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5 Mar 54

~~SECRET~~ SUMMARY OF CONTENTS

THE SOVIET WORLD Page 4

EGYPTIAN REGIME SHAKEN BY CRISIS OVER NAGIB Page 6

The weak compromise reconciliation between Nagib and Nasr invites further internal struggles in Egypt and may lead to the disintegration of the Revolutionary Command Council.

IRAQI FOREIGN POLICY THREATENS ARAB LEAGUE Page 7

Iraqi prime minister Jamali has defied the Arab League by pushing his proposal for a new Arab federation and by publicly announcing a military alignment with the West despite the league's standing rejection of such cooperation.

GUATEMALAN ARMY INCREASINGLY CONCERNED OVER COMMUNIST TREND Page 9

The loyalty of certain key officers in the Guatemalaan army to President Arbenz is apparently wavering because of their concern over the growing Communist influence in his administration.

PROSPECTS FOR THE SCELBA GOVERNMENT IN ITALY. Page 10

The moderate leftist composition of Premier Scelba's cabinet makes it probably the greatest threat in the past five years to the popular appeal of the Social-Communist bloc in Italy, but his narrow vote of confidence in the Senate foreshadows continued parliamentary difficulties.

FINNISH ELECTIONS MAY SHOW SMALL COMMUNIST GAINS . . . Page 11

The Finnish elections next week are expected to show small Communist and Social Democratic gains, but no major shifts in the country's policies or political alignments seem likely.

~~SECRET~~

~~SECRET~~

PREWAR PATTERNS EMERGING IN JAPAN Page 12

The Yoshida government is preparing to revise important features of the American occupation reform program and may thereby threaten civil liberties and parliamentary government in Japan.

SUCCESSORS TO MAO TSE-TUNG Page 14

In the event of the death or retirement of Mao Tse-tung, the Chinese Communist regime would probably be headed initially by some coalition drawn from his four principal lieutenants.

SHARP 1953 DECLINE IN SATELLITE INDUSTRIAL GROWTH TO CONTINUE IN 1954 Page 16

Official figures reveal an abrupt slowdown of East European industrialization in 1953, and 1954 plans of several countries call for further declines in order to divert more resources to the new economic program.

SPECIAL ARTICLE. SOVIET POLICIES IN MIDDLE EAST UNDER MALENKOV Page 18

The more temperate policies of the Malenkov regime have found particular application in the Near and Middle East where the USSR has sought to forestall any increase in Western influence and particularly any Western-supported defense arrangement.

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THE SOVIET WORLD

Soviet comment on the proposed Geneva conference last week devoted particular attention to the role of Communist China but failed to provide any clear indications of probable Communist lines of action. Pravda stated that the invitation to Peiping marked the beginning of a "new approach" to the solution of international problems and that this actually meant the recognition of the Chinese People's Republic as a great power.

Chinese Communist comment reflected satisfaction with the Berlin agreement as a first step in gaining general acceptance by the international community. The Chinese press obscured the distinction between the Soviet proposal for a five-power conference and the agreements actually reached, admitting only that the Western powers did not reject the Soviet proposal "outright" and that "other states directly interested" are to attend at Geneva.

Communist propaganda gave much greater attention to Indochina than to Korea. It left no doubt that one of Molotov's chief aims in agreeing to the Geneva conference was to block any possible increase in American military assistance to the French and Vietnamese. Moscow charged that "aggressive forces in the West" want the Geneva conference to fail and that American strategy in the Far East is based on a continuation of the war in Indochina. The Czech radio asserted that, in the light of these American objectives, the calling of the Geneva conference is a "severe setback for Washington" and a Budapest editorial observed that the conference "assumes special significance."

Soviet comment on the prospects for agreement at Geneva was generally limited to warnings that the conference will have "positive results" only if the participants recognize that the "final settlement of the Korean problem and peace in Indochina are possible only on the basis of respect for the lawful interests of Asian peoples fighting for their freedom and independence." Peiping, however, asserted that "increased American intervention in Indochina is making the issue more complicated." It added that since the United States had agreed to discuss the question of restoring peace in Indochina, "it should at once stop its intervention in the war so that the question may be settled through negotiations at Geneva" and warned the French that they should try to "get rid of American intervention and control" if they wish to settle the Indochina question peacefully.

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Ho Chi Minh in a broadcast of 3 March accused the United States of "another step" toward direct intervention in "allowing the American air force to participate" in the Indo-chinese war.

Inside the USSR, Soviet planners, in another move to bolster agricultural production, announced an ambitious program for expanding acreage under cultivation. By 1955, more than 30,000,000 acres of virgin but largely marginal land are to be plowed, of which over 5,000,000 acres are to be ready this spring, for planting mostly with wheat. Areas singled out for special attention are in the Urals-Volga region and in Kazakhstan, where failure to push acreage expansion was mentioned among the shortcomings of the recently ousted party leadership.

Although the climate in the area scheduled for expansion is not favorable for permanent cultivation, production will possibly be good in the first few growing seasons when deficiencies in normal rainfall may be offset by the accumulated moisture in the soil. In the 1930's, however, when similar experiments were conducted in bringing new land under cultivation, early successes were followed by a period of total crop failure. Again in 1940, the Soviet government announced a grain acreage expansion program in Siberia. The present move to shift some wheat production to new soil is apparently intended to make more land available for fodder crops in the traditional wheat areas.

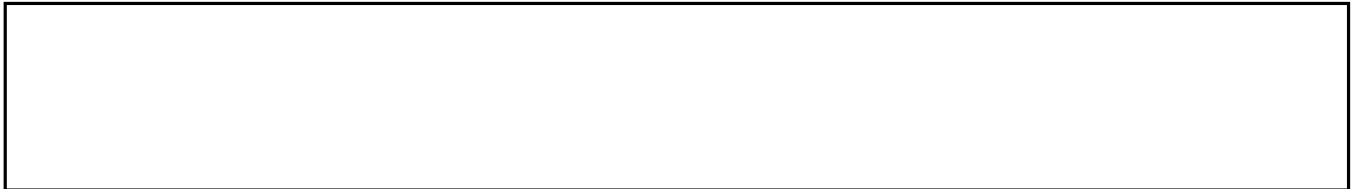
The Eastern European Satellites are also attempting to increase acreage under cultivation. Since the institution of the new economic policy, the Hungarian and Rumanian governments have opened a total of about 2,000,000 acres of fallow state reserve lands for cultivation by individual as well as collectivized peasants. The Czech regime is encouraging independent farmers to move to border regions to work unused agricultural lands formerly owned by Sudeten Germans. Several Satellite governments are also encouraging the planting of small private vegetable plots by nonagricultural workers.

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EGYPTIAN REGIME SHAKEN BY CRISIS OVER NAGIB

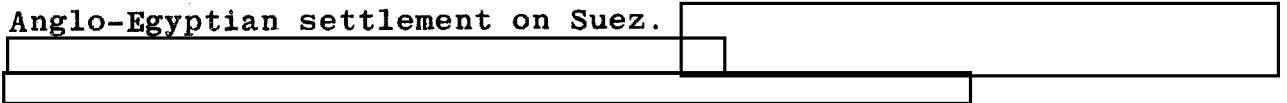
The weak compromise reconciliation between General Nagib and Colonel Nasr invites further internal struggles in Egypt and may lead to the disintegration of the Revolutionary Command Council (RCC). Nasr's authority and that of the RCC have been seriously weakened by developments which resulted in Nagib's restoration as president on 27 February, two days after his removal from that office and the premiership.

The future relationship between Nagib and Nasr is still unclear. Despite a declaration of renewed solidarity, the situation is ripe for a contest for power among various military factions supported by outlawed political groups. There are indications that the RCC, forced to restore Nagib, intends to restrict his authority. If Nagib refuses to accept a limited role, further dissension can be expected. The Moslem Brotherhood and other extremist elements have reportedly played a part in Nagib's return and may be expected to try to establish working relations with cliques inside the government or with any faction attempting to seize power.



While the RCC is at present reportedly cracking down on unruly elements, its continuing authority is still uncertain. Plotting and maneuvering within the council, as well as the possibility of challenge from new military groups, threaten its previously undisputed position.

There is little prospect for an early return to constitutional government, despite the public statements by Nagib on his return to office. The necessary preparations are lacking and the military regime has no political organization with which to contest an election. The political instability and the increased influence of extremist sentiment have reduced chances of an Anglo-Egyptian settlement on Suez.



In the immediate future a period of confusion, internal maneuvering, and loss of power by the RCC is likely, with the resultant development of a more absolute military dictatorship. Extreme rightist anti-British sentiment, reflected by the Moslem Brotherhood, will probably increase. The Communists are not expected to play a significant role.

IRAQI FOREIGN POLICY THREATENS ARAB LEAGUE

Iraqi prime minister Jamali has defied the Arab League by pushing his proposal for a new Arab federation and by publicly announcing a military alignment with the West despite the league's standing rejection of such cooperation. These actions unmistakably challenge Egyptian leadership of the Arab world and threaten the very existence of the Arab League.

Iraq aspires ultimately to a union of the Arab states of the Fertile Crescent -- Lebanon, Syria, Jordan and Iraq -- under the Hashemite family which now rules in Iraq and Jordan. On 12 January at an Arab League meeting in Cairo, Jamali broached a proposal for the federation of two or more Arab states, particularly Iraq and Jordan and possibly Syria. This proposal was a rebuke to those who perennially preach Arab unity but accept the ineffectual, ten-year-old league. The idea provoked stiff opposition from Saudi Arabia, Egypt, and Shishakli's Syria.

The Iraqi government subsequently was accused by Shishakli of actively plotting his downfall and King Saud of Saudi Arabia told the American ambassador that he had documentary proof of this plotting. Jamali hurried to Jordan to assure King Hussain that the federation proposal posed no threat to Hussain's life or throne.

Recent events in Syria and Egypt have unexpectedly favored Iraq. Shishakli, a strong opponent of Iraqi-Syrian unity, has been eliminated. Egypt has been so shaken internally as to weaken any Saudi-Syrian-Egyptian alliance and lessen its ability to prevent Jordan from succumbing to Iraqi approaches. Iraq can now be expected to exert more pressure on Jordan and to exploit the more favorable situation in Syria. Any success here would hasten the disintegration of the already seriously weakened Arab League.

Meanwhile, Iraq is indicating a willingness to strengthen its collaboration with the West for the defense of the Middle East and has shown a definite interest in joining the Turkish-Pakistani security pact. Recently, in answer to Egyptian attacks on Iraq's foreign policy, Jamali publicly declared that Iraq would join any pact at any time its interests would thereby be served.

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The weakness of the government in Iraq is internal. Nuri Said, who controls parliament and whose support is necessary to keep Jamali in office, has opposed his reform program. For constitutional reasons, Jamali must now make changes in his cabinet or resign. If he is not continued in office, he is likely to be replaced by another pro-Western government, probably under Nuri Said. In either case, the government would be in a better position to meet the domestic opposition to alignment with the West.

In the past, anti-Western agitation has seriously endangered internal order, but the government seems prepared to handle any disturbances which threaten at present. The boldness of Jamali's statements may have caught the opposition off base, and the weakness revealed in Syria and Egypt may deflate the fervor of anti-Western Arab nationalists. The outlook for eventual Iraqi participation in a Turkish-Pakistani pact therefore seems less unfavorable than before.

Iraq's adherence to the pact would be a severe blow to the prestige of the Arab League and its collective security pact. It would call for profound reconsideration by the Arab states of many basic attitudes and policies.

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GUATEMALAN ARMY INCREASINGLY CONCERNED OVER COMMUNIST TREND

The loyalty of certain key officers in the Guatemalan army to President Arbenz apparently is wavering because of their concern over the growing Communist influence in his administration.

The 6,000-man army is the only organized element in the country capable of decisively reversing the Communist trend.

It

has long been considered loyal to Arbenz as a leading army officer and former minister of defense. Arbenz in turn has given its members unprecedented economic benefits in the way of improved pay, housing, and opportunities for graft. Lately, however, some high officers seem to have become increasingly disgruntled. Among their chief grievances are the inability to obtain much-needed military equipment from the United States and the country's growing international isolation, both direct results of Arbenz' pro-Communist policies.

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The Communists have been careful not to provoke the army, but their efforts to prevent it from hindering them can be expected to arouse intensified resentment. By arming labor "shock brigades" and by attempts to condition the rural Indian masses for violent action, party leaders apparently hope to develop sufficient armed strength to neutralize the army should it turn against them. According to the American army attaché, Monzon and the army chief of staff have separately indicated their awareness that armed Communist-led groups represent a threat to the army.

There is no conclusive evidence that top officers are yet prepared to oust Arbenz or have made determined efforts to get him to turn against his Communist supporters. Arbenz could not long remain in power, however, against firm army pressure.

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PROSPECTS FOR THE SCELBA GOVERNMENT IN ITALY

The 123-110 vote of confidence given Premier Scelba by the Italian Senate on 26 February foreshadows a similarly thin majority in the lower house this week or next, and parliamentary difficulties for the government on every important issue. The moderate leftist composition of the cabinet, however, probably makes it the greatest threat in the past five years to the popular appeal of the Communists and Nenni Socialists.

Scelba's cabinet is the first to reflect the leftward swing in the election of last June and to meet the widespread objections to monopoly of the government by the Christian Democrats and their close association with the church. The Ministry of Education was given to the anticlerical Liberal Party and the vice premiership and key ministries of finance, public works, and labor went to the Democratic Socialists. The latter, having thus gained in both prestige and opportunities to push reform measures, may now be able to win over some of the Nenni Socialists.

Scelba has a record of fearless action against extremists of both right and left, and domestically he will be able to take a firm line without the fear, which handicapped previous premiers, of being labeled a fascist dictator. The failure of the recent Communist demonstrations against him have strengthened his position and encouraged the non-Communist unions to draw away from the unity of action with the Communists which has characterized the past six months.

In foreign relations, however, Scelba's room for maneuver will be more restricted. He will have to take into account the drop in popular support for active cooperation with the United States and the mounting pressure for more East-West trade. Despite assurances to the American embassy, the cabinet probably does not want to risk its existence on EDC and was reluctant to push for action on the treaty prior to some favorable decision on the Trieste issue. There are other indications that the Italian government also wants to wait for French ratification.

The government's margin of support in parliament is thin but a widespread desire in political circles to avoid new elections now, which might be necessary should Scelba fall, will be a factor tending to maintain him in power.

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FINNISH ELECTIONS MAY SHOW SMALL COMMUNIST GAINS

The special Finnish parliamentary elections on 7 and 8 March are expected to result in small gains for the Communist-dominated People's Democratic Union (SKDL) and the Social Democrats, but major shifts in the country's policies or political alignments seem unlikely. The elections, originally scheduled for July, were advanced in an effort to end the unstable political situation which has existed since the resignation of the Agrarian-dominated Kekkonen government last November. There are no critical campaign issues.

The SKDL, which in 1951 increased its representation in the 200-member parliament from 38 to 43 seats, is expected to win two or three of the 51 seats now held by the Agrarians. Simultaneous losses to the Social Democrats, however, will almost certainly keep the number of its seats below the 49 it won in 1945. The SKDL may profit from the USSR's recent agreement to liquidate Soviet trade deficits in Western currencies and to grant a gold loan to Finland. Travel difficulties at this time of the year in the far north, where the Agrarians and the SKDL dominate the political scene, will probably have less effect on the disciplined SKDL electorate than on other voters.

The Social Democrats, largest single party with 53 seats, have been strengthened by the gradual improvement of Finland's economic situation and a lower level of unemployment. Participation of the Social Democrats, who have abstained from the present government, is considered essential to the establishment of any stable coalition.

The three smaller bourgeois parties, which hold a total of 53 seats, may also gain some strength at the expense of the Agrarians. The Kekkonen government's economic policies were often unpopular, and Kekkonen's personal handling of Finnish-Soviet relations antagonized the conservative wing of his party.

All political parties agree that for both political and economic reasons Finland must maintain good relations with the Soviet Union. SKDL demands for participation in a new government will almost certainly be rejected, however, and all non-Communist parties can be expected to resist firmly any Soviet attempts to encroach on Finland's sovereignty. The chief postelection development now anticipated is a stronger parliamentary effort to remedy Finland's basic economic ills, the worst of which is the high cost of industrial production.

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PREWAR PATTERNS EMERGING IN JAPAN

The Yoshida government is preparing to revise important features of the American occupation reform program during the current Diet session. These changes would recentralize political and economic power along traditional Japanese lines and might threaten civil liberties and parliamentary government in Japan.

Proponents of the "reconcentration" point out that it will provide the government with the means to deal more effectively with economic problems and internal subversion and at the same time help create more favorable conditions for rearmament.

The recent trend toward conservative unity has assured Prime Minister Yoshida of Diet support for measures to recentralize the police, restrict teachers' political activities, reassert direct government control over the civil service, and amend the antimonopoly law. Of more far-reaching importance is the establishment of special committees in the Liberal and Progressive parties to study proposals for a major overhaul of the American-inspired constitution.

Many influential conservatives advocate the restoration of Tokyo's control over local governments, with a simultaneous reduction in the size and powers of local assemblies and the abolition of local boards of education. Deputy Prime Minister Ogata's proposal that prefectural governors again be appointed by Tokyo by-passes constitutional guarantees of local autonomy.

In the labor field, stronger curbs placed on strikes in the coal and power industries in the summer of 1953 may now be followed by legislative action clamping down on slowdown tactics by government employees and granting the government greater authority over wage arbitration procedures.

A tendency toward flexible interpretation of the 1953 amendments to the antimonopoly law has opened the door to economic reconcentration as well by permitting, subject to government approval, the formation of trusts, cartels, interlocking directorates, and price-fixing agreements.

The reconstitution of the Mitsubishi Trading Company, a leading prewar Zaibatsu concern, heads a list of projected mergers which will probably hasten the elimination of the small competitor. Japanese big businessmen contend that large combines and controlled competition are essential to economic stability and the recovery of Japan's prewar foreign trade.

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Although recentralization is being effected in the name of economy and efficiency to mollify public opposition, the underlying reason is a Japanese preference for the traditional way of doing things. The proposed restrictions on labor and teachers' activities, however, are exceptions, motivated by a desire to curb leftist activities.

Most of the older conservatives believe that Japanese spiritual regeneration and closer supervision and control over the lives of the people are necessary if the nation is to recover its status as a great power. Toward this end, demands have been made to strengthen the imperial institution. Similarly, the minister of education advocates the reintroduction in the schools of compulsory morals instructions and of the banned kendo, or Japanese fencing, in order to rekindle the Japanese spirit and restore national self-pride.

A strong reaction against this "reverse course" has come not only from the leftists, but from the press and the younger generation. Although revision of "un-Japanese" reforms is often favored in principle, distrust is widespread that the revisionists may go too far. Newspapers have attacked the police revision bill, which centralizes control over police throughout Japan, as recreating the threat of a police state, and the proposed appointment of prefectural governors as unconstitutional.

The revisionist movement is now under the control of the more moderate conservatives, who though favoring a degree of centralized control comparable to the 1920's, wish to avoid the more unsavory aspects of Japanese militarism and ultra-nationalism of the 1930's. Even Yoshida has spoken of the need to guard against the re-emergence of the extreme rightists, whom he considers a greater danger than the leftists.

At least some parts of the recentralization program appear certain to pass the Diet in view of the endorsement of the conservative opposition. Nevertheless, criticism of the police bill by some conservative Diet groups, plus the continuing cabinet scandals, will probably lead the government to dilute its proposals and shelve the more controversial issues until a more opportune time.

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SUCCESSORS TO MAO TSE-TUNG

In the event of the death or retirement of Mao Tse-tung, the Chinese Communist regime would probably be headed initially by a coalition drawn from his four principal lieutenants. While these men presumably would pursue the same basic policies, their regime would face problems maintaining its stability and autonomy.

During the plenary session of the Chinese Communist Party's central committee in February, the Peiping press announced that Mao was "on holiday." As Mao would have been expected to attend this important gathering, his absence has stimulated speculation on his possible illness. Mao is 60, and he has been reported for years, without confirmation, as suffering from various dangerous disorders.

Mao has been the unchallenged leader of the Chinese Communist Party for almost 20 years. As chairman of the party, the central government council and the military council, he appears to be the regime's final authority on all major matters. It is very doubtful that any one person has currently either the prestige or the ability to replace him in these three positions.

Chinese press treatment of Peiping's leaders suggests that Mao would be succeeded initially by some combination of his four principal lieutenants, possibly ruling as a collegium. For the past three years the press has ranked Liu Shao-chi, the party's vice chairman who presided over the recent plenary session in Mao's absence, as second only to Mao. Of other leaders, the press has described only three besides Liu as Mao's "close comrades-in-arms" -- Chu Teh, commander of the army; Chou En-lai, premier and foreign minister; and Kao Kang, chief of the state planning commission.

Liu, Chu, Chou and Kao, all members of the party's politburo and all except Kao members of its secretariat, have long been publicly committed to Mao's policies. All have followed him in repeatedly affirming their identification with the Soviet world view and program, and in giving explicit recognition to Soviet strategic and doctrinal leadership. Although their private views may conceivably be less positive, they would not be likely to alter a course which has thus far been successful.

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A split among Mao's successors on basic ideological grounds seems improbable, but there is always a possibility of a struggle for personal power with a resulting period of instability. While the identity and strength of factional groupings in the Chinese Communist leadership is uncertain, there are persistent reports that Mao's lieutenants have personal followings. In any contest for primacy, Liu Shao-chi would appear to have a slight edge, although Chu Teh, Mao's oldest comrade and the chief surviving symbol of the original movement, might become the formal head of the regime. The chances for Chou En-lai or Kao Kang initially becoming either the actual or nominal leader of the regime seem somewhat less.

The regime's stability might also be affected adversely by competition among the principal branches -- the party, the government and the army. The party under Mao has been able to control both the government and the army by a system of concurrent positions, with party leaders occupying all key posts in the other two. Any post-Mao split among the party leaders -- for example, with Liu dominant in the party, Chu in the army, and Chou in the government -- might extend throughout the three structures, although its intensity cannot be calculated.

The emerging leadership, whether collegial or individual, would be unable initially, in any case, to command the degree of allegiance given Mao by the party rank and file and by groups outside the party whose support has been essential to Peiping's program. Although the Orbit emphasis on collective leadership since Stalin's death has led to some modification of Chinese propaganda on Mao's personal leadership, he is still the symbol of Communist achievements in China and Communist promises for the future in the eyes of the great bulk of the party and its supporters. His disappearance from the scene would probably result in a decline in the regime's prestige within China as well as abroad.

The USSR might well try to exploit any instability in the Peiping regime arising from the succession question. Thus far Moscow has appeared to deal -- uniquely -- with Peiping on a state-to-state basis, apparently refraining from any attempt to subvert Mao's control. One of Mao's successors might sooner or later bid for Soviet backing against the others, thus increasing the Kremlin's opportunities for compromising the Chinese party's organizational autonomy. In any event, Mao's successors, lacking his stature vis-a-vis Soviet leaders, would probably find themselves at a greater disadvantage in negotiating with the Soviet Union.

SHARP 1953 DECLINE IN SATELLITE INDUSTRIAL GROWTH TO CONTINUE IN 1954

Official figures on the abrupt slowdown of East European industrialization in 1953 underscore the magnitude of the economic difficulties confronting the Satellites. Plans for 1954 in several countries call for still smaller increases in industrial production as a result of the curtailment of investment in heavy industry and the diversion of resources to previously neglected production of agricultural and consumer goods.

The growth in industrial output claimed by East Germany, Czechoslovakia, Hungary, Rumania, and Bulgaria ranged from 17 to 23.6 percent in 1952 and from 10 to 14.4 percent in 1953. Only in Poland was there no sharp drop in the growth rate in 1953, when industrial production expanded by 17.5 percent as compared to 20 percent in 1952.

While these declines were accentuated by the new programs adopted in mid-1953, they had already become apparent early in 1953, and were due largely to difficulties which arose from attempts to achieve broad-scale industrialization with little regard for the material resources available, and from a coercive agricultural policy which caused widespread peasant opposition. Apathy among workers, caused by consumer goods shortages, inflation, and confiscatory currency reforms, made for low labor productivity.

Only downward revisions in the annual goals during 1953 made it possible for most Satellites to state that industrial production plans had been exceeded. Czechoslovakia, however, claimed only 99-percent fulfillment. The original 1953 Hungarian and Rumanian plans called for production increases of 16 and 24 percent over 1952, but were "overfulfilled" by gains of only 11.8 and 14.4 percent respectively.

The greatest difficulties arose in the fuel and power industries. Failure to meet coal output quotas and the resulting shortages of electric power were a primary factor in limiting industrial expansion. The elimination of these shortages is one of the main tasks outlined for 1954.

Further sharp declines in the growth of industrial output have been announced for 1954. Industrial production is to be only 12 percent in Poland, 5.1 percent in Czechoslovakia, and 4.5 percent in Hungary. Czech president Zapotocky's statement on 25 February that "our special aim is the proper

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proportioning of military production so as not to impede the rising living standards of our people" is a clear indication that military expansion is being subordinated.

Rumania, which has not yet announced its 1954 plan goals, experienced a growth rate below eight percent during the second half of 1953, and its industrial production will probably expand at about this rate in 1954. In East Germany, due to the end of reparations payments and other uncompensated deliveries which took about nine percent of industrial output, no further decline in industrial growth is expected in 1954.

These plans, by curtailing investment in heavy industry, will enable the Satellite governments to devote a larger part of their national income to increasing production of agricultural and consumer goods, in the hope of providing greater work incentives and raising labor productivity. Most of them have announced that some progress was made in late 1953 in increasing the retail trade turnover, although sketchy evidence suggests that the accomplishments were limited.

While official announcements revealed that 1953 agricultural production was somewhat above the very poor 1952 levels, the minor increases were inadequate to meet the needs of most of the Satellites. Collectivization, which had been vigorously pushed in 1952 and early 1953, slowed down drastically after the new course began, and in Hungary and Czechoslovakia there has been an exodus of peasants from collective farms. Poor weather during the fall planting season will help make it difficult to reach 1954 agricultural goals.

The measures adopted for 1954 and 1955 are not sufficient to overcome the shortages of key raw materials, low labor productivity, and peasant opposition, and if the Satellites attempt to return to their harsher policies of industrialization and collectivization in 1956, when new coordinated five-year plans are scheduled to begin, they will probably be confronted with even greater peasant and worker resistance.

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SPECIAL ARTICLE

SOVIET POLICIES IN MIDDLE EAST UNDER MALENKOV

The more temperate policies of the Malenkov regime have found particular application in the Near and Middle East, where the nature of a number of outstanding problems enabled the Kremlin to make conciliatory moves without jeopardizing its strategic interests. These policies, which have entailed expansion of Soviet political, economic, and cultural activities, are aimed at forestalling any recovery of Western influence, particularly any Western-supported defense arrangement.

Within five months after Stalin's death, diplomatic relations were re-established with Israel. A note to Ankara renounced Soviet territorial claims against Turkey and expressed the belief that mutual agreement could ensure Soviet security in the Straits. With the appointment of a new top-ranking ambassador to Iran, plans were set afoot for resolving outstanding financial disputes and border problems, including the disposition of the jointly held Caspian Sea fisheries.

Soviet representatives of all ranks have reflected the Malenkov policy of demonstrating Soviet "good will." The dissemination of printed propaganda, often in native languages, and the showing of Soviet films increased in the major states of the area, and a number of cultural delegations, including prominent non-Communists, were invited to visit the USSR.

Soviet trade policies, aimed at strengthening ties with underdeveloped countries and stimulating the flow of raw materials to the USSR, prepared the ground for raising the previous low level of trade. The USSR signed various agreements, formalizing commercial relations with Israel and reportedly with Lebanon, and calling for sharp rises in already established trade with other countries.

Moscow scored its most outstanding success in Iran, where agreements signed in June and September quadrupled 1952 trade quotas. These agreements brought scheduled Soviet-Iranian trade to an all-time high. Fulfillment of these agreements would raise the Soviet share of Iranian foreign trade to about 40 percent of the present total, which is abnormally shrunken by the curtailment of oil exports and trade with Britain. An innovation in economic policy was demonstrated in Afghanistan

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where, in addition to customary trade quotas under a long-term agreement, a transaction was concluded in January providing for a \$3,500,000 loan and technical assistance to cover the construction of two grain warehouses, a flour mill, and a bakery. There are indications that other such offers to Middle Eastern states may be forthcoming.

Soviet trade with Egypt is apparently to be continued under a barter agreement now awaiting the approval of the Egyptian council of ministers. This agreement, which is to be signed jointly by the USSR and Rumania, will provide for an exchange of \$11,200,000 worth of Egyptian cotton for Orbit kerosene and other petroleum products at prices at least 10 percent below the world market.

The only reverse to Soviet political influence in the Middle East occurred in Iran with the replacement of Mossadeq in August by the pro-Western Zahedi government. Soviet propaganda in Iran has followed a markedly restrained tone since Zahedi came to power, probably because Moscow believes that a campaign against his government would only push him closer to the West. Moscow is unlikely, however, to settle any outstanding problems with the present Iranian government without significant concessions from Tehran.

The USSR has consistently avoided giving any impression of partiality in the Arab-Israeli dispute. Its "pro-Arab" votes in the UN have probably been an extension of its primarily anti-Western strategies rather than a policy of outright support for the Arabs. The resumption of relations with Israel and the Soviet ambassador's subsequent presentation of his credentials in Jerusalem instead of Tel Aviv were both balanced by Soviet explanations to the Arab states.

Western defense planning in the area provoked an extensive Soviet propaganda campaign beginning in September and culminating in Soviet and Chinese notes to Pakistan in November and December respectively. The notes asked for "clarification" of reports about American-Pakistani negotiations for an "aggressive" military bloc of Middle Eastern states and about plans for air bases "near the frontiers of the USSR." The pending agreement between Turkey and Pakistan was attacked by Soviet propaganda as tantamount to extending NATO to South Asia. Should Afghanistan or Iran move to enter such an agreement, the USSR would probably protest on the basis of the provisions of its treaties with both countries.

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The USSR can be expected to develop further its present policy in the Middle East, exploiting the opportunities provided by the Arab-Israeli problem, jealousies among the Arab states, and the oil dispute in Iran. The USSR's failure to date to take greater advantage of these problems probably reflects an unwillingness to offer the economic or military assistance necessary to replace Western influence and apprehension that increased activity might produce vigorous Western counteraction. There is no indication that the USSR regards a support of an internal Communist revolution in any particular country as practicable at this time.

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