with President de Gaulle. France and the Soviet

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Union, said Mr.Khrushchev, were "the two greatest Powers on the European Continent", or as President de Gaulle put it, "two daughters of the same mother, Europe". Mr.Khrushchev recalled how, a century and a half ago, "the light of progressive ideas" had radiated from France and how often Russians and Frenchmen had shed blood together in the cause of freedom. Russians loved France; Mayakovsky once said: "I would like to live and die in Paris if there were no place called Moscow". Mr.Khrushchev's deference to France was not confined to words. He gave no encouragement to the people of Algeria in their struggle against France; all he did was to reiterate his approval of President de Gaulle's declaration of September 1959. He refused to get excited over the second nuclear explosion, which the French chose to carry out while he was still in France. Above all, he showed no special interest in French Communists, except that as usual he declared his faith in Communism, "mankind's secular dream". The three topics on which he spoke again and again were peace, disarmament and the gravity of the German threat. Evidently, President de Gaulle was impressed by Mr.Khrushchev. The President is said to have remarked in America that Mr.Khrushchev represented more than anyone else what Russia was today. And, he added, the Russia of today was no longer the Russia of yesterday, still less the Russia of ten years ago.

COMMONWEALTH VISITORS

11. In April 1960, Mr.Nash, Prime Minister of New Zealand, paid a visit to the Soviet Union and was given a most cordial welcome. In the absence of Mr.Khrushchev, Mr.Mikoyan recalled how Lenin had described New Zealand as "a young capitalist democracy" and admired some features of its agrarian economy and how New Zealand and the USSR had fought together against "the dark forces of fascism and Japanese militarism". The 75-year old Mr.Nash, oozing with goodwill, said that he had been deeply impressed by "the paramount changes" which had occurred in the USSR since his last visit in 1933 and especially during the last quinquennium. Another Commonwealth visitor in April was the Canadian Minister of Trade, who concluded a three-year agreement, under which the USSR would spend two dollars in Canada for every dollar spent by Canada in the USSR. Canada would buy Soviet products, worth 12.5 million dollars every year; and the USSR would buy 25 million dollars worth of goods from Canada, including 200,000 tons of wheat, which she would use in the eastern region, releasing her own production for use in the Western Republics and in neighbouring countries. The cordial treatment extended to these two visitors showed the desire of the Soviet Union to have good relations with such countries, especially on

the eve of the Commonwealth Conference. There was a time when the Soviet Union used to look askance at India's membership of the Commonwealth. I recall how Mr. Novikov, the first Soviet Ambassador to India, told me on the day on which India decided to remain, as a Republic, in the Commonwealth, that "it was a sad day for India and the world". I also remember how, soon after my arrival in Moscow, Mr. Vyshinsky twitted me with our membership of the Commonwealth. Those days are gone. The Soviet Government is now convinced that India's membership of the Commonwealth has not deflected, and will not deflect, her from the path of non-alignment which she has set for herself and that she can, and does, act as a link between the East and the West.

RELATIONS WITH TURKEY

12. Mr. Khrushchev's faith in the value of personal contacts was shown by the invitation extended to Mr. Menderes, Prime Minister of Turkey. Turkey had been more sceptical of the sincerity of Soviet moves than any other state and had been warning her friends against too hasty disarmament and relaxation. The return of Kars and Ardahan to Turkey soon after Stalin's death and the renunciation of Stalin's claims to the Dardanelles had failed to remove Turkish suspicions of Soviet policy. In adhering to this rigid attitude, Turkey was getting out of step even with her own partners in NATO and completely out of tune with the policy of Kemal Ataturk, the founder of the State, who regarded friendship with the Soviet Union as the corner-stone of his foreign policy. The LONDON TIMES expressed the view that the visit of Mr. Menderes might turn out to be "a turning point in Russo-Turkish relations". Neither the LONDON TIMES, nor Mr. Menderes, nor his would-be hosts, nor his American patrons suspected that the people of Turkey had a very different fate in store for Mr. Menderes.

THE EVE OF THE SUMMIT CONFERENCE

13. The Summit Conference was to have been held in May 1960. The nearer the Summit, the greater became the nervousness in certain circles. China was openly sceptical and sullenly hostile to a Conference in which she herself could not take part. In the West, diplomats of the orthodox school viewed summitry with distrust; they thought that the old-fashioned methods of diplomacy, away from the glare of publicity, would yield better results. Some thought that in an encounter between President Eisenhower and Mr. Khrushchev, the amiable, easy-going, golf-playing President would have no chance against the wily, ruthless, dynamic Russian. They feared that the only result of a Summit Conference might be to undermine the unity, such as it was, and the resolution of the

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Western world against the evil forces of Communism. Mr. Herter made a speech which roused the suspicion that, under ceaseless pressure from Dr. Adenauer, the West was going back even on the modest agreements which had been reached regarding Berlin at the Conference of Foreign Ministers in Geneva. Mr. Dillon also made an aggressive speech, which, said Mr. Khrushchev, smacked of the cold war. These were discouraging signs. Nevertheless, Mr. Khrushchev hoped that the firm understanding which he had established with President Eisenhower would prevail over the doubts and fears of lesser men. When the U-2 incident happened, the main plank on which Mr. Khrushchev had rested his hopes slipped away, and the Summit receded again into the gathering darkness of the cold war.

PART II

E X T E R N A L (After the U-2 Incident)

THE COLLAPSE OF THE SUMMIT CONFERENCE

14. The U-2 incident and the dramatic events which led to the breakdown of the Summit Conference are too well-known to need description. It is quite certain that the U-2 incident, shocking as it was, would not, by itself, have provoked Mr. Khrushchev to abandon his pet project. What wrecked the Conference was President Eisenhower's assumption of personal responsibility for ordering the flight of the spy plane and the suggestion that such flights would continue. "If Chiefs of State", said Senator Fulbright, "begin the practice of personally admitting the violations of each other's sovereignty, the orderly conduct of international affairs will quickly become impossible - as, indeed, it did in Paris last month". China seized the occasion to repeat its warnings against Mr. Khrushchev's policies and to undermine his position in the Communist world; and Mr. Khrushchev genuinely felt that he had been let down by President Eisenhower. This explains the extravagance of his vendetta against the President in the succeeding weeks.

THE BERLIN PROBLEM

15. It is fortunate that Mr. Khrushchev's extravagance did not pass from words to deeds. When the U-2 incident took place, the question of questions was whether Mr. Khrushchev's vehement reaction to it indicated a reversal of his policy of seeking a detente with the West. From Paris Mr. Khrushchev went on to Berlin; and his speech there was awaited with deep anxiety. In his speech he

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said some harsh things, especially about Chancellor Adenauer and Mayor Brandt, but they were no harder than usual. He presented no new threat about Berlin. He reduced the old threat by further postponing it. He expressed the hope that the Summit Conference would come about in 6 to 8 months, and then the Soviet Government would work out a peaceful solution of the Berlin question with "our Western partners". Until then the status quo in Berlin would be respected. He also hoped that America, which had produced great Presidents like Washington, Jefferson, Lincoln and Roosevelt, would choose a worthy successor to Mr. Eisenhower. He affirmed that the Soviet Union would continue to pursue the policy of peaceful coexistence between the socialist and capitalist systems. He denied that he had any intention of reviving the cold war and asserted that his objective continued to be to reduce tensions. His speech at Berlin was certainly designed to do so.

DISARMAMENT

16. It was clear that Mr. Khrushchev was not going to precipitate a crisis over Berlin. It was equally clear that the Soviet Government was as keen on disarmament as ever. On the 2nd June, they made certain fresh proposals for disarmament. This plan had a number of new features. It placed in the forefront the elimination of all means of transporting atomic weapons. This was proposed in deference to the views of the Western Powers and especially of General de Gaulle. Side by side with the elimination of the means of transporting atomic weapons, all military bases in foreign countries would be abolished. The second stage would include the prohibition of weapons of mass ~~destruction~~ destruction - atomic, chemical and biological - and a partial reduction of the Armed Forces. The remaining measures would fall under the third stage. At each stage measures of disarmament would be accompanied by effective international control. And after disarmament had been completely carried out, there would be an international force, drawn from internal security forces, to meet any international emergency. When these proposals were made the Soviet Government said that they would continue to participate in the Disarmament Committee of Ten. Towards the end of the month, however, they withdrew brusquely from the Disarmament Committee on the ground that it was not doing any useful work and was merely indulging in "the fruitless bandying of words" and decided to refer the whole question to the General Assembly in the hope that there the force of world opinion could be brought to bear on it. At the General Assembly the question of the composition of the future disarmament committee came up;

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and the Soviet Union expressed the view that the Committee should be enlarged by the addition of India, Indonesia, Ghana, the United Arab Republic and Mexico. India and some other leading non-aligned States put forward a comprehensive resolution on disarmament. This resolution was supported by the Soviet Union but failed to get the requisite two-thirds majority, as the Western Powers did not support it. Well might Mr. Zorin say that the principal outcome of the present session of the General Assembly was the formation of "a broad front of peace-loving socialist and neutralist states". This development took place, despite the desire of non-aligned states not to attach themselves to any bloc or front, but simply because of the indifference, if not antipathy, of the Western Powers towards the well-intentioned efforts of neutral States to reduce tension and promote some reasonable solution in such matters as disarmament, the Congo and Algeria.

REBUFFS TO AMERICA IN JAPAN, TURKEY AND SOUTH KOREA

17. The Soviet Government watched with relish the rebuffs which the USA suffered in various parts of the world in the summer of 1960. The U-2 incident and the manner in which it was handled by the U.S. Government greatly lowered American prestige; and this seemed to have a kind of chain reaction in different parts of the world. President Eisenhower was obliged to cancel his visit to Japan; Dr. Syngman Rhee was driven out of South Korea; and Mr. Menderes was overthrown in Turkey. When Japan was in turmoil over the projected treaty with the USA, the Soviet Government sent two strong notes, dated the 20th May and the 13th June, warning Japan of the grave disaster in store for her if she persisted in pushing it through. The fall of Dr. Syngman Rhee and Mr. Menderes were regarded as the inevitable nemesis of the shortsighted policy of supporting corrupt and dictatorial governments against their own people. The trial of Mr. Menderes and his associates was described as a sad commentary on Turco-American friendship. PRAVDA observed that these "bribe-takers, assassins, embezzlers and extortionists", now facing trial, were America's "bosom pals", of whom America used to sing psalms of praise. Millions of greenbacks used to go into the strong boxes of these men, while their country sank deeper and deeper into economic morass. However, PRAVDA said, that chapter when Turkey was practically a US province, was now closed. The Soviet Government has ~~since~~ since been making special efforts to cultivate better relations with the government of General Gursel.

AUSTRIA AND THE ROLE OF NEUTRAL STATES

18. In July Mr. Khrushchev paid a State visit to Austria. There he praised Austria's neutral policy and

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held forth on the role of neutral States in the world today. In the present century, he said, the idea of neutrality had a new meaning. Neutral States could now make a positive contribution to peace, because "the pursuit of a neutral policy by States, inhabited by almost a quarter of the world's population, limits the range of activities of aggressive military blocs and thus extends the zone of peace and diminishes the risk of war". Neutrality, however, he said, was not a mountain range isolating a country from the rest of the world. The task of ensuring peace belonged to all peoples, and if all States remained neutral in the struggle for peace, a new war might break out. Austria, for instance, could not afford to remain indifferent to the presence of American bases in Italy, near the Austrian border.

THE CUBAN REVOLUTION

19. The deterioration in the Soviet Union's relations with the USA, already undermined by the U-2 incident, was further aggravated by the Soviet fraternization with the Cuban revolutionaries. In the summer there was a fear that the USA's economic blockade of Cuba might lead to military intervention. Then Mr. Khrushchev warned America that with Soviet rockets, capable of travelling to a distance of 13,000 kilometres, Cuba was not so far away from the Soviet Union as she used to be and that "figuratively speaking", Soviet artillery could support the Cuban people with their rocket fire. President Eisenhower replied that "the U.S. will not permit the establishment of a regime dominated by international Communism in the Western hemisphere". "Will not permit?", exploded Mr. Khrushchev at a press conference, "Who gave the U.S. the right to give or withhold permission? What right has the USA to dispose of the destinies of other peoples and other countries? We consider that the Monroe Doctrine has outlived its time, has died, so to say, a natural death; and the remains of the doctrine should be buried, as a dead body is buried, lest it should poison the air by its decay". The O.A.S. Foreign Ministers' Conference which met in August and made a declaration, confirming the faith of American States in the regional system, was regarded as having failed in its object of isolating Cuba. "North America", said PRAVDA, "has failed to knock together a Holy Alliance in the Western Hemisphere against revolutionary Cuba". Towards the end of the year a Cuban Economic Mission headed by Mr. Guevara visited the Soviet Union and obtained a handsome agreement, under which the Soviet Government offered to purchase 700,000 tons of sugar in addition to the one million tons, already provided in Mr. Mikoyan's agreement. The Soviet Government even

offered ... /

offered to purchase the entire exportable surplus of 2,700,000 tons if the U.S. Government stopped the purchase of Cuban sugar altogether. They also agreed to set up an iron and steel project and an oil refinery and to undertake the prospecting of ores and minerals. A cultural agreement was signed and a vivacious Cuban ballet came to Moscow. Above all the Soviet Government gave Cuba an assurance of full support against aggression. When, however, a Cuban journalist asked Mr. Khrushchev what he had meant by saying that "figuratively speaking" Soviet artillery could support Cuba with rocket fire and when he tried to commit Mr. Khrushchev to a statement that in case Cuba was attacked the Soviet Government would go to her assistance, Mr. Khrushchev's native caution in deeds, as distinguished from words, came into play, and he replied that he hoped that the threat of an invasion of Cuba would also be figurative.

"WARSHIPS AGAINST IDEAS"

20. The revolution in Cuba stirred up the social and political discontent, existing in many South American States, run by authoritarian governments, caring little for the welfare of their underfed and under-privileged peoples. This discontent flared up in two other states, Nicaragua and Guatemala. President Eisenhower despatched a number of destroyers and aircraft carriers to the Caribbean, ostensibly to prevent the rebels from being helped by Cuba. There was, however, no evidence of such help, and the revolts arose solely from internal factors. PRAVDA said that it was a case of sending warships against ideas. It was also another example of the U.S. Government's habit of supporting unpopular governments against popular movements.

LAOS

21. A perfect example of this tendency was provided by the American conduct in Laos in recent months. In violation of the decisions of the Geneva Conference, the U.S. Government had been trying to harness that State to its anti-Communist chariot and in this process spent 300 million dollars there. In August last, there was a revolt in the Army against American domination in Laos, and this produced a genuinely neutralist government, headed by Prince Souvanna Phouma. This was more than the U.S. could bear. The Seventh Fleet made its appearance in the South China Sea; Vice-Admiral Riley, Chief of Staff of the U.S. Pacific Fleet, made his appearance in Laos; and he was followed by Mr. Irwin, Secretary for Defence. There also came Mr. Parsons, Assistant Secretary of State in charge of Far Eastern Affairs, who demanded that Prince

Souvanna Phouma should have nothing to do with the Communist Pathet Lao and that he should take the very pro-American General, Phoumi Nosavan, into his Cabinet. When Prince Souvanna Phouma asked Mr. Parsons to mind his business, the U.S. Government suspended all aid to Laos. Thereupon Laos turned to the USSR, accepted a Soviet Ambassador in Vientiane and discussed plans for economic cooperation with the USSR. This provoked the USA into giving active support to Phoumi Nosavan and enabled him to capture the capital of Laos and set up a pro-American Government, headed by Prince Boun Oum. This has opened the way for the direct intervention of USSR, North Vietnam and possibly even China in the affairs of Laos. The Soviet Government has viewed with favour a proposal made by our Prime Minister that the International Commission for Supervision and Control in Laos should be reconvened. At the same time, the Soviet Government has suggested that the States which took part in the Geneva Conference should meet in order to consider the present situation in Laos and that, in the meantime, all external assistance to the rebels should be stopped. The U.S. Government, too, considers that no assistance should be given to the 'rebels'. Only, in its eyes, the 'rebels' are those who, only yesterday, were the lawful government of the country and who, but for American intervention, might have steered the country, as Prince Sihanouk has been doing in Cambodia in strict accordance with the Geneva Agreement, along a neutral path, thus preserving the independence of Laos and averting the dangers of a civil war.

EVENTS IN CONGO

22. The events in Congo were watched by the Soviet Government with the keenest interest. The Soviet Government never wavered in its support of Mr. Lumumba as the head of the government. According to them, the elected Parliament of Congo and its elected leader, Mr. Lumumba, constituted the legal government of the country. All else was sham. The attempted secession of Katanga, the richest province of Congo, was the result of Belgian machinations. The Union Miniere de haut Katanga which, since its establishment in 1906, had extracted 5,800,000 tons of copper and 90,000 tons of cobalt, was unwilling to abandon the fabulous profits it had been making. In 1959, its share capital amounted to 8 billion francs and its reserve and special funds amounted to 8.5 billion francs; and it made a net profit of 3.5 billion francs, that is, 21% of the Company's capital or 44% of the share capital. During the post-war years its profits came to 52.5 billion francs, or five times the share capital. Of the 21,000 Congolese workers, employed by this firm, only 7, or 1 out of 3000, was in

any way.../

any way associated with the management. Tshombe was but a tool in the hands of this financial octopus ~~xx~~ and Mobutu was but "a bandit in colonel's uniform", supported by former and would-be colonialists. Mr. Hammarskjold was accused of supporting these elements. At first his role was described in Soviet newspapers as tragic; later he was described as pro-American; and finally he was said to have disgraced the United Nations flag by entering into an unholy and disgraceful deal with Mr. Tshombe. Not Belgium alone, but the entire NATO, was held responsible for the aggression against Congo. It was, as Mr. Khrushchev said in his telegram to the Conference of Independent African States which opened on the 27th August, "a collective imperialist aggression", in which the USA, as usual, played the most prominent part. The USA had recently established 40 diplomatic and consular missions in Africa, sent out 200 American companies and 6500 American missionaries, disbursed vast sums of money through such agencies as the Ford Fund and the Rockefeller Fund and earmarked 6500 million dollars for purposes of propaganda in Africa in 1960-61 alone. Recalling an Indonesian proverb, which Mr. Khrushchev had quoted in Djakarta, PRAVDA said that for the Congo to pass from Belgian to American hegemony was like escaping from the jaws of the crocodile and ending up in the jaws of the tiger. And, in Soviet eyes, even the U.N. seemed to succumb to the pressure of the tiger when, in the teeth of opposition from almost all independent Asian and African States, a two-thirds majority in the U.N. agreed to seat Kasavubu in the U.N. as the representative of the Congo and thus throw Mr. Lumumba to the wolves, defeated all attempts to bring about a Round Table Conference and brought civil war to the doors of the Congo.

THE GERMAN PROBLEM

23. Even when the Soviet Union was involved in the troubles of Congo, Cuba and Indo-China, her main anxiety was about Germany. The year under report seemed to afford fresh evidence of the Soviet Government's conviction that Germany was again becoming a menace to peace. The anti-Semitic activities in West German cities in the beginning of the year were treated as "evidence of the resurgence of Fascism". Dr. Adenauer and his Government were accused of not having lifted a finger to call the aggressors to account. "Today", said the Government newspaper IZVESTIA, "the S.S. thugs and their sympathisers in other Western countries are painting swastikas on the walls. To-morrow, armed with rockets with nuclear warheads, they will try to subjugate Europe to the swastika". In February, the Soviet Government sent a sharply worded note of protest to West Germany regarding her "intrigues" to establish military

bases.../

bases in Spain. A copy of this note was sent to the British, French and American Ambassadors, drawing their attention to the fact that this military collusion with Franco's regime was a flagrant violation of Germany's unconditional surrender and the Allied agreements on Germany. Dr. Adenauer's speech at Dusseldorf, rousing hopes in the minds of millions of Silesians, Pomeranians and others of a return to their homelands, now included in Poland, was severely criticized. The Polish Government, too, was disturbed by the speech, and Mr. Rapacki, the Foreign Minister of Poland, spoke to me about it in Warsaw. The proposal for holding a meeting of the German Parliament in Berlin provoked Mr. Khrushchev to say that if this materialised he might sign a Peace Treaty with East Germany and thus compel the German Deputies to seek East German visas to get out of Berlin. The memorandum of some German Generals, demanding universal military service and full nuclear ~~re~~armament of the German Army, was described by PRAVDA on the 26th August as another proof of the criminal plans of the West German Government to launch "a revanchist rocket-atomic war". This memorandum was said to have had the open approval of Mr. Strauss, Minister of Defence, and the tacit approval of General Norstad, who had been supporting the German demand for freedom to build big warships. PRAVDA quoted the LONDON TIMES which said that it was a bad sign that German Generals were again beginning to dictate to German politicians. Towards the end of the year, however, there seemed to be a slight improvement in the relations between the Soviet Union and West Germany. For this, the credit must go to Dr. Adenauer as well as to Mr. Khrushchev. Mr. Khrushchev probably felt that his attempts to isolate Dr. Adenauer by cultivating good relations with President Eisenhower, Mr. Macmillan and General de Gaulle had failed, and that it was no use continuing to crusade against Dr. Adenauer alone. Dr. Adenauer probably felt that, in the event of another Summit Conference materialising, it would not do for him to appear as rigid and unbending as he had been last year. Significance was attached to the recent statement of Dr. Adenauer that Mr. Khrushchev was a man one could talk with and that it was his turn now to visit Germany. Mr. Gromyko said, in the course of his speech at the Supreme Soviet on the 24th December, that the Soviet Union was prepared to clear away the lumber of the past and build up real cooperation with West Germany. Perhaps, this slight rapprochement shows the shape of things to come in the distant future. Germany cannot remain permanently divided, however convenient the division may be to all concerned for the time being. If Poland, after a century and a quarter of partition, could regain unity, how much more surely and how much more quickly would the Germans come together again! There are only two ways in which Germany can become a reunified state, namely, a putsch or negotiation. A putsch means world war and the

destruction.../

destruction of civilization. In negotiation, the Soviet Union will have most of the trump cards. It is the Soviet Union alone which can use its influence for the rectification of the Oder-Neiss Line and a relaxation of the East German regime. But she will use her influence only if she is convinced that Germany will not belong to a hostile camp. In other words, armed neutrality is the key to German unity. The day may come when the Germans will realise that this price is worth paying for the sake of German unity; and the Soviet Government may think that it is worth accepting for the sake of peace in Europe and the world. At present, however, this prospect is as far off as ever. There is no intention on the part of the USSR to abandon the East German Government which it regards as "the bulwark of Socialism in Central Europe", nor is there any tendency on the part of the West German Government, or even the Opposition there, to move away from her military alliance with the West, however much this situation may be militating against the prospects of German unity.

RELATIONS WITH GREAT BRITAIN

24. One of the results of the U-2 incident was a cooling off in Soviet relations with Great Britain. Mr.Khrushchev felt that during the crisis of the U-2 incident, Mr.Macmillan did not try even to obtain an expression of regret from President Eisenhower, which was the least which Mr.Khrushchev expected and which might, even at the eleventh hour, have cleared the way for the Summit Conference. The taking-off from Great Britain of an RB-47 which was shot down at the Soviet frontier was regarded as an unfriendly act. The British Government accepted the American version that the plane did not actually violate Soviet frontiers. Even if that was the case, as Mr.Gaitskell said in Parliament, "would Great Britain really remain undisturbed if Russian aircraft were spotted thirty miles off its coast?" Mr.Macmillan's fervent defence of Dr.Adenauer in the course of his speech at the United Nations was disgusting to Mr.Khrushchev. It was then that Mr.Khrushchev indulged in one of the strangest exhibitions of temper and shouted that Mr.Macmillan had begun to walk in the footsteps of Chamberlain. The decision to supply the Federal German Republic with British guided missiles was also a shock to the Soviet Union. Had Great Britain, asked PRAVDA, forgotten that only 15 years ago German U-rockets were crashing into the heart of London? Did they not realize that guided missiles were more powerful than U-rockets? The Soviet Government viewed with equal disquiet the grant by Great Britain of a floating base in the Holy Loch in the Clyde. Moscow Radio warned that if the base was used for aggression, Great Britain would

receive...

receive, "the inevitable retaliatory blow". Mr.Kozlov, in the course of his speech at Lenin Stadium on the eve of the 43rd anniversary of the Revolution, even observed that Great Britain's conduct roused serious doubts whether Mr.Macmillan was sincere in the profession of his desire to reduce international tension. However, relations with Great Britain, and even with the USA, on the cultural and economic planes, continued to grow, unlike the period immediately after the Suez invasion, when all such relations were interrupted. An inter-continental train service from the Hook of Holland to Moscow was started on the 7th June to facilitate journeys between England and the USSR. Anglo-Soviet trade continued to develop, and brisk preparations are afoot for the British Trade Fair in Moscow in 1961. There were a number of exhibitions - of British art, British plastics and British surgical instruments - which attracted big crowds and fetched big orders for British goods. British ballet dancers came to Moscow and the Old Vic is to appear at the Arts Theatre next week.

ALGERIA

25. It was stated in paragraph 8 of this report that in the spring of 1960 Mr.Khrushchev went out of his way to cultivate the friendship of President de Gaulle. The relations with France as well as with Britain, however, were soured by the U-2 incident. This was reflected in a change in the attitude of the Soviet Government towards events in Algeria. After the failure of the Melun talks, for which the Soviet Government held France solely to blame, the Republic of Algeria began looking to the East for support. China was only too ready to extend her offer of support, including Chinese volunteers to fight against France. The Soviet Government, however, was more cautious. They received Mr.Ferhat Abbas cordially in Moscow but did not lionise him as China had done. Mr.Khrushchev received the Algerian emissaries in New York and announced that the Soviet Government had accorded de facto recognition to the Republic of Algeria, which, he added, France herself had done. In his speech at the Lenin Stadium on his return from New York, Mr.Khrushchev spoke of French conduct in Algeria in sorrow rather than in anger. He recalled his warning to Mr.Mallet and Mr Pincou that if France persisted in her policy, the history of Indo-China would repeat itself in Algeria. They had then drawn his attention to the presence of two million Frenchmen in Algeria. But what, Mr.Khrushchev asked them, of the nine million Algerians? They/also told him that France would lose her prestige if she withdrew from Algeria, but he told them that French grandeur was not based on colonial slavery. In the "dirty war" which had been

going on.../

going on for six years, and in which the French Army - 750,000 strong - was still engaged, the Soviet sympathy, said Mr.Khrushchev, was on the side of the people who had been waging a just war against their oppressors. Mr.Gromyko repeated this in the course of his speech to the Supreme Soviet on the 24th December and added that, in view of the continuing war and the massacre of Muslims during the recent visit of General de Gaulle to Algeria, the talk of a referendum for Algeria was "a farce and a mockery". The Soviet Government, however, has avoided an irreparable rift with France by declining to accord de jure recognition, which the Republic of Algeria had obtained from China and was probably hoping to obtain from the Soviet Union as well.

HOPE FOR BETTER RELATIONS WITH THE USA

26. The relations with the USA, which had stood at the peak of friendship at the beginning of 1960, touched their nadir after the U-2 incident in the middle of the year. The cold war between the two giant Powers assumed great intensity and, in the outlying regions of the world such as Laos and the Congo, threatened to pass into a hot war. In the Statement of the 81 Communist Parties, which was issued in Moscow on the 6th December, U.S.imperialism was abused as "the chief bulwark of world reaction, an international gendarme and an enemy of the peoples of the whole world". Even when the Communist meeting was in session, the news came that Mr.Kennedy had been elected President, and Mr.Khrushchev sent him a warm message of congratulations, expressing the hope that Soviet relations with the USA would be restored to the level of the friendship which existed in President Roosevelt's time. This hope was reiterated in Mr.Gromyko's speech on Christmas Eve at the Supreme Soviet. He said: "I am authorized to declare from the rostrum of the Supreme Soviet of the USSR that as far as the Soviet Government is concerned it is fully prepared to facilitate a change for the better in Soviet-American relations."

MR.KHRUSHCHEV AT THE U.N.

27. Perhaps the most dramatic episode during the year under report was Mr.Khrushchev's performance at the United Nations. Early in August, he expressed the hope that, in view of the paramount importance of the disarmament problem, it would be a good thing if Heads of Governments could participate in the discussions on disarmament at the U.N. General Assembly, and he hinted that he himself might go. The Western response to this suggestion was ~~unfavourable~~ unfavourable and there was much speculation whether Mr.Khrushchev would go to New York in the prevailing

circumstances. ../

circumstances. All doubts were set at rest three weeks later by the announcement that Mr. Khrushchev would lead the Soviet delegation to the General Assembly. Despite their initial reluctance, many other Heads of Governments and States attended the session. The Western press revelled in describing Mr. Khrushchev's outbursts of temper, his vituperation of all and sundry, his table-thumpings and shoe-brandishings. When, in the course of his television interview, Mr. Susskind referred to the contradictions in Mr. Khrushchev's conduct and temperament and asked him whether they were genuine or whether he was acting, Mr. Khrushchev replied: "To kindness we reply with kindness. If you come to us as friends, we open our hearts to you; but, if you send U-2 planes we shoot them down. Even an animal responds to kindness, if you pat it on the back. But if you start teasing it, it shows its teeth." In the United Nations, Mr. Khrushchev was constantly showing his teeth and had plenty of provocation to do so. His confinement to Manhattan, the description of him, together with Mr. Castro, in the NEW YORKER as "mountebanks, goons and thieves", placards such as "Drop dead, you bum", leading articles such as "Will Mr. Khrushchev die this week?", cartoons like those of Herblock, showing Mr. Khrushchev as a gangster in a leather-jacket, and such events as the expulsion of the Soviet Embassy from the Congo and the jubilation over it as "the worst diplomatic defeat which the USSR had ever sustained", were calculated to infuriate him. The result was that Mr. Khrushchev found it impossible to adhere to the precept which he himself had laid down in his first statement on his arrival in New York that "in politics one must not give way to emotion or sentiment".

COLONIALISM AND DISARMAMENT

28. The subject on which Mr. Khrushchev produced the most mixed impression was the one on which he waxed most eloquent, namely, Colonialism. Doubtless, he felt strongly on the subject, but his diatribes might have been prompted by the need to show that, despite his insistence on peaceful coexistence, he was as anti-imperialist as China. Even Mr. Sekou Toure, generally regarded as the most pro-Communist among the African leaders, admonished the Communist group not to smother the debates in the U.N. with propaganda or feed the fires of discontent in this place or that, but to let colonialism, which was doomed anyhow, to pass out in an atmosphere of peace and understanding. Mr. Khrushchev was at his best in impressing on the General Assembly the urgency of disarmament. No one could have doubted the earnestness of his plea for disarmament, even though it was combined with a threat, when he said: "We will not be bullied, we

will not.../

will not be scared. Our economy is flowering, our technology is on a steep upturn, our working class is united in full solidarity. You want to compete with us in the arms race? We will beat you in that. Production of rockets is now a matter of mass delivery - like sausages that come out of an automatic machine. Of course you are going to complain all over the place, 'Khrushchev is threatening!' Well, he is not threatening. He is really predicting the future..... The arms race will go on, and this will bring about war, and in that war you will lose, and many of those sitting here will not be found any longer - and not many, but perhaps all. You are accustomed to listen to words that lull you. But, as for Khrushchev, he does not wish to pat your heads when the world is on the verge of catastrophe. You want to listen to pleasant words. Well, if these words are ~~un~~ unpleasant, that means I have achieved my purpose. That is exactly what I intended."

MR.KHRUSHCHEV'S ACHIEVEMENTS AT THE U.N.

29. Mr.Khrushchev failed conspicuously to reduce international tension or to revive, in the slightest extent, the international atmosphere which existed before the U-2 flight. None of the resolutions which he put forward, except the one on colonialism, was passed by the General Assembly. Mr.Khrushchev's success, however, must not be measured by the fate of his resolutions. On the whole, he is entitled to feel that his trip to New York was not in vain. He was one of the first statesmen to have realised the historic character of the last UN session and turned it, by his decision to attend it, into an impressive, though acrimonious, meeting of many Heads of Governments. At New York, he renewed his friendship with a number of statesmen and established personal relations with the representatives of the new African states. He impressed on them his personality, which also reflected the personality of USSR. Many of them must have agreed with the LONDON ECONOMIST'S verdict that "Mr.Khrushchev's earthy, human and rather attractive gusto for life was a ~~startling~~ startling contrast to Mr.Eisenhower's thin-blooded manner." Mr.Khrushchev's insistence that the structure of the UN should be adjusted to the realities of the international situation was generally recognised as reasonable, though his proposal for the replacement of the Secretary-General by "a three-headed God" was not. He clearly saw that "neutralist" states had an important role to play; and his conduct, which betrayed the intensity of the cold war, must have reinforced the determination of those states to remain neutral and to keep clear of all Power Blocs. He obtained from Mr.Macmillan and, indeed, from the other Great Powers, which inspired the ill-conceived amendment of Mr.Menzies, a reluctant assurance that a Summit meeting would be held after all. Above all, despite China's thunder, he stuck to his conviction that peaceful coexistence was an absolute necessity in this atomic age.

PART III

I D E O L O G I C A L

CONTROVERSY BETWEEN RUSSIA AND CHINA

30. During 1960 the Communist world was faced with a doctrinal dispute which was almost as serious as that which rent Christendom in the 16th century. All good Communists had been taught to cherish the monolithic unity of the Socialist camp as the apple of their eye. In Stalin's time this unity did indeed exist, though deep crevices were being formed below the surface. Mr. Khrushchev had the eye to detect them and, at the 20th Congress, he attempted to repair them and to make Marxism more up to date by making certain innovations. One of these innovations was that, subject to certain conditions, each State was at liberty to follow its own path to Socialism. The events in Hungary and in Poland in 1956, however, showed that a road to Socialism may turn out to be a road out of Socialism. This situation was considered at a gathering of Communist Parties in Moscow in 1957. In the declaration which was issued at the end of this meeting, the emphasis was all on order, discipline and unity. Subsequent experience, however, showed that, with the emergence of China as a Communist Power and with no iron dictator like Stalin to ensure obedience, it was difficult to preserve this unity. The Chinese started charging Mr. Khrushchev in effect not only with doctrinal impurity but with political imbecility in carrying co-existence with the opposite camp to extreme lengths. The U-2 incident gave them a handle; and the controversy, which used to be conducted privately and discreetly, exploded into the press. It was to settle this controversy that a meeting of all the Communist Parties of the world, numbering 81, was called in Moscow in November 1960.

IS WAR INEVITABLE ?

31. For some months past, there had been indications that the Government of China was not in sympathy with the Soviet Government's policy of reducing international tension. In particular, they did not share Mr. Khrushchev's view that in the present circumstances war was not inevitable. The celebration of the birthday of Lenin in April 1960 formed an occasion for the Chinese to criticize Soviet views without of course naming the Soviet Government. Until the capitalist system came to an end, said an article in Red Flag, wars of one kind or another were bound to take place. Such wars would result in the speedy destruction of capitalistic monsters, but not, as some feared, in the

annihilation of mankind. Mr. Kuusinen, the veteran Soviet Communist, however, observed on Lenin's birthday that the recent emergence of mighty forces which acted against war should not be ignored. An article by Mr. Frantsev in PRAVDA observed that the struggle for peace was the primary task today. True, imperialism had not lost all its teeth, but it was finding it increasingly difficult to use them. Revisionists said that imperialism had no teeth; dogmatists said that it could use its teeth and thus cause wars. The man who stressed one aspect of Marxism, ignoring the other, said PRAVDA roundly, was no Marxist. Another article in PRAVDA argued that to say that war was inevitable was to deviate to a position of fatalism. In practice this would dampen the people's efforts to avoid the calamity of war.

THE BUCHAREST CONGRESS.

32. The most outspoken rebuttal of the Chinese attitude came from Mr. Khrushchev at the Congress in Bucharest. Lenin, said Mr. Khrushchev, was "our lodestar in theory and practice", but a great deal had happened since Lenin's time. The Communist countries, led by the USSR, had emerged as a powerful force for peace. The strength of the Soviet Union was demonstrated during the Suez crisis. Then Mr. Eden, Mr. Guy Mollet, "a so-called socialist but a rabid colonialist", and "their errand boy", Mr. Ben Gurion, put their tails between their legs on receiving the Soviet ultimatum, and war was averted in 22 hours. After all, the imperialists did not want to pull the trigger of war merely to perish in it. Within the capitalist countries themselves, the working classes had become stronger and more vocal. Moreover, a number of States had recently become independent, determined not to allow their countries to be used as "a hinterland for launching wars". Thus, conditions had changed since Lenin's declaration regarding the inevitability of war. And yet, 'some people' had the habit of quoting Lenin mechanically. Should Lenin rise from his grave, said Mr. Khrushchev, he would surely pull the ears of such people and teach them to understand the essence of things. It was not enough to read the words of Marx and Lenin, but it was necessary to understand them and to apply them properly to contemporary conditions. Mr. Khrushchev exhorted his audience "to think for themselves, to study life, to analyse the present situation and to draw conclusions, useful to the common cause of Communism".

TRANSITION TO SOCIALISM: VIOLENT OR PEACEFUL ?

33. Another problem, on which the Chinese disagreed with Soviet theoreticians, was whether it would be possible to effect a peaceful transition to Socialism.

To think so, said the RED FLAG, was "sheer nonsense and pure deception". Some people who were not revisionists but well-intentioned persons who wanted to be Marxists were confused with certain historical phenomena and had incorrect ideas. Evidently the reference was to Mr. Khrushchev. On the 13th June, that is, at the 40th anniversary of the publication of an article by Lenin called "Infantile Disorders and Leftwing Communism", PRAVDA replied to Chinese criticisms. It said that those Communists who thought that because they had power in their hands they could introduce Communism immediately, avoiding the historical processes of development, were wrong. To try to accelerate historical processes in this way was like trying to teach higher mathematics to a 4-year old child.

PEACEFUL COEXISTENCE AND REVOLUTIONARY FERVOUR.

34. The Chinese also objected to Mr. Khrushchev's conception of peaceful co-existence on the ground that it had been acting as a check on national liberation movements. Revolutionary fervour, said the Chinese, was the essence of Marxist theory, and to say that revolution jeopardised peace was "absolutely preposterous" and "fundamentally opposed to Marxism-Leninism". PRAVDA pointed out that the policy of peaceful coexistence, far from checking national liberation movements, had been actually promoting them. Lenin had said, at the conclusion of the Second Communist International, that one billion out of the total world's population of $1\frac{1}{2}$ billion lived in colonies. Today, only 100 million out of a population of $2\frac{1}{2}$ billion lived in colonies. This showed that in conditions of peaceful coexistence there could take place a peaceful transition to freedom and socialism.

AID TO UNDERDEVELOPED COUNTRIES.

35. The theoretical controversy between Russia and China had also a practical bearing in regard to their policy towards underdeveloped countries. China appears to have been jealous and critical of the aid, rendered by the Soviet Government, to such countries as India. The basis of such aid was explained in a remarkable article in PRAVDA by the distinguished academician, Y.E. Zhukov. "The Soviet Union", it said, "is rendering and will continue to render unselfish support to the national States defending their sovereignty against imperialist encroachments. In doing this, the Soviet Union is prompted by the sole desire to see these States free and prosperous as soon as possible. It pursues no other aims. Lenin's idea of the necessity for alliance and friendship between the Socialist countries and the peoples waging a national

liberation struggle was strikingly confirmed at the 20th and 21st Congresses of the CPSU. The dogmatic idea that the national bourgeoisie of the colonial and dependent countries had everywhere and forever become a reactionary force incapable of taking part, let alone playing a leading role, in the anti-imperialist struggle, has been cast aside. This not only makes it possible to give an objective, positive appraisal of many prominent leaders of the national liberation movement who have come out under nationalist banners against imperialism, but also helps one fully to understand the historical formation of a number of independent States in Asia and Africa". This provided a firm theoretical foundation for the grant of economic assistance by the Soviet Union to under-developed countries.

FRICION WITH CHINA.

36. During the year under report, there were indications that friction with China was not confined to the interpretation of Marxism. There was a large exodus of Soviet engineers and technicians from China. Some of them complained of their treatment in China and their virtual isolation from the Chinese. At a meeting of the Central Committee of the Party, Mr. Suslov was said to have observed that in future the relations of the Soviet Union with China would have to be on the model of her relations with Yugoslavia, that is to say, there would be normal relations between Governments but no special relations between Parties. The Soviet Communist Party was also said to have sent a manifesto to all fraternal Parties and to its own members, explaining its views vis-a-vis those of China; and the whole situation came up for discussion, at a great gathering of 81 Communist Parties, soon after the 43rd anniversary of the October Revolution.

A HISTERIC DOCUMENT.

37. After 22 days of intensive and acrimonious debate, a joint Statement, approved unanimously, by the leaders of all the 81 Communist Parties, was issued on the 6th December 1960. The importance of this Statement can hardly be exaggerated. It stilled, though it might not have finally settled, the ideological and political controversies between the USSR and China. It substantially supported Mr. Khrushchev's attitude towards war and peace and co-existence. At the same time, it drew up a plan of action, not merely for Communist Governments but for Communist Parties in non-Communist States. It was thus more important than the statement of 1957, which was issued only by the Party leaders of the States in which Communists were in

power. It was also infinitely more important than the statements of the Comintern and Cominform in Stalin's time, which merely registered the masterful dictator's will. The present Statement was the outcome of long and intensive discussions which were almost reminiscent of the early days of Lenin when the debates in the Kremlin had been great tournaments of ideas.

MR. KHRUSHCHEV'S TRIUMPH.

38. The Statement can be regarded as a distinct triumph for Mr. Khrushchev. Its substance faithfully reflected Mr. Khrushchev's views on war and peace and coexistence, though the frills might have been added by, or at the instance of, the Chinese. It categorically supported Mr. Khrushchev's declaration that "there is no fatal inevitability about war", though, like an after-thought and a sop to the Chinese, it added that "if imperialist maniacs start a war, the peoples of the world will stamp capitalism out of existence and bury it". The Statement was as emphatic on the need for peaceful coexistence as on the need to avert war. "Peaceful coexistence of countries with different systems or all-destructive war, that is the alternative today. There is no other alternative". Communists were asked to remember that it was their historical mission not merely to abolish poverty and the exploitation of man by man but, in our own time, to deliver mankind once and for all from the nightmare of war. As for the means of attaining freedom, the Statement recognised that nations could achieve independence through armed struggle or by non-military means. It was for each country to decide not merely the method by which it should liberate itself but the path it should follow thereafter. The export of revolution was squarely condemned, though it was added that the imperialist export of counter-revolution would also not be permitted. Above all, the Statement added a new category, "an independent national democracy", to the Marxist division of the world into Capitalist and Communist States. It defined an independent national democracy thus:

A State which consistently upholds its political and economic independence, fights against imperialism and its military blocs, against military bases on its territory;

A State which fights against the new forms of colonialism and the penetration of imperialistic capital;

A State which rejects dictatorial and despotic methods of government;

A State / ...

A State in which the people are ensured broad democratic rights and freedoms (freedom of speech, press, assembly, demonstrations, establishment of political parties and social organisations), the opportunity to work for the enactment of agrarian reforms and other democratic and social changes, and for participation in shaping government policy.

This is an almost perfect description of the condition of India today. Towards such states, the Communist Parties were advised to adopt a cooperative attitude. It was the duty of the Communist Parties to support the national governments of such States and, at the same time, to oppose any anti-democratic actions on their part. The Statement recognized that Socialist Governments were free to continue to render aid to such countries. "Renouncing all interference in the internal affairs of young national States, the Socialist States consider it as part of their international duty to render assistance to the people of these national States in their efforts to maintain their independence."

PRIMACY OF THE SOVIET UNION.

39. The primacy of the Soviet Union in the Communist world was fully acknowledged. A distinction was drawn between the Soviet Union and other Communist States. The Soviet Union was successfully carrying out the full-scale construction of Communist society, whereas the other countries were laying the foundations of Socialism or developing socialistic activities. Not a word was said about the Chinese Communes or the Great Leap Forward. On the contrary, there was an implicit condemnation of over-hasty methods in a passage which said that production in "the Socialist Commonwealth" should be regulated in such a way that the interests of each country were reconciled with the interests of the whole and all nations would move more or less simultaneously into Communism. This was an innovation in Marxist theory, which was put forward by Mr. Khrushchev, for the first time, at the XXI Party Congress, in order presumably to show his distrust of the Chinese attempt to overtake all other States. "The Communist and Workers' Parties", said the Statement, "unanimously declare that the Communist Party of the Soviet Union has been and remains the universally recognised vanguard of the world Communist movement, being the most experienced and steered contingent of the international Communist movement." The signing of the Statement was followed by a spectacular demonstration of Sino-Soviet friendship and solidarity. However, in so far as the differences between the Soviet Union and China are due to the different stages through which they are passing and also, to some extent, to different national temperaments, the differences will persist, though every effort will doubtless be made by both sides to prevent them from coming into the open so blatantly as they did in 1960.

PART IV

I N T E R N A L

VITAL STATISTICS.

40. In February 1960, details of the latest census of the U.S.S.R. were published. The population now stands at 208.8 million. In 1926 the population was 147 million and in 1939, 190.7 million. The present population of 208.8 million consists of 94 million males and 114.8 million females. The death rate has been steadily decreasing from 20.3 per thousand in 1926 to 18.3 in 1943, 8.9 in 1954 and 7.2 in 1959. The average expectation of life has risen from 32 in 1897 to 41 in 1927, 47 in 1939 and 68 to-day. Among every thousand persons, there are 12.5 marriages in the U.S.S.R. against 8.3 in the U.S.A., 7.6 in Great Britain and 7 in France. As for divorce, the rate is one in 15, as against one in 4 in the U.S.A. and one in 13 in the U.K.

SIGNIFICANCE OF VITAL STATISTICS.

41. What do these figures mean? During the 13 years before World War II there was an increase of 23 million in the population of the U.S.S.R.; during the 20 years since the outbreak of the Second World War the increase has been only 38 million, and that is partly accounted for by the absorption of the three Baltic Republics, East Poland and Bessarabia. An American economist has calculated that the decline in the population of the U.S.S.R. in the last 20 years on account of war casualties, including children who should have been born during this period, is not less than 40 million. No wonder the average citizen in the U.S.S.R., which suffered more from the war than any other country — the area devastated by the war in the U.S.S.R. is equal to the whole of the U.S.A. — has a horror of war. The war is also responsible for the present monstrous surplus of 20 million women. It is a man's world, because for every 3 men over 32, there are 5 women to choose from. This, however, has not led to any visible increase in immorality or prostitution. The reason is that women are as fully employed as men. Moreover, if any women have children out of pleasure or a sense of duty to the State, they are not locked down upon, but are cared for by the State, and the budget makes special provision for unmarried mothers. The remarkable decrease in the death rate from 20.3 per thousand in 1926 to 7.2 in 1959 and the rise in longevity from 44 in 1927 to 68 in 1959 shows the interest of the State in the health of its citizens and the extent and efficiency of the medical services. The fact that the divorce rate is about four times lower than that in the U.S.A. and is even lower than in the

U.K./ ...

U.K., shows the pronounced respect for the sanctity of family life. In a recent issue of "Novy Mir" (New World), there was an article on "Communism and the worker's daily life", in which it was said that "those who are ready to go from embrace to embrace are to be pitied, for they do not know the deep and gripping feeling of the mutual attraction of two hearts. Those beauties who like to have trains of admirers really love none of them; and those Don Juans who are ready to seduce a harem-full of female admirers are not worthy of the love of any of them. Real love requires only two partners, but a conjugal pair living without love are merely fornicating within the law".

THE SEVEN-YEAR PLAN.

42. The results of the Seven Year Plan in 1960 have just been announced. It may be recalled that the Soviet Government's objective is to treble the industrial output so as to catch up with the U.S.A. in per capita production by 1972. By the end of the present Plan, that is by 1965, the Soviet output is expected to be roughly equal to that of the U.S.A. The table below shows the targets for 1965 and the extent to which the Plan is being fulfilled.

Items	Unit	1958	1959	1960 (Estimate)	1961 (Plan)	1965 (Target)
1. Pig iron	Mln.tons	39.6	43.0	47.0	51.2	65 - 70
2. Steel	Mln.tons	54.9	60.0	65.4	71.3	86 - 91
3. Rolled Metal ""		43.1	47.0	50.7	55.3	65 - 70
4. Oil	Mln.tons	113.2	129.5	147.7	164.0	230 - 240
5. Gas (Bln.cubic mtrs.)		29.89	37.2	47.5	63.0	150
6. Electric Power	Bln.KW-hours	235.4	264.0	290.0	327.0	500 - 520
7. Iron ore	Mln.tons	88.8	94.4	105.0	145.0	150 - 160
8. Coal	Mln.tons	496.1	506.5	511.0	511.7	600 - 612
9. Cement	Mln.tons	33.3	38.8	45.0	51.0	75 - 81

During the year 1960 there was, in the industrial field, a 10% increase over the previous year as against 3.3% provided for in the Plan. In a single year, the increase in the production of steel was 5 million tons; in oil, 18 million tons, and in cement, 6.5 million tons. These formed the highest records which had ever been reached. The output of electricity came to 290 billion KWH. The daily output of electricity now exceeds the total of the electricity produced for the whole year, 1920. In 1965, the production of

electricity / ...

electricity is expected to be twice that of 1959; and in 1980 5 times that of 1959. Truly, as Lenin had said, Communism is beginning to mean "Socialism plus electricity".

CONTINUOUS PLANNING.

43. Though the various targets of the Seven Year Plan must be considered to be ambitious ones in themselves, the increase in industrial output during the first two years of the Plan — 1959-60 — has exceeded the anticipated figure of 17% by a further 6%. In dealing with a plan of such vast dimensions, the old rigid machinery has proved to be inadequate and a decision was taken in December, 1960, by the Council of Ministers in consultation with all important Party and Government leaders in the country to introduce a system of "continuously operating Five Year Plans" by which targets for the succeeding five years will be re-fixed every year. This new procedure merely formalises the gradual shift from inflexible planning in conditions of moderate economic growth to perspective planning in conditions of wide-scale economic expansion which has been noticeable over the last few years.

CONSUMER GOODS.

44. Light industry is still proceeding at a pace slightly less than heavy industry. In 1960, an 8% increase was registered in light industry as against 10% in heavy industry. There is, however, a new solicitude for the consumer. The attitude towards the consumer used to be one of take it or leave it. In 1960, for the first time, one of the May Day slogans was not only that more consumer goods, but more attractive consumer goods should be produced. An article appeared in "Kommunist" pointing out that the consumer was not a statistical item, but a living human being with tastes of his own. He should not be subjected to the "senseless occupation" of waiting in a queue; and shopkeepers were exhorted to give him a friendly smile and a comradely handshake. On his return from the U.S.A., where Mr. Khrushchev was struck, and to some extent bewildered, by the variety and abundance of consumer goods, he ordered that the capital investment in consumer goods be increased by 50%. In 1960, the output of consumer goods exceeded that of 1958 by 65%; and in the effort to provide more, and more attractive, consumer goods, the investment in the chemical industry is to be increased by not less than 42% in 1961.

AGRICULTURE.

45. During 1960, some progress was made on Mr. Khrushchev's scheme to convert rural areas into agro-towns, under which urban amenities would be extended even to remote

collective or state farms. The object of the scheme was to alleviate the hopeless living conditions in the countryside and, at the same time, to halt the movement from the villages to the towns. From the point of view of agricultural production, the year 1960 was no more satisfactory than 1959. No figures of the grain harvest have been released, but the indications are that the harvest was not much more than the 125 million tons of the previous year, which was considerably less than the bumper harvest of 141 million tons in 1958 and the estimated target of 164/180 million tons at the end of the Seven Year Plan. This low production figure is the more disappointing, because an additional area of 7 million hectares was cultivated during 1960. A large conference of agricultural experts, held in June last, disclosed that production had been suffering seriously on account of clumsy administrative apparatus in many places, insufficient provision of incentives and incomplete integration of the scientific and practical sides in the field. In 1959, the failure of the harvest was attributed to bad harvesting arrangements in Kazakhstan and Mr. Belyaev, who was held responsible for this, was deprived of his position on the Party Presidium. It has just been announced that Mr. Matskevich, Minister of Agriculture, has been relieved of his duties, presumably because of his incompetent administration in 1960.

REVALUATION OF THE ROUBLE.

46. The Rouble has been revalued from the 1st January, 1961. The new rouble will have ten times the value of the old. The external value of the rouble, however, has been devalued (1 U.S. dollar for 90 heavy kopecks) and the premium rates for non-commercial transactions have been abolished. This revaluation will bring the internal purchasing power of the rouble nearer to its external value. It will not have any effect on foreign trade transactions, as the rouble is not convertible. However, now that an attempt is being made to relate world prices to the internal wholesale prices in the Soviet Union, the rouble may gradually reach the status of an international currency and even become ripe for convertibility.

BUDGET FOR 1961.

47. The budget for 1961, which was presented to the Supreme Soviet in the last week of December, was, as always in the Soviet Union, a surplus budget. Reckoned in terms of the new rouble, worth ten times the old, the revenue for 1961 is estimated at 78,900 million Roubles, and the expenditure, at 77,500 million Roubles. This involves an increase of 4.9 per cent in revenue and 6.7 per cent in expenditure, as compared with last year. The revenue will

be derived mostly from the operation of State enterprises, which is expected to yield 72,000 million Roubles or 91.2 per cent of the total revenue. The revenue from taxes, which now stands at 8.8 per cent, will be further reduced. On the expenditure side, Defence will consume 9,255 million Roubles or 11.9 per cent of the total against 12.9 per cent in 1960. The expenditure on social and cultural undertakings, i.e., health, housing, education, social insurance, etc., will be 27,100 million Roubles. This will represent 35 per cent of the total expenditure, as compared with 26.3 per cent last year. The simultaneous reduction of defence expenditure and increase in socio-cultural expenditure shows that in spite of the U-2 incident and its aftermath, the Soviet Union is not thinking in terms of the likelihood of war. Under socio-cultural expenditure, the most striking increase is in the sphere of science, for which 3,800 million Roubles, or an increase of 15.6 per cent over last year has been provided.

AMENITIES TO WORKERS.

48. One of the objects of the Seven Year Plan is to increase the national income by 65% and the per capita income by 40%. The Soviet Government has taken a decision to abolish taxes entirely by 1965. In 1956 salaries below 370 roubles per month were exempted from taxes, and in 1961 salaries below 500 roubles will be exempted. The total taxes from the population in 1961 will account for only 1.8% of the budgetary revenue. The reduction of taxes, however, will not be a matter of any great material relief to the worker, but will rather be a source of psychological satisfaction. It also provides the Soviet Government with a point of propaganda that while in capitalist countries taxes are being continually raised, in the Soviet Union taxes are proposed to be abolished altogether. The wide disparity of income between the highest paid and the lowest paid classes, which existed in Stalin's time, is being progressively reduced, though Mr. Khrushchev has observed that he is no believer in "soulless egalitarianism". The minimum pension has been raised to 300 roubles and the maximum reduced to 1200. Above all, there has been a reduction in working hours. Already, the working day has been reduced to seven hours, and to six hours where conditions are exceedingly difficult. By the end of the Seven Year Plan the working day is proposed to be reduced further to six and five hours respectively. All these measures have made the life of the average worker far easier than it used to be during the last generation.

SOVIET SUPREMACY IN SPACE.

49. During 1960 the Soviet Government maintained its supremacy in space. In 1955, it began the great adventure into space by flying two dogs to a height of 470 km. in a cosmic rocket and bringing them back after a flight of 15 minutes. Then came Laika in November 1957 which survived in space in Sputnik II for a whole week. On the 15th May 1960, the Soviet Union launched a spaceship weighing $4\frac{1}{2}$ tons to a height of approximately 370 km. A second spaceship was launched in August 1960, weighing 4.6 tons. It flew to a height of 320.2 km. and, having covered 700,000 km. safely returned to earth to a pre-arranged spot together with all its passengers, namely, 2 dogs, 2 rats, 40 mice and some insects and plants and seeds. The instruments which had been carried on the vehicle accurately recorded and transmitted to earth valuable data regarding the heart action, blood pressure, respiration and body temperature of the animals, especially in a state of weightlessness. The flight was hailed as another decisive step towards man's inter-planetary travel. Soviet scientists, however, pointed out that the earth had always been, and would always be, the best of all possible worlds for man. "We shall never become moon-men or Martians". The object of launching a spaceship was not to discover a new world for man, but to unveil new laws of nature, new secrets of the universe. "Our planet", said Tsiolkovsky, "is a cradle of wisdom, but one cannot always remain in a cradle."

CHANGES IN THE PRESIDIUM AND THE CENTRAL COMMITTEE.

50. On the 5th May certain important changes were announced in the composition of the Presidium and the Secretariat of the Central Committee of the Communist Party. Mr. Kirichenko and Mr. Belyaev were dismissed from the Presidium, the former presumably for having thrown his weight about too much and the latter for his failure to organise properly the cultivation of virgin lands in Kazakhstan. Mr. Kosygin, Mr. Podgorny and Mr. Polyanski were appointed Members of the Presidium. Mr. Kozlov, First Deputy Prime Minister, was appointed Secretary of the Central Committee of the Party and his place was taken by Mr. Kosygin who had distinguished himself as Head of the Planning Commission. The strength of the Secretariat of the Central Committee was reduced: Mr. Aristov, Mr. Pospelov, Mr. Ignatov and Madame Furtseva ceased to be members; they were given other appointments. Madame Furtseva has become Minister of Culture in place of Mr. Mikhailov who was appointed to Indonesia as Soviet Ambassador. Thus, the Secretariat of the Central Committee has again become a compact body, as it used to be before 1953, when it was

enlarged / ...

PART V

INDO-SOVIET RELATIONS

VISIT OF VIPS.

52. In January President Voroshilov, Mr. Kozlov, First Deputy Prime Minister, and Madam Furtseva, Member of the Presidium and now Minister of Culture, paid a visit to India. They were followed by Mr. Khrushchev who spent about a week in India on his way to Indonesia. The President of India paid a visit to the Soviet Union in the month of June and, apart from Moscow, saw Leningrad, Kiev, Tashkent and Stalinabad. These visits received much publicity in the Soviet press. A film on President Voroshilov's visit was shown under the title, "Mission of Peace and Friendship". The film on President Rajendra Prasad's visit took, as its title, a sentence which he had uttered in Moscow, namely, "I see love towards India". The film on Mr. Khrushchev's visit to India bore, as its title, a word and a gesture which he, more than any other foreigner, has done much to popularize, "Namaste". Among other dignitaries who came to Moscow in 1960 were Shri Morarji Desai, Finance Minister; Shri K.D. Malaviya, Minister for Oil and Natural Resources, Shri Panjab Rao Deshmukh, Minister for Agriculture, Shri A.M. Thomas, Deputy Minister of Food, and Dr. H.J. Bhabha, Chairman of the Atomic Energy Commission. There was also a steady stream of other visitors and delegations, official and non-official, throughout the year. This was very different from the state of affairs in my first year when an Indian in Moscow was as rare a sight as an Eskimo.

"THE MAGNITOGORSK OF INDIA"

of the
Friendship
of peoples".
It quoted
our Prime
Minister's
remark that
"Bhilai is
the symbol/
the symbol/

53. On his return to Moscow from India, Mr. Khrushchev addressed a mammoth public meeting. He said that he had "important and interesting talks" with the Prime Minister of India. He also said that he felt perfectly at home at the Suratgarh State Farm, which had been set up with Soviet assistance, and at Bhilai, "the Indian equivalent of our Magnitogorsk". At the end of October, when a rolling mill for the production of rails with an annual production capacity of 365,300 tons went into operation in Bhilai, PRAVDA wrote an article entitled: "Bhilai, Symbol of a new future for growing India" and that "the cooperation between India and the USSR is a very great thing". PRAVDA recalled that Bhilai had already produced 815,000 tons of pig iron, 260,000 tons of steel, 920,000 tons of coke and 212,000 tons of rolled steel. The fourth rolling

mill, .../

enlarged so as to include the proteges of rival claimants to power in the Presidium, such as Mr. Khrushchev, Mr. Malenkov, Mr. Molotov and Mr. Kaganovich. The appointment of Mr. Kozlov as Secretary of the Central Committee and, perhaps as a foil to that redoubtable theoretician, Mr. Suslov, confirms the impression that he is being groomed by Mr. Khrushchev as his successor. The veteran President Voroshilov retired amidst hallelujahs and has been succeeded by Mr. Brezhnev, 25 years younger.

LITERARY TRENDS.

51. Pasternak, the greatest literary figure in the Soviet Union since Maxim Gorky, died in June, unwept, unhonoured and unsung in his own country, but vastly honoured elsewhere. Sholakhov, the author of the famous books, Quiet Flows the Don and Virgin Soil Upturned, broke the silence of over a quarter of a century and produced a new book, Harvest on the Don. The Party continued to stress that writers should adhere to the canons of Socialist realism, but was less rigid in applying them in practice. The poems of Anna Akhmatova who had been viewed with disfavour began to be published again. Tvardovski, the Editor of "Novy Mir", who was responsible for publishing Dudintsev's controversial book, Not by Bread Alone, and who was dismissed from his post, published a new poem, 'Back of Beyond', a savage satire on Stalin. Dudintsev himself published a new book called "New Year's Tale". It is a formless and fantastic story, relating the triumph of sunlight over a continent which had never seen the sun and where man had been groping about in the dark, mining coal and growing vegetables in artificial light. Does this darkness represent Stalin's Russia? Or does it denote the crumbling world of Capitalism? Or has the author in mind humanity itself groping towards truth? Mr. Dudintsev has left his readers guessing. That an author should have been allowed to write such a book, fanciful and allegorical, departing from the stern canons of Socialist realism, shows the extent to which writers have been released from the grip of Zhdanovism which had closed in on them in Stalin's later years.

PART V /

mill, the third blast furnace, the last of the six openhearth furnaces and the sintring plant are all expected to go into operation by March 1961. It is proposed to expand the Bhilai steel plant to 2.5 million tons under the Third Five Year Plan and designing work for this purpose has already started.

SOVIET PROJECTS UNDER PREVIOUS CREDITS

54. The heavy machine-building and coal-mining machinery plants, which have been proposed to be set up under the 1957 credit agreement for 500 million roubles, have passed the stage of designing. A team of Indian engineers of the Heavy Engineering Corporation has arrived in Moscow and started preparing the necessary working drawings for construction in conjunction with Soviet technical organizations. Another team of four engineers has also arrived in order to prepare the project report for setting up an oil refinery at Barauni under an agreement concluded in September 1959. Designing work on the setting up of pharmaceuticals and drugs projects with Soviet assistance is proceeding.

1500-MILLION ROUBLE CREDIT

55. In June 1959, the Soviet Government offered a credit of 1500 million roubles towards the Third Five Year Plan, and a formal agreement for the utilization of this amount was signed in Delhi on the 12th February 1960. Under this agreement some old projects will be expanded and some new ones will be undertaken. The capacity of the Bhilai Steel Plant will be expanded to 2.5 million tons a year; the capacity of the Heavy Machine Building Plant will be doubled from 40,000 to 80,000 tons; the capacity of the Neiveli Power Plant will be expanded from 250 MW to 400 MW; and the Korba Thermal Power Station will be expanded by 200 MW. A new thermal power station with a capacity of 250 MW will be started at Singrauli (Uttar Pradesh). It is also proposed to have a project for the manufacture of precision instruments and one for the manufacture of heavy electrical equipment. Moreover, the exploration, development and production of oil and gas will be intensified. A number of delegations and engineers have already arrived in Moscow in order to pursue these schemes.

ADDITIONAL 500 MILLION-ROUBLE CREDIT

56. In addition to the credit of 1500 million roubles, offered in June 1959, the Soviet Government offered an additional credit of 500 million roubles at the end of July 1960, on the same easy terms and conditions as the former. In order to settle the projects to be

undertaken...

undertaken under the new credit, a Soviet delegation will shortly proceed to New Delhi. A tentative list of projects which may be considered under this credit includes oil exploration, production of crude oil in Cambay and Ankleshwar, the Bhakra Hydro-Electric Project with four units of 120 MW each, an oil refinery in Gujarat, a ball and roll bearings factory, a refractories plant and a factory for the manufacture of compressors and pumps and a washery for coking coal.

INDO-SOVIET TRADE

57. 1960 was the second year covered by the Indo-Soviet Trade Agreement, signed at the end of 1958. Firm commitments had been made and precise targets fixed for the exchange of goods between India and the Soviet Union in 1960. Under this plan, it was calculated that the value of the turnover of goods would be about 500 million rupees. The exports from India were planned to reach a figure of 310 million rupees and imports into India, 190 million rupees. The trend of the purchases in India by foreign trade organizations showed that in many commodities, such as tea, coffee, spices, hessian, mica, tobacco and cashew kernels, the target fixed for exports from India would be exceeded. In other articles such as shoes, shellac, raw wool, coir mats and handicraft products, the trade plan for 1960 is expected to be fulfilled. The Soviet authorities have shown an interest in some new items such as tanned skins, cotton textiles, canned fruit, hosiery and knitted wear. As for imports from the Soviet Union into India, machinery and equipment, worth 64 million roubles, were imported in the first nine months of 1960 as against 48 million roubles for the whole of 1959. An important new item of import from the Soviet Union in 1960 was oil products. In July, a contract was signed with the Soviet authorities for the import of oil and the first shipment of 23,000 tons of kerosene and diesel oil reached India in the middle of August. Additional shipments could not be made in 1960, because of the lack of storage facilities at the disposal of the State-owned Indian Oil Company Limited. The Soviet Union also offered to sell crude oil at very attractive prices, but the foreign-owned oil refineries in India refused to handle Russian oil. The mere offer of crude oil by the Soviet Union has resulted in a reduction of 12% in the price of crude oil imported by the British and American companies operating in India, and an estimated saving of about 50 million rupees has accrued to the Indian Exchequer.

LONG-TERM TRADE PLAN

58. The Soviet Minister of Foreign Trade, Mr. Patolichev, visited India in October 1960, and a

long-term.../

long-term trade plan, covering the years 1961-63, the last three years of the current Indo-Soviet Trade Agreement, was signed. It is expected that at the end of this period, the present total turnover will double itself to 1000 million rupees.

BORDER ROAD DEVELOPMENT

59. A Border Road Development delegation, led by Dr. Kothari and including officers of the Indian Army and Air Force, arrived in Moscow in the middle of October and successfully negotiated and concluded a major contract for the purchase of eight AN-12 aircraft, capable of carrying heavy cargo of machinery and equipment to high altitudes. The total value of the contract is about 100 million rupees, repayable in 6 instalments in non-convertible Indian rupees under the terms of the Indo-Soviet Trade Agreement. It was agreed that the interest on unpaid balances would only be 2% per annum. A supplementary contract was concluded for the training of Indian aviation personnel in the USSR to man the AN-12 aircraft. The delegation also negotiated the purchase of road-building machinery and equipment, worth over five million rupees.

INDO-SOVIET CULTURAL AGREEMENT

60. The longstanding desire of the Soviet Union to have a cultural agreement with India was fulfilled during the year under report. An agreement, valid for five years, was signed by Shri Humayun Kabir, Minister for Cultural Affairs, and Mr. Zhukov, Chairman of the State Committee for Cultural Relations with Foreign Countries, on the occasion of Mr. Khrushchev's visit to India in February 1960. Under this agreement, India and the Soviet Union will continue to strengthen their cooperation and promote cultural exchange in the fields of education, art, science and technology. The Instruments of Ratification were exchanged in Moscow on the 10th September 1960.

CULTURAL EXCHANGES

61. It must be confessed that the cultural exchanges with the Soviet Union in 1960 were somewhat niggardly as compared with previous years and particularly as compared with the number of delegations and troupes which came even from far less important countries. This is a pity, because the interest of the Soviet people in the many-sided culture of India is deep and abiding. The year opened well with the talented dancer, Mrinalini Sarabhai, coming to Moscow and dancing before a distinguished audience.../

audience on the occasion of the 10th anniversary of the Indian Republic. A great interest is being shown in the Soviet Union in the staging of Indian plays. Tagore's 'CHITRA' was staged as a ballet in Kuibyshev Theatre and Shrimati Nandita Kirpalani came to Moscow in order to assist in its production. The Children's Theatre in Moscow has successfully staged 'RAMAYANA'; and the script-writer, Madam Guseva, and the composer, Mr. Balasanian, have been invited to India. Two other Indian plays which are likely to be staged in the near future are 'Shakuntala' and 'Nala-Damayanti'. Indian films continued to be as popular as ever, and the Embassy received frequent complaints that more of them were not available. A committee, under the chairmanship of the wellknown writer, Mr. Tikhanov, has been set up to celebrate Tagore's Centenary in Moscow and in other leading State capitals. Many Indian books were translated into the various languages of the Soviet Union. A Russian edition of our President's autobiography is nearing completion.

"INDIA IS OUR GOOD FRIEND"

62. On one occasion when I had an interview with Mr. Khrushchev - always a stimulating experience - he remarked that so far as Indo-Soviet friendship was concerned there was not a single cloud on the sky. Even the clouds which have settled on our frontier and passed over Kerala left no shadow on the sunny landscape of Indo-Soviet friendship. On the eve of our President's visit to Moscow, IZVESTIA, the Government newspaper, wrote an article, called "India is our good friend", admirably summarising the Soviet attitude towards India. There were many things, said the article, which the USSR and India had been doing in their own way, but not a single circumstance had occurred which damaged in the slightest extent the friendship between the two countries. The foundation of that friendship was equality and respect for each other's sovereignty. India had incurred a terrible heritage from her colonial rulers, but she had adopted a domestic and economic policy, which was proving successful in reducing the burden and the Soviet Union was also helping in this process. India's foreign policy and, in particular, her refusal to participate in military blocs, her abhorrence of nuclear weapons and her solidarity with the peoples of Asia and Africa, had the admiration and support of the Soviet Government. By this policy, India had earned a worthy place in the international arena.

CONCLUSION

RETROSPECT

63. Looking back on the last eight years, one feels one can almost draw a graph of the rise and fall of international tension. At the beginning of 1953 tension was at its worst. Having remained for many years in the wilderness, the Republican Party came to power in the USA, proclaiming its determination not only to "contain" Communism but to "liberate" Communist areas; and, as if by way of reaction, Stalin ordered the bizarre arrest of a number of eminent and innocent Jewish doctors as a prelude to a purge which might have become almost as massive as that of the 'thirties. Stalin died in March 1953, and there came to power a team, in which Mr. Khrushchev soon assumed the leadership, determined to reduce internal and international tension. Their efforts reached a climax at the Summit Conference in Geneva in July, 1955, which was declared a great success by the Soviet Union and a great failure by the USA; and at the 20th Congress of the Communist Party in February 1956, Stalin was put in his proper place, Marxism was made up to date and peaceful coexistence was declared as the firm basis of Soviet foreign policy. In the autumn of 1956, however, there took place a number of dire events - the uprising in Poland, the revolution in Hungary, the invasion of the Suez and the suppression of the Hungarian revolution. These events took place more or less simultaneously, acting and reacting on one another, and caused a serious relapse in the international situation, when even the cultural contacts between the East and the West were suspended. Mr. Khrushchev spent the next three years in trying to consolidate Communism in Eastern Europe and his own position in the Soviet Union and the Communist world. At the same time, using the unnatural situation in Berlin as the key, he gradually led world statesmen towards his great goal, a conference of Heads of Governments to consider vital international issues or at least to produce an atmosphere for considering them dispassionately. Unfortunately, the U-2 incident and all that followed caused a severe set-back and the cold war has flared up again. The period, reviewed in this paragraph, coincided with Mr. Eisenhower's term as President of the United States. That high-minded and peace-loving soldier became President, bravely promising that he would, if necessary, personally go to Korea and bring about peace; and he is ending his Presidency with more Koreas in the making - in Laos and in the Congo.

It is .../

It is, however, comforting to think that in the great conclave of Communist Parties in Moscow in November, 1960, Mr. Khrushchev was able to have his way vis-a-vis the Chinese in his less rigid interpretation of Marxism and his fervent pursuit of peaceful coexistence. And in his toast at the Kremlin banquet on New Year's Eve, he solemnly reaffirmed the desire of the Soviet Government to let bygones be bygones and to establish friendly relations with the new government of the USA. Much will now depend on Mr. Kennedy's response in deeds as well as in words.

PROSPECTS OF PEACE

34. There are of course many reasons why the persistent efforts of well-intentioned statesmen, including our Prime Minister, to bring about a reduction of international tension have not succeeded. The principal psychological reason for the present state of affairs was well expressed in a phrase coined by the late Mr. Aneurin Bevan: the prevalence of 'demonology'. By this he meant the tendency to divide men and nations into god-men and devil-men and to seek a spurious security by taking sides. Stalin suffered acutely from this disease. It was a highly infectious disease and spread to the other side of the Atlantic, where it found an illustrious and incurable victim in Mr. Dulles. The disease is also rampant in some parts of the Communist world where it has allied itself with the indigenous foreign devil complex. Mr. Khrushchev's great merit is that he has made an earnest effort to rid himself and his people of this disease. Under his direction, the recent Communist meeting in Moscow even invented a new category of states - an independent national democracy - vide paragraph 38 of this report. In any case, Mr. Khrushchev is convinced that the god-men and the devil-men must make up their minds to live peacefully together, lest they should blow up civilization. No one could have put this simple truth in a more homely or more forceful manner than Mr. Khrushchev during his visit to Austria. "Noah", said Mr. Khrushchev, "built an Ark and took into it seven pairs of clean and seven pairs of unclean animals. Although they did not respect each other, they kept their peace in Noah's Ark because they understood that if they did not behave themselves the Ark would break up and they would all drown. In some ways we on this planet are like the inhabitants of Noah's Ark. The earth moves in a system of planets. Our planet is small; in a few score hours one can circle it in a plane; rockets and Sputniks can make several revolutions around the earth in a day. If on this earth

we are not.../

we are not able to live as living beings were able to live in Noah's Ark, and if we start a war to settle disputes between States - some dislike Socialism and some dislike Capitalism - we shall destroy our Noah's Ark, the earth." In saying this, Mr. Khrushchev was putting the need for peaceful coexistence on the lowest, which is also perhaps the highest, ground, namely, self-preservation. But there is also a philosophical basis for coexistence. "Even he", says the Gita, "who, contrary to the Scriptures, worships alien gods, comes to Me, provided he does so with faith." It must be difficult for men, living in colder climates and having a harsher outlook on life, to extend this all-embracing tolerance to those worshipping alien political gods. The best hope is that, impelled by the sheer instinct for survival, great nations, and especially the two greatest, will get together, as the inhabitants did in Noah's Ark, and save themselves from the advancing nuclear deluge.



(K.P.S.MENON)
Ambassador of India.

5th January 1961.

Distribution: As usual.

YNS/50)

Note: There will be no separate monthly report for December, 1960.