

~~SECRET~~

~~CONFIDENTIAL~~

OCI NO. 8546

31 July 1953

25X1



# CURRENT INTELLIGENCE WEEKLY



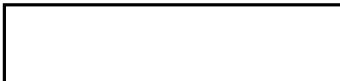
DOCUMENT NO. 10  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS C  
NEXT REVIEW DATE:  
AUTH. IS TO: 7-25-77  
DATE: 7-25-77 REVIEWER:

25X1

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

~~SECRET~~



25X1

~~CONFIDENTIAL~~

STATE review(s) completed.

~~SECRET~~

~~CONFIDENTIAL~~

SUMMARY OF CONTENTS

THE SOVIET WORLD . . . . . Page 4

THE POSTARMISTICE SITUATION IN KOREA . . . . . Page 6

The early phase of the Korean armistice is expected to proceed fairly smoothly. The subsequent political conference is likely to become deadlocked, however, and South Korean forces have threatened to resume hostilities in early 1954.

POLITICAL CONTROL OF THE SOVIET ARMED FORCES . . . . Page 9

The political control system of the Soviet armed forces makes it extremely difficult if not impossible for any one member of the collegial leadership successfully to use the army in a bid for supreme power.

IMPLICATIONS OF THE NEW SOVIET APPROACH TO IRAN. . . Page 11

Recent Soviet conciliatory moves toward Iran seem designed to prepare the ground for a general settlement in which concessions will be used to induce Mossadeq to conclude agreements favorable to long-range Soviet interests in Iran.

ARMS SMUGGLING INCREASES IN NORTHWESTERN IRAN. . . . Page 13

A sharp increase in arms smuggling in the strategic Kurdish tribal areas of northwestern Iran has followed the widespread unrest caused by Prime Minister Mossadeq's agrarian reform decree and by the army's efforts to disarm the tribes. (SEE MAP)

~~CONFIDENTIAL~~

~~SECRET~~

**EGYPTIAN ARMY DISCONTENT WITH MILITARY REGIME'S LEADERSHIP . . . . . Page 15**

Dissatisfaction within the Egyptian army, particularly among the traditionally elite artillery service, with the policies of the Revolutionary Command Council points up the regime's problem of retaining the necessary support of the armed forces.

**ADENAUER'S ELECTORAL PROSPECTS . . . . . Page 17**

The prospects are now good for Chancellor Adenauer's return to power as a result of the 6 September elections. International developments, especially those affecting the German unity problem, will have a strong influence on the final result.

**INDONESIAN POLITICS STALEMATED BY COMMUNIST-NATIONAL PARTY COOPERATION. . . . . Page 19**

Since the Indonesian cabinet fell on 3 June, attempts to reconstruct the National Party-Masjumi coalition have been unsuccessful. Only a departure from constitutional procedure appears likely to get the government in motion again.

~~SECRET~~

25X1

## THE SOVIET WORLD

On the eve of the Korean truce, the Kremlin strongly reaffirmed the conciliatory post-Stalin foreign policies and internal "liberalization" program. A lengthy TASS release in connection with the 50th anniversary of Bolshevism quoted Lenin on the possibility of "lasting coexistence" and also on the need of the West for trade with the Soviet bloc. Minimizing Stalin's role in party history almost to the vanishing point, the review emphasized the recent theme of collective leadership and warned that "the cult of the individual ... has nothing in common with Marxist-Leninist concepts."

As an over-all statement of policy the TASS release does not, however, reverse Pravda's 22 July editorial which was antagonistic toward a Four-power meeting as conceived in the recent tripartite Washington conference. Pravda stated that "under certain conditions" such a conference could have positive significance, but condemned the Western communique of 14 July as having motives "which had nothing to do with furthering peace or with the tasks of reducing international tensions."

A further indication of Soviet preference for the propaganda forum of a loosely organized four-power conference was apparent in the 24 July Soviet press. This treated at length the official British debate on the Washington conference and played up Attlee's call for a higher-level conference to discuss all problems endangering world peace.

The specific Pravda comments on Germany followed the standard propaganda line, reflecting a feeling of weakness in Germany and suggesting that the USSR is not willing to meet Western demands for free elections. While the official Soviet reply to the Western invitation for talks may be phrased less negatively, the USSR probably will continue to favor talks on the entire question of a German peace treaty rather than the embarrassing question of free elections.

Molotov's reported assurance to Japanese Stalin prize winner Oyama that steps would be taken to re-establish normal relations with Japan may foreshadow other overtures designed to reduce Japanese distrust of the USSR. The Kremlin may calculate that decreased US procurement orders for Korea following the truce will have detrimental economic effects in Japan which will increase pressure for expanding trade with Communist China.

~~SECRET~~

~~SECRET~~

25X1

The USSR is likely to condition any serious political offer by demands that Japan revise its military and economic arrangements with the United States.

The 26 July announcement that L. G. Melnikov had been appointed Soviet ambassador to Rumania supports previous indications that the now scrapped anti-Russification propaganda campaign was a Beria creation. Melnikov had been ousted from his positions of leadership in the Ukraine on 12 June on charges of harsh Russification of that republic's western oblasts. His re-emergence suggests that he was a temporary sacrifice to Beria.

On 25 July the Hungarians announced an amnesty decree similar to those of Rumania and Czechoslovakia, but less generous than the Soviet decree. The government also ordered disbandment of all internment camps by 31 October and the cancellation of all prohibitions of residence and deportations imposed prior to 25 July. These latter measures have not been taken elsewhere in the Orbit and, if implemented, would mark a significant relaxation of the regime's police policies. There are also strong indications that the Hungarian state security authority has been integrated into the Interior Ministry in line with the recent Soviet and East German re-organizations.

A reshuffle of the Albanian government has streamlined the economic administration and is otherwise similar to recent changes in Hungary and the USSR which were followed by announcements of more liberal policies. Enver Hoxha continues as premier and party leader, but has lost the foreign affairs and national defense portfolios.

There have been manifestations in Poland for the first time of the current tactical moderation of internal Satellite policies. In an important speech on 22 July, Premier Bierut stressed the need for raising the level of agriculture and announced that the government would provide more assistance, equipment and supplies to private farmers and aid peasants in financial difficulties.



~~SECRET~~

25X1

## THE POSTARMISTICE SITUATION IN KOREA

The early stages of implementation of the Korean armistice are expected to proceed fairly smoothly. The political conference which is to meet in October is likely to become deadlocked, however, and South Korean forces have threatened to resume hostilities in early 1954.

President Rhee publicly stated on 27 July that his government would not disturb the armistice while the political conference undertook "within a limited time" to solve its two principal agenda questions: withdrawal of foreign troops and the permanent status of Korea. Even during this period, however, his cooperation might be lost through failure to obtain from the United States a commitment of support for a resumption of hostilities or a security pact guaranteeing immediate assistance in the event of a Communist attack.

At any time, therefore, he might obstruct the truce implementation and violate the assurances given the Communists by front-line provocation, hostile action against neutral nations personnel, and further releases of prisoners.

Assuming that the armistice does not break down in the three months before the political conference convenes, the conference itself presents many complex problems. The questions of the participants, the procedure and the agenda will be difficult to solve in themselves.

The UN must decide whether to invite all nations having troops in Korea, to select certain representatives from among them, or to invite all interested parties, for example, India and Nationalist China. If the conference has a broad representation, the Communists may press for a multipartite Far Eastern conference with the participation of the USSR and possibly Eastern European Satellites and the Viet Minh, as well as Communist China and North Korea. If UN representation is restricted to those directly involved, the USSR may choose to remain behind the scenes as at Panmunjom.

The question of voting procedure is closely related to that of participants. Whereas the UN will presumably seek decisions by a two-thirds or majority vote, the Communists are likely to seek veto power over conference decisions.

**SECRET**

25X1

The Communists will probably try to use an "et cetera" in the armistice agreement as a basis for discussing China's seat in the UN and the status of Formosa. Several of the UN allies favor such a discussion and are sympathetic to Peiping's position. The Communists wish to avoid discussion of Indochina.

A comparatively minor but complicated question for the conference is the status of prisoners who remain unwilling to be repatriated after 90 days of Communist "explanations." The conference can discuss this question for only 30 days, in which time there is little prospect of agreement.

The 8 June POW agreement provides for these prisoners then to be freed and assisted to go to neutral nations. Ambiguities in the text will permit the Communists to try to block the prisoners' change to civilian status, to seek their continued detention as displaced persons, or to limit sharply the interpretation of "neutral nations." The Communists may also bring forward, in this period, the question of the 27,000 prisoners released by Rhee in June. On various points of the prisoner issue, the Communists are likely to get some support from certain UN allies.

As regards the withdrawal of foreign forces -- one of the two main agenda questions -- both sides have called for withdrawal but neither has made specific proposals for its accomplishment. It is uncertain whether this question must be resolved before that of the permanent status of Korea is taken up.

There seems little chance of an early withdrawal of Chinese Communist forces, and in any case those forces would still be disposed in Manchuria as a continuing threat to Korea. As recently as 27 July Peiping suggested that some portion of the Chinese Communist forces would remain in Korea to assist in reconstruction. There is no way that the UN can ensure a Chinese withdrawal short of inflicting a military defeat on the Communist forces.

As regards the principal question before the conference, both sides are publicly committed to the peaceful unification of Korea but there has been no sign of agreement on terms. The Communists appear determined to retain control over North Korea as a base for eventual control of the entire nation. Rhee appears equally determined to press for unification under his authority. Some UN members are believed to favor a trusteeship over Korea, which might be linked to a similar arrangement for Formosa.

**SECRET**

~~SECRET~~

25X1

The Communists might conceivably propose a coalition government for all of Korea, using Soviet bloc assistance in reconstruction as a bait. Although there is no prospect that Rhee would accept such a proposal, the Communists might seek a "united front" with anti-Rhee forces in South Korea in an effort to remove Rhee and induce acceptance of the offer.

Rhee has publicly and privately stated that his cooperation will depend on the progress achieved by the political conference in its first 90 days. The Communists have been assured that there is no time limit on the armistice, and they will certainly seek to avoid a time limit on the discussions. Rhee has been promised that, if after 90 days of the conference, it is apparent that the Communists are negotiating in bad faith, the United States will withdraw and will consult with Rhee on further action. The United States is not committed, however, to support Rhee in a resumption of hostilities at that time.

It is most unlikely that agreement can be reached on the main agenda questions in 90 days. The Communists are probably confident, however, that their proposals will be regarded by many of the UN allies, if not by the United States or South Korea, as meriting further discussion. The United States may thus be under pressure from three directions at that time.

The principal danger is that South Korean forces will take unilateral action in the belief that the UN Command, despite the latter's assurances to the Communists, could not afford to refuse its support. Should the UN Command in fact withhold support, South Korean forces would be no match for the Communists. Should the UN Command provide support in such circumstances, many of the UN allies could be expected to withdraw, and the United States might find itself isolated in support of an unpopular conflict.

*SECRET*



**SECRET**

25X1

**POLITICAL CONTROL OF THE SOVIET ARMED FORCES**

Real political control over the Soviet military organization rests with the apparatus of the party Central Committee, which is subservient to the individual or group at the top of the party hierarchy. The Soviet army at this time is believed not to be an autonomous source of power. It would probably not support the defense minister or any other single political leader who was not firmly established as the indisputable dictator. An indication that any one member of the collegial leadership was attempting to manipulate the army in a bid for personal power would immediately be apparent to his colleagues who presumably would deal with him as they did with Beria.

For 35 years Soviet political leaders have been developing and maintaining a system of checks and controls in the military organizations, in order to ensure the loyalty of the generals and their troops and forestall any military coup. The ability of the politicians to arrest and execute a large number of the highest Soviet army officers in 1937 demonstrated the effectiveness of the system.

Since 1925, the main political organs within the armed forces have been directly under the guidance, or actual components of, the party Central Committee. Known as Chief Political Directorates (GPU), they have the over-all mission of political guidance of the military establishment along policy lines formulated by the Central Committee.

According to the party statutes as revised at the 19th Party Congress last October, the Chief Political Directorates of the army and navy are to function "with the powers of" departments of the Central Committee. The merger of the Ministries of the Army and Navy into the Ministry of Defense in March 1953 was paralleled by the creation of a single Chief Political Directorate for Defense.

Previously, from 1947 to 1950, when there was also a single Ministry of the Armed Forces, the organization of the main headquarters of the Chief Political Directorate was similar to that of the central committee apparatus. Presumably the political structure is much the same today.

On the lower levels, the GPU organization proliferates in accordance with the subdivisions of the armed forces organization. On the level of the military district in the army and of the fleet in the navy, there is normally a political directorate which governs party activities. In addition,

**SECRET**

**SECRET**

25X1

there is a political officer whose appointment must be approved by the party Central Committee. On the next subordinate level, party activities are directed by a political section.

Political work in lower units is carried on by a political officer who is a member of the commanding officer's staff. Here, however, there are also party organizers to assist the political officer in his work. While the political officers and organs are subordinate to their military commander, they can report outside normal military channels to the next higher political headquarters, thus giving them a dual command channel.

The number of top-ranking officers holding party membership has increased until today all the top leaders of the Soviet armed forces are members. This clearly shows that party membership and approval are necessary for a successful military career, and gives the party additional leverage over the command personnel of the armed forces.

Party members in the armed forces are all gathered into primary party organizations or cells in their respective units. While these organizations do not exercise direct control over the administration or command of the unit, they function under the political officer to assure the correct orientation of personnel. In addition, but on a larger scale, the Komsomol or youth organization performs similar functions among lower ranks.

Within the over-all political organization of the armed forces, the party also maintains its own checking and disciplinary system by means of party commissions. The highest of these, to which all others are directly subordinate, is attached to the GPU and is chosen by the party Central Committee. Lower commissions exist through the division level and are elected by party conferences convened only on Central Committee order. These commissions have the power to review and countermand decisions of lower party organizations in the armed forces, ensure the implementation of party decrees, admit new members to the party, and take disciplinary action against existing members, including their expulsion from the party ranks.

In addition to the political organization, the MVD, which operates as the party's most important punitive arm, maintains special counterintelligence units on every staff down to and including the battalion with informant nets extending to the lowest levels. The party's control mechanism in the MVD is similar to that in the armed forces. These MVD units and the political organs cooperate closely to assure the Soviet political leaders the complete loyalty of the armed forces.

**SECRET**

**SECRET**

25X1

**IMPLICATIONS OF THE NEW SOVIET APPROACH TO IRAN**

The recent Soviet offer to settle Iran's financial claims against the USSR and the frontier disputes, together with other diplomatic moves, suggest that Moscow is inaugurating a more positive policy toward Iran.

The Soviet initiatives reflect interest in exploiting Iran's deteriorating political and economic conditions and seem timed, in part, to take advantage of US warnings that Mossadeq cannot count on American aid as long as he shows no real desire to find a solution to the oil question.

Since Iran became embroiled with the British, Moscow has maintained an outwardly correct line, posing as Iran's disinterested and anti-imperialist friend while at the same time continuing its clandestine support of the Tudeh. The new friendly Soviet approaches appear to be an effort to back propaganda support for Mossadeq's stand with concrete deeds.

Soon after Stalin's death Moscow proposed to settle some border disputes, appointed a top-level Soviet diplomat, A. I. Lavrentiev, as the new ambassador to Iran, and concluded a trade agreement with Iran, almost doubling the present volume of trade between the two countries, bringing the new total to over \$100,000,000 annually. The USSR thus regained the place it held in the 1930's as Iran's leading trade partner.

By these moves Moscow apparently has prepared the ground for a general settlement of all outstanding issues, which also include the disposal of Caspian fisheries property and a possible revision of the 1921 Soviet-Iranian treaty.

In any negotiations Moscow will probably attempt to demonstrate that Mossadeq has an alternative to economic and political ties with the West. Therefore, the Soviet negotiators are unlikely to make extreme or unacceptable demands but rather will seek to induce Mossadeq to conclude political and economic agreements favorable to long-range Soviet interests in Iran.

In negotiating a general settlement, Moscow's minimum aims would center on its long-standing determination to forestall the intrusion of Western influence in northern Iran. The maximum aims of the Soviet negotiators would probably be to achieve the expulsion of American military and technical assistance missions from Iran, and to secure concessions enabling Moscow to extend its influence over Iran's economy.

**SECRET**

~~SECRET~~

25X1

In pursuit of its aims, the Soviet Union can provide funds, technical experts and equipment for Iran's oil operations in exchange for an Iranian commitment not to ship oil to Western nations. As an added inducement, it might guarantee Iran markets in the "popular democracies" for its oil products as suggested by the Tudeh. On 13 July former ambassador Sadchikov indicated increased Soviet interest in Iranian oil when he said that the "expansion of cooperation between our two nations ... is correlated with their most important vital resources."

In view of the prospects for closer political relations and expanding economic ties, the Tudeh is not likely to attempt a disruptive coup in the near future. However, it can be expected to use these signs of Soviet friendship as a major propaganda theme to win popular support and to generate enthusiasm for the cause of Iranian-Soviet friendship.

Friendly Soviet gestures toward Iran would probably strengthen popular support for Prime Minister Mossadeq's position. If he could reach an apparently favorable agreement with the Soviet Union, and in particular if he persuaded the USSR to return the gold, he could claim a victory for his diplomacy.

This extra support would probably be sufficient to ensure the success of his plan to dismiss the present Majlis through a plebiscite and hold new elections. With the present increase in Tudeh capabilities it is likely that the party could elect some of its followers to the new Majlis and even win cabinet representation.

Moscow probably believes that Mossadeq's continuation in power will best serve its long-range interests. While Soviet policy may exploit more assiduously any opportunities offered by the oil stalemate and the resulting political and economic confusion in Iran, an attempt to extract far-reaching concessions by physical intimidation or to detach Iranian provinces in connivance with the Tudeh appears unlikely.

~~SECRET~~

## ARMS SMUGGLING INCREASES IN NORTHWESTERN IRAN

A sharp increase in arms smuggling in the strategic Kurdish tribal areas of northwestern Iran has resulted from the unrest caused by Prime Minister Mossadeq's agrarian reform decree and by the army's efforts to disarm the tribes (see map, p. 14). While there is no apparent organized conspiracy among the Kurds to overthrow the Tehran government, the current situation offers a potential threat to public order and local stability.

The government attempts periodically to disarm the tribes, although the army lacks the means of enforcement, especially in the remote sections. The increased trade in illegal weapons, noted by both Iranian and American officials, has probably been prompted by the desire to replace weapons confiscated by the army and by a fear that the government's security forces cannot provide sufficient protection against marauders and raids from other tribes.

In April the American consul in Tabriz estimated after a careful study that there were about 5,000 rifles, shotguns and automatic weapons, excluding sidearms, in all of Kurdistan. He reported that 300 to 350 rifles per month are now entering Kurdistan's illegal arms market along with an additional 100 to 150 pistols and automatic weapons. Three quarters of these are supplied by an interconnected but unorganized network of dealers who in turn buy from three large-scale smugglers in Tabriz. It is significant that while the three major tribes in the area can muster around 30,000 able-bodied men, they have only about 2,000 rifles even after many decades of arms smuggling.

Iranian officials have repeatedly insisted that foreign agents, particularly British and Russian, are responsible for the illegal arms traffic, but the consul in Tabriz reports no evidence to support this charge. Many of the weapons are probably obtained by sale or theft from the army. Others were probably left behind when the Soviet-sponsored Kurdish and Azerbaijan republics were dissolved in 1946.

Tehran's security forces could probably control any armed uprising at present. They recently demonstrated their ability to do so when the Bakhtiari in southern Iran attempted to revolt during the spring of 1953. Nevertheless, tribal unrest and government vacillation will provide a continuous irritant and greatly add to the security and administrative problems which the government faces in the outlying areas.



~~SECRET~~

25X1

**EGYPTIAN ARMY DISCONTENT WITH MILITARY REGIME'S LEADERSHIP**

Dissatisfaction within the Egyptian army, particularly among the traditionally elite artillery service, with the policies of the Revolutionary Command Council (RCC) points up the regime's problem of retaining the support of the armed forces. This support is essential because the outlawed Wafd party and certain elements of the Moslem Brotherhood, the only effective political organizations in Egypt, are largely in opposition to the regime.

During the past year, the officer corps of the army has been shaken up as a result of the dismissal of some 500 individuals, approximately 12 percent of the total officer strength. Ninety percent of the general officers and 20 percent of all officers above company grade have been retired. Accordingly, there remains only a limited number of experienced senior officers on whom the regime must rely to run the army.

The concentration of power within the RCC in a small clique headed by Colonel Nasr, and the promotion to major general and commander in chief of the armed forces of 33-year old Major Amir, a member of this group, raises the question of the continued loyalty of the army to the regime.

Colonel Nasr has stated that Amir is popular with the army and that it accepts his elevation from major to commander in chief. The only reaction within the army to date has been the resignation in protest of the chief of staff of the air force.

However, there has been persistent evidence of dissatisfaction within the army over the policies of the ruling group dating from October 1952, when the RCC removed artillery Colonel Mohanna from the three-member regency committee which was theoretically ruling Egypt. The artillery has been particularly identified in anti-regime activities.

When Mohanna and a group of artillery officers were arrested last January, allegedly for plotting a counter coup, friction with the ruling clique came to a head. With Mohanna's sentence to life imprisonment in March, the RCC theoretically removed the possibility that he can actively intrigue against the regime. He retains considerable respect within the army, however, and accordingly remains a potential leader of any army revolt against the ruling clique.

~~SECRET~~

**SECRET**

25X1

Evidence of the regime's continuing distrust of the artillery is the reported transfer in May from Alexandria to Gaza, on the Israeli frontier, of the commanding general of the Northern Zone and his artillery commander. Both of these officers are described as sympathetic to the faction still loyal to Colonel Mohanna.

At a time of uncertain popular support for the regime's domestic policies, it can ill afford to permit dissension within army ranks, yet apparently is not able to suppress it.

**SECRET**



~~SECRET~~

## ADENAUER'S ELECTORAL PROSPECTS

The prospects are now good for Chancellor Adenauer's return to power as a result of the 6 September West German elections. There is a strong possibility that the opposition Social Democratic Party (SPD) will win a small plurality, but Adenauer's Christian Democratic Union has the better alliance potential and therefore the better chance to form a government. Nevertheless, a third of the voters still have no firm party preference, and international developments, especially in regard to German unity, are likely to determine the final election results.

In the 1949 national elections, the Christian Democrats won 31 percent of the vote to the Social Democrats' 29 percent. The rest of the vote was divided among the two other coalition parties, the German Party and the Free Democratic Party, and a number of splinter parties. In the state elections of 1950-51, however, the CDU lost considerably while the SPD gained and began to emerge as the largest single party. The outbreak of hostilities in Korea may have been a significant factor, since the SPD was then, as now, the leading advocate of efforts to reunite Germany and reduce world tension. Furthermore, the newly formed refugee party, now called the All-German Bloc (GDB), cut significantly into the Christian Democratic vote.

Although many observers expect a continuation this September of the 1950-51 voting trend, the CDU appears to have greatly improved its position over the past year. In April, for the first time in three years, it began to run ahead of the SPD in public opinion polls, and by a substantial margin. This reversal coincided with Adenauer's trip to the United States, which epitomized for West German citizens the end of their role as outcasts. The economic gains of the past year also bolster the prospects of the government parties.

The one-third of the populace which polls reveal have no firm voting convictions will be greatly influenced by the shifting prospects for German unity and for Western integration. The outlook for unity, the foremost political goal of West Germans, is now poor, but any concrete development which offered a promise of free all-German elections would swing much of the undecided vote to the SPD.

~~SECRET~~

~~SECRET~~

25X1

Meanwhile, however, the general reaction to the 15 July Allied proposal for four-power talks has helped Adenauer. He seems to be getting some public credit for this offer, and the independent press has ceased to attack him on the unity issue, as it had immediately after the East Berlin riots. By and large, the disturbances in East Germany have redounded to Adenauer's benefit. Furthermore, the passage of EDC by the Dutch lower house has to some extent revived West German faith in the efficacy of Adenauer's Western integration program.

Although the CDU appears unlikely to regain completely the ground it lost in the 1950-51 state elections and compensate for the pull of the refugee bloc, a small Social Democratic plurality would not of itself be sufficient to throw Adenauer's party out of office. There are indications that the refugee party expects to be included in a government with the CDU and one or more parties of the right, and in recent months it has been realigning its foreign policies to coincide with those of the present coalition. However, it is also clear that given the right terms the refugee party would be responsive to an SPD offer of a coalition.

Nevertheless, the Christian Democratic Union, with its middle-of-the-road stand on most domestic issues, is a more natural ally than the SPD for the smaller parties. In the absence of unexpectedly large reverses, it will probably be able to form a new government under Adenauer somewhat approximating the present coalition.

A big SPD victory might result in the formation of a "grand coalition" under a more liberal CDU chancellor, such as Karl Arnold, minister president of North Rhine-Westphalia. Such a victory might also give rise to an arrangement whereby Reinhold Maier's "liberal" wing of the coalition Free Democratic Party would join with the SPD and the refugees to form a government excluding the Christian Democrats.

~~SECRET~~

INDONESIAN POLITICS STALEMATED BY  
COMMUNIST-NATIONAL PARTY COOPERATION

Since the Indonesian cabinet fell on 3 June, all attempts encouraged by President Sukarno to reconstruct the National Party-Masjumi coalition have been unsuccessful, largely because of the National Party's cooperation with the Communists in obstructionist tactics. With the prospects of a viable parliamentary cabinet receding, there are increasing demands from moderate groups for President Sukarno to form an emergency cabinet, a course which to date he has refused to take.

The moderate Masjumi, or Moslem Party, and the highly opportunistic National Party are the two largest of the 18 political groups in Indonesia's appointed provisional parliament. They do not work together effectively, but their combined parliamentary strength represents a substantial majority; a combination omitting either one would be highly unstable. The last cabinet fell when the National Party withdrew its support in line with its present policy of cooperating with the Communists, who are the third largest parliamentary group.

Subsequent efforts to form a new cabinet have centered on diverting the National Party from the Communists toward a moderate position. Although the Masjumi believes itself capable of forming a government with the support of the Socialists and several center parties, it has made no effort to do so, knowing that without the National Party it would be short-lived, and fearing that such action would drive the National Party irrevocably into the Communist camp.

While President Sukarno and the moderate parties have sought to achieve a National Party-Masjumi coalition, the Communists have attempted both to maneuver the formation of a government led by the National Party and to prevent the formation of an emergency cabinet by the president.

The Communists are working through the National Party in the cabinet negotiations, and through the leftist press and leftist organizations in maneuvers aimed directly at the public. They have seized, with some success, on popular resentment against the Darul Islam, an active and fanatical Moslem terrorist organization, to discredit the Masjumi. Communist-organized demonstrations and resolutions passed by Communist-controlled groups have alleged that the Masjumi supports the Darul Islam depredations and have asserted that only a non-Masjumi "anti-terrorist, united front government" will take action against dissidence.

~~SECRET~~**CONFIDENTIAL**

25X1

Actually, the Masjumi has unequivocally declared that the Darul Islam is an enemy of the state. With the increasing possibility of an emergency cabinet being appointed, the Communist press has now begun the line that "Indonesia must be saved from a fascist cabinet."

National Party-Communist efforts to exclude the Masjumi from a new government are looking forward to Indonesia's first parliamentary elections, tentatively scheduled for early 1954. The government in power, with its responsibility for organizing the elections, will be able to influence their outcome. The leftist bloc believes that only by excluding the Masjumi from the government can it counter the advantage that will accrue to that party from its identification with the Moslem faith, which is overwhelmingly predominant in Indonesia.

President Sukarno continues to insist that a National Party-Masjumi parliamentary cabinet is possible, and that a presidentially appointed emergency cabinet is unconstitutional and must not be considered. Most Indonesian leaders outside the National Party-Communist bloc, however, believe that once all possibilities for forming a viable non-Communist coalition government have been exhausted, Sukarno, as the only alternative to political chaos, will appoint a cabinet to govern until elections are held.

Although the Communist Party will almost certainly be excluded from the new government whatever its form, party tactics during the past two months have had a large measure of success. By cooperating with the National Party, the Communists have contributed to the creation of a political stalemate. Only a departure from constitutional procedure appears likely to get the government in motion again, and the adoption of such a course may be used effectively by the Communists against the moderate parties and possibly even against Sukarno in the 1954 election.

**CONFIDENTIAL**

20

~~SECRET~~