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16 June 1955

CURRENT INTELLIGENCE WEEKLY SUMMARY

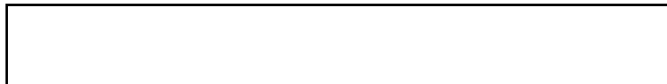


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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

16 June 1955

T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

THE SOVIET DELEGATION
AT SAN FRANCISCO Page 1

The Soviet delegation to the United Nations commemorative session at San Francisco is a lower-level group than attended the Berlin and Geneva conferences last year. The inclusion of two prominent Far East specialists suggests that the USSR may intend to make a proposal involving the Far East. [redacted]

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SUMMIT CONFERENCE DEVELOPMENTS Page 1

The TASS statement of 13 June on the four-power talks indicates that the USSR's agenda proposals at Geneva will include disarmament and European security and that the Russians may also raise Far Eastern issues--probably for consideration at a subsequent five-power conference. Moscow apparently desires to avoid the German unification issue. [redacted]

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PART II

NOTES AND COMMENTS

Soviet-Japanese Negotiations: Chief Japanese negotiator Matsumoto in London has stated that the talks with the USSR have made "great progress in a friendly atmosphere." However, at the 14 June session, the USSR reportedly rejected many of the key Japanese demands. [redacted] Page 1

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Present British Position on Formosa Question: A recent British Foreign Office policy paper on Formosa recommends Peiping's eventual accession to China's present seat in the UN through some sort of "package deal." As part of this deal, Formosa would gain a seat of its own independently of Peiping. [redacted] Page 2

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Formosa Straits: Chinese Communist military activity in the vicinity of the offshore islands remains at a low level, but there are continuing indications of Communist logistical preparations in the area. [redacted] Page 3

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Yugoslav Policy in the Balkans: Since the Soviet visit to Belgrade, there have been various reports that a meeting of high-level Yugoslavs and Bulgarians, possibly the heads of state, is to take place. Such a meeting would revive the question of Yugoslavia's postwar pretensions to hegemony in the Balkans. [redacted] Page 4

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East Germany on the Anniversary of the June Uprising: On the anniversary of the 17 June 1953 uprising, the popular mood in East Germany is one of irritation and opposition to the regime. [redacted] Page 6

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Recent Assessments of Top Soviet Leaders: The Soviet delegation to Belgrade, Khrushchev in particular, made a uniformly bad impression on the Yugoslavs and on Western representatives. The diplomatic lapses committed in Belgrade and the personal shortcomings of the Soviet leaders are not, however, an indication that Soviet policy is in incompetent hands. [redacted] Page 6

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USSR Plans to Enter International Air Shows: Preparations for Soviet Air Force Day and Soviet acceptance of a bid to attend the Geneva International Air Show demonstrate an apparent eagerness on the part of the Soviet Union to display its progress in aircraft development. [redacted] Page 8

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Soviet Parliamentary Exchange Program: The USSR has had some success in carrying out the parliamentary exchange program proposed in a declaration of the Supreme Soviet last February. Several Western governments have accepted invitations; Sweden and India have sent delegations. [redacted] Page 8

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South Vietnam: The government's campaign against the remaining Hoa Hao rebels and remnants of the Binh Xuyen continues as an antiguerrilla operation; an offensive against Ba Cut's 3,300-man force may be imminent. Diem, meanwhile, has announced his willingness to engage in talks with the Viet Minh regarding elections, but he reportedly will insist that only a future national assembly could commit the government to participate in country-wide elections. [redacted] Page 9

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Cambodia and Laos: The International Control Commission in Cambodia has decided that the recently concluded American-Cambodian military aid agreement is in conflict with the Geneva agreement. In Laos, national elections have been postponed from August to December. [redacted] Page 11

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Afghan-Pakistani Dispute: [redacted] Afghan-Pakistani dispute is deadlocked. [redacted] . Page 11

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Elections for Constituent Assembly in Pakistan: Political maneuvering and factionalism in Pakistan over the new constituent assembly to be elected on 21 June is weakening the power of the government and makes the assembly development as a stable governing body unlikely. If this latest attempt at achieving constitutional government fails, the governor general and his supporters would probably reinstitute oligarchic rule. [redacted] Page 12

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Iranian Prime Minister May Be Replaced: The ineffectual Iranian government of Prime Minister Ala appears to be drifting and its lack of direction has created a growing feeling among Iranian politicians that Ala may be replaced in the near future. [redacted] . Page 13

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Israeli-Egyptian Border: Prospects have dimmed for high-level talks between Egypt and Israel with reference to the Gaza strip. Israel is continuing military activities in the area, presumably seeking by a demonstration of strength to impress Egypt and the West with the necessity of high-level talks. [redacted] Page 14

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French North Africa: The deterioration of conditions in Morocco was marked by the assassination in Casablanca on 11 June of Jacques Lemaigre-Dubruel, a prominent exponent of a liberal French policy for Morocco. In Algeria, the military campaign to reduce guerrilla activities continues. [redacted] Page 15

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French Senatorial Elections: The elections on 19 June to replace one half of the French upper house will not affect the Faure government's status and are expected to leave unchanged the present conservative alignment. As in the April cantonal elections, some Communist-Socialist co-operation is likely, despite the vigorous rebuffs of Communist overtures by the Socialist Party leadership. [redacted] Page 15

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PART III

PATTERNS AND PERSPECTIVES

THE ODER-NEISSE ISSUE ON THE EVE OF THE SUMMIT CONFERENCE. Page 1

Statements by high East German and Polish officials during recent weeks indicate that attempts are being made to avoid any appearance of friction over the Oder-Neisse frontier on the eve of the summit meeting. The Soviet Union apparently prefers not to discuss at this time the question of revising the Oder-Neisse line in favor of Germany. The USSR might play this trump card later when this might have a major effect on Germany's orientation. [redacted]

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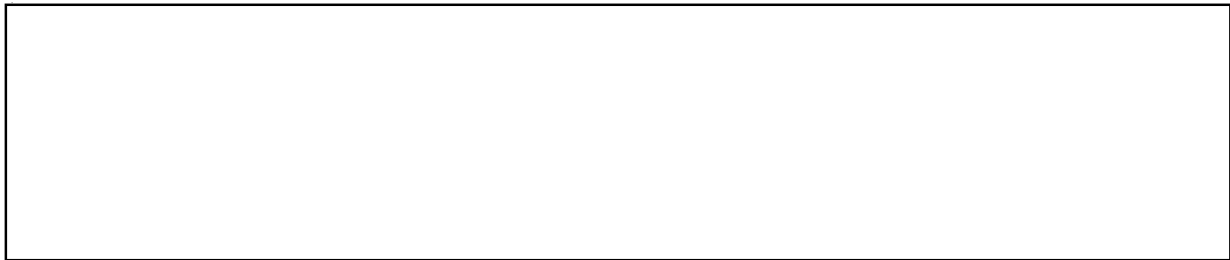
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AMERICAN-SOUTH KOREAN TALKS Page 3

The American-South Korean economic talks scheduled to begin in Washington about 20 June are likely to be protracted and acrimonious. President Rhee probably will revive his long-time economic grievances, and will use the opportunity to bid for a major share of Asian aid, an enlarged military establishment, a stop to the alleged American "build-up" of Japan, and an end to neutral nations' activity in Korea. [redacted]

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CHINESE COMMUNISTS BESET BY AGRICULTURAL PROBLEMS Page 8

The Chinese Communists are faced with new agricultural setbacks which will probably delay their industrial development and military modernization programs. To counter this danger and to maintain exports of foodstuffs, the Peiping regime has been tightening control over food consumption in both rural and urban areas. Some open unrest has reportedly resulted from these measures. [redacted]

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SOVIET LEADERS TIGHTEN IDEOLOGICAL REINS Page 11

Since the Writers' Congress of December 1954, Soviet leaders have required greater conformity with the party position in ideological controversies, and have increasingly relied on doctrine to enforce discipline and inspire confidence. The more militant ideological line is reminiscent of the line pursued by Andrei Zhdanov from 1946 to 1948. The present leaders have also reinstated some of the men attacked by Zhdanov as imitators of the West and have argued for increased study of Western methods. The regime apparently does not wish to return at this time to the Stalin pattern of tyranny in ideology, enforced by purge and terror.

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PART I

OF IMMEDIATE INTEREST

THE SOVIET DELEGATION
AT SAN FRANCISCO

The Soviet delegation to the United Nations commemorative session at San Francisco is a lower-level group than attended the Berlin and Geneva conferences last year. The purely ceremonial, nonsubstantive nature of the conference probably influenced the composition of the delegation.

The inclusion of N. T. Fedorenko and B. M. Volkov in the group suggests that the USSR may intend to make a foreign policy move involving the Far East. Fedorenko, second-ranking member of the delegation, is a deputy minister of foreign affairs and the former head of the Far East Division. Volkov is the deputy head of the Southeast Asia Division.

Molotov may choose the forum at San Francisco to press for an ultimate great-power meeting which would include Communist China.

The Soviet delegation undoubtedly will reiterate the USSR's demand for full UN membership for Peiping including the Security Council seat now occupied by the Nationalist

Chinese. The Soviet representatives will also have an opportunity to negotiate with various Asian and Middle Eastern states which participated in the Bandung conference.

The Chinese Communists, on their part, have suggested in their propaganda that Peiping would welcome an international conference--of five, six, ten or even more powers--to "relax tensions" in the Far East. Peiping has made unofficially a number of proposals for the Far East, similar to those expected from the USSR in the "summit conference."

Peiping has indicated a desire to define Far Eastern issues as including the banning of weapons of mass destruction, liquidation of SEATO and all other Western military pacts, withdrawal of foreign forces and disestablishment of foreign bases, normalization of relations between all Asian governments, universal membership in the UN and "restoration of China's rightful place" in that body, and the development of trade and an end to economic restrictions and subversive activities.

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SUMMIT CONFERENCE DEVELOPMENTS

On 13 June TASS issued a statement supplementing the Soviet note agreeing to a Geneva conference on 18 July. The statement contained a list of urgent international problems

that might be considered as Soviet agenda proposals: reduction of armaments and prohibition of atomic weapons, a European collective security system, Asian and Far East peace and security,

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and Communist China's "rights" in the UN.

This list of possible topics is similar to other recent Soviet statements, and like them, is noteworthy for the exclusion of German unification.

The TASS statement also repeated previous assertions that the problems of Eastern European countries and the activities of international Communism had been raised by the United States in an attempt to divert attention from the urgent problems listed above. Moscow is making clear its categorical refusal to permit discussion of these two subjects at a conference.

Ambassador Bohlen believes that the Soviet leaders are seriously concerned about the burdens and consequences of an all-out arms race. He thinks there may now be a more serious basis for discussion of disarmament than has existed in the past, although he doubts that Moscow is prepared to accept the controls and inspection necessary for a disarmament plan to work.

The European security plan expected to be put forth by the USSR will probably be accompanied by some of the elements of Malik's 10 May proposal for elimination of foreign bases and the evacuation of troops from foreign countries, particularly Germany.

The USSR may propose that Far Eastern questions be discussed at a later conference, to be attended by representatives of the Big Four and Communist China, and perhaps by other countries.

The exclusion of German unification from lists of pressing issues adds to the evidence that Moscow wants to postpone discussion of that question and perhaps transfer it to an East-West German conference table. The invitation to West German chancellor Adenauer pointed in the same direction.

Soviet officials, however, have been dropping hints to

apparently intended to create the impression that the USSR is ready to abandon East Germany and agree to German unification.

Deputy Foreign Minister Semenov said that West Germany should be able to dominate a united Germany if it follows a policy of peace. Another Soviet official contradicted East German party leader Ulbricht's statement that a united Germany could not overlook the achievements in the eastern zone, saying that no one could foresee the results of all-German elections.

American officials in Frankfurt see the possibility that the Communist extremists in East Germany may be in disfavor with Moscow, and that the Kremlin might seek to reduce the unpopularity of the regime by promoting a popular front policy. It is at least apparent that Moscow has been treating its East German puppets publicly in a cavalier fashion and that they are uncertain of Soviet intentions.

The unpopularity of the East German regime seriously reduces the USSR's flexibility on the German issue and provides a strong motivation for trying to avoid discussion of the unity

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issue at Geneva. American officials in Frankfurt consider it very likely that Moscow estimates a Soviet troop withdrawal from Germany would lead to the collapse of the regime, and that it therefore would propose withdrawal of foreign troops only because of confi-

dence that the West would reject it.

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(A roundup of information relating to the "summit conference" is contained in a special SUMMIT CONFERENCE SUPPLEMENT being distributed to recipients of this publication.)

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NOTES AND COMMENTS

Soviet-Japanese Negotiations

At the first substantive meeting on 7 June between the Japanese and Soviet negotiators in London, the Japanese proposed that outstanding issues be settled prior to the establishment of diplomatic relations.

The Japanese advanced the following topics for discussion: the repatriation of Japanese held by the USSR, territorial rights over the Habomai and Shikotan Islands, the status of the Kurils and South Sakhalin, fishing rights, and Japan's admission to the United Nations.

Matsumoto also made it clear that the negotiations must not affect Japan's obligations under the San Francisco treaty and the United States security treaty.

On 14 June, according to press reports from Japan, the Soviet negotiators responded to Japan's proposals by outlining Moscow's position for concluding a peace treaty. According to these reports, Soviet delegate Malik took the position that the repatriation of Japanese in USSR territory had already been settled, and that war criminals would be returned on completion of their terms; that Shikotan and the Habomai Islands were part of the Kurils and Moscow did not intend to return them to Japan; and that the USSR demands the right of free navigation for its warships in the straits adjacent to Japan.

The Soviet position, in the opinion of the Japanese press, indicated that the USSR will use the Soviet-sponsored amendments to the San Francisco peace treaty as the basis for the London negotiations.

The Soviet treaty amendments, which would have a major effect on Japan's present international obligations, called for a limitation on Japanese rearmament, withdrawal of all foreign troops, barred Japan from entering any coalitions or military alliances directed against participants in World War II, and barred atomic and nuclear weapons. In addition, the Soviet amendments required Japan to recognize Soviet sovereignty over South Sakhalin and the Kurils and Chinese Communist hegemony over Manchuria and Formosa.

These implied demands would strike at Japan's security treaty with the United States, and according to the announced position of the Japanese government, would be unacceptable to Japan.

The Soviet stand probably is an initial bargaining position, designed to counter Japan's original proposals which represented maximum demands.

The negotiations are still in the initial stage, and the fact that the negotiators agreed not to meet again for a week further confirms that their positions are relatively far apart.

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Present British Position
On Formosa Question

From a recent revision of the Foreign Office policy paper on Formosa and from the attitude adopted toward Krishna Menon's mediation efforts, it is evident that Britain considers its appropriate role in the Formosa dispute to be still that of honest broker among the principal parties.

London seems to think that any change in the present situation is most likely to be for the worse; its apparent policy therefore continues to be that of encouraging inaction.

Foreign Secretary Macmillan has encouraged India's chief UN delegate Krishna Menon in his effort to secure a "relaxation of tensions" in the Formosa area. The Foreign Office has informed the American embassy in London that it believes Menon, whom Macmillan has characterized as "Nehru's Harry Hopkins," to be a genuine "force for peace" and to be a spokesman for a large sector of Asian opinion.

London, however, evidently does not believe Menon has received any real concession from Peiping, or that Menon himself has any very clear proposal for possible negotiations between Peiping and Washington.

The Foreign Office thinks that formal negotiations should be avoided for the indefinite future, since neither side appears prepared to retreat substantially from its present position. In the Foreign Office view, Peiping would at present be satisfied with nothing less than the elimination of Western power and influence in East Asia.

The British believe that Chinese Nationalist evacuation

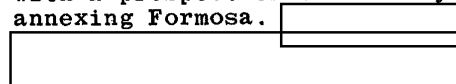
of the offshore islands remains the key factor in obtaining an indefinite de facto cease-fire. They hope that evacuation can be arranged soon, during the present "temporary lull."

Over the long term, the Foreign Office's revised policy paper recommends a "China-Formosa" solution rather than a "two-China" solution, and indicates willingness to support Peiping's eventual accession to China's present seat in the UN. Britain would wish Formosa to gain a seat of its own independently of Peiping, perhaps through some sort of "package deal."

In general, London officials consider that Formosa's future independence depends on whether it can become politically and economically "viable." London has shown some interest in the suggestion that during his lifetime, Chiang should be supported as Formosan head of state by the UN or other international guarantors of the proposed cease-fire.

Both the Chinese Communists and the Chinese Nationalists have repeatedly denounced compromise proposals of this type. The Nationalists can be expected to remain bitterly opposed to any further weakening of their international position, but the Peiping regime might well modify its present line to accommodate to the British view.

Peiping could see such British proposals as an opportunity to make early political and economic gains, with a prospect of eventually annexing Formosa.



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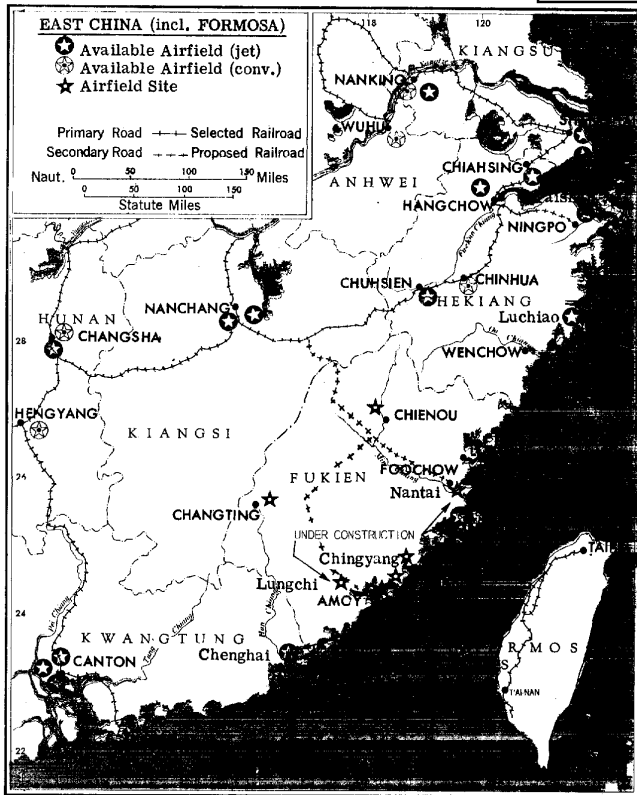
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Formosa Straits

Chinese Communist military activity in the vicinity of the offshore islands remains at a low level, but there are continuing indications of Communist logistical preparations in the area.

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Chinese Communist propaganda has introduced no new lines in the past week. Peiping's comment on Formosa has asserted that there is a growing campaign in the United States for a negotiated settlement of Chinese issues.

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Peiping broadcast on 10 June an interview of 2 June in which Chou En-lai had restated the Chinese Communist position for Indonesian newsmen.

Chou reiterated that Peiping wished to negotiate only the issue of American "occupation" of Formosa, that there is no need for a cease-fire, and that the Chinese Commu-

Airfield construction along the East China coast has gone ahead.

nists will employ peaceful means against Formosa "insofar as it is possible."

[Redacted]

Chou explicitly endorsed the "good offices" of interested parties--which he had solicited at Bandung--in attempting to arrange Sino-American talks. Britain, India, Indonesia and Burma are already involved and Chou is expected to encourage others to take part.

the runway of Nantai airfield at Fochow has been com-

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Yugoslav Policy in the Balkans

Since the Soviet visit to Belgrade, there have been various reports that a meeting of high-level Yugoslavs and Bulgarians, possibly the heads of state, is to take place.

These reports are supported by Orbit propaganda on the Soviet-Yugoslav communique, a statement by a Yugoslav official that he expected Yugoslav-Bulgarian relations to be the first to improve in the wake of the Soviet visit, and an official Yugoslav report that the USSR had raised the question of Bulgaria's admission into the Balkan pact.

Such a meeting would bring Yugoslavia's postwar pretensions to hegemony in the Balkans back into the limelight.

While the subject has been almost completely buried since the Tito-Cominform break in June 1948, a Balkan federation was one of Tito's principal objectives after World War II.

As early as November 1944, Yugoslav vice president Kardelj proposed in Sofia that the Bulgarian Communist Party approve a plan to cede Pirin (Bulgarian) Macedonia to the Yugoslav Macedonian Republic and that Bulgaria itself become the seventh republic in a South Slav federation along with the six Yugoslav republics.

Bulgarian and Soviet leaders favored the concept of a federation, but the Bulgarians feared possible subordination to Tito, and countered with a proposal that the two countries form a union with power equally distributed.

The Yugoslavs hailed the treaty of alliance with Bulgaria, signed in August 1947, as the first formal step toward federation. Although the Bulgarians never carried through with their supposed willingness to cede Pirin Macedonia, they did allow Yugoslavia to establish its own schools in that region.

Following the break in 1948, all such arrangements were discontinued and little has been heard about a federation and a greater Macedonia since the end of the Greek civil war in 1949. Yugoslavia's alliance with Greece and Turkey has somewhat limited Belgrade's freedom of action, particularly since Greece holds a part (Aegean Macedonia) of what has traditionally been considered "Macedonia."

Because of the Balkan pact and the changed European situation, Belgrade probably has no desire to revive publicly any proposals for a Balkan federation similar to what it envisioned before the break, but it may have more immediate thoughts about the possibilities of enlarging the Balkan pact to include Bulgaria and possibly Albania.

Actually, all three pact nations generally agreed that the clause in the pact allowing for the accession of other countries in the future could apply to the present Soviet Satellites. In fact both Yugoslavia and Greece originally hoped the pact would eventually be expanded into an association of Balkan states.

Yugoslavia is undoubtedly more optimistic about the prospects for freedom in Bulgaria

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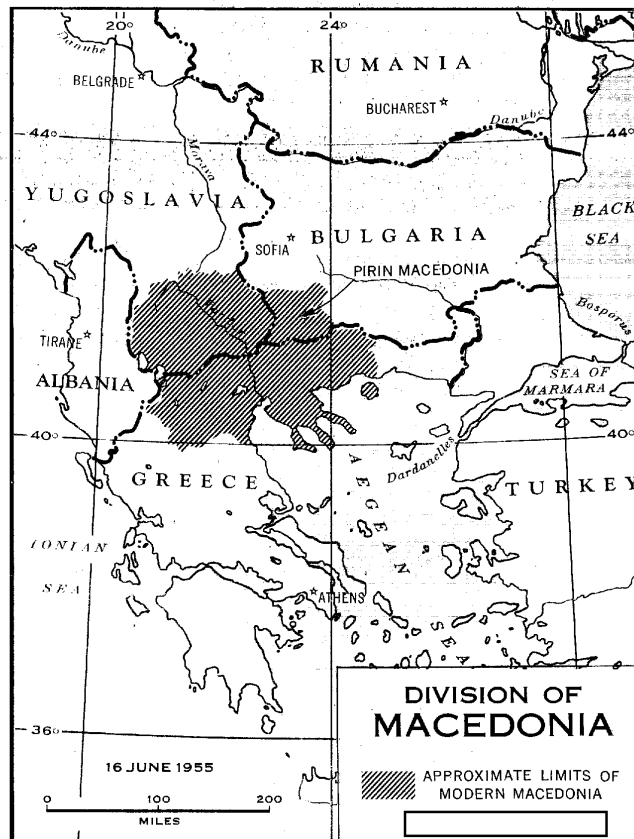
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than are Greece and Turkey, and it might consider high-level talks with Sofia useful as a means of determining whether the USSR is willing to allow the Satellites real freedom. Belgrade's view is probably colored by a wish to have Bulgaria in the pact so that Yugoslavia's independent status and socialist theories could serve to weaken Sofia's ties to Moscow.

The Yugoslavs would present Bulgarian participation in the pact to the West as a realistic way of fathoming Soviet intentions toward the Satellites, which Belgrade has long said would be the key test of basic change in Soviet policy.

At present there are no signs that the Soviet Union would be willing to grant Bulgaria the necessary freedom to make it acceptable as a member of the Balkan pact. Nevertheless, discussions may be held regarding Bulgaria's role in any future Balkan arrangements.

There has been a rumor that Bulgaria might again be willing to consider the cession of Pirin Macedonia to Yugoslavia. Such a specific proposal seems improbable at this time. Even if it were made, the Yugoslavs



would probably be highly suspicious of Orbit motives and unlikely to accept the conditions which would almost inevitably surround any such maneuver.

It seems more probable that the Bulgarians might be willing to grant a number of concessions in respect to Pirin Macedonia, short of outright cession of territory, such as the establishment of cultural centers.

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East Germany on the Anniversary
Of the June Uprising

On the anniversary of the uprising of 17 June 1953, opposition to the regime is widespread in East Germany but there is little active resistance. The popular mood is one of irritation.

Food shortages, increased work norms, and the prospect of obligatory service in the armed forces have given rise to work stoppages and illegal meetings in widely separated industrial establishments this spring. Repeated East German denunciations of the "Western espionage centers" in West Berlin, current spy trials and harassing measures have increased tension in the Berlin area.

Recent international developments have probably raised hope among the East Germans concerning the prospects for unity and the withdrawal of the Russians. Any such optimism, however, will probably be tempered by their memory of the failure of the Berlin conference in the spring of 1954.

An indication of the temper of the populace is the increase in the flow of male refugees of military age to the West from 139 during the last week of 1954 to 975 in the week ending 9 June. An open demonstration against military service oc-

curred in March at Greifswald University.

The unrest among railroad workers caused by the sudden introduction of a new work schedule in April apparently has continued.

The regime is stepping up security precautions and curtailing contacts between East Germans and the West. It is avoiding measures which might provoke the population, and has been exceedingly cautious in putting into effect the higher work norms announced by First Secretary Walter Ulbricht on 15 April.

Although shortages of essential foods, particularly fats, continue, the appearance of vegetables and grains from the 1955 crops in the next six weeks may alleviate the situation.

Despite the population's unrest this spring, another uprising by East German workers similar to that of June 1953 is unlikely. The regime's repressive measures at that time are still fresh in the memory of East Germans, who also are acutely aware that Soviet armies, numbering 400,000, are in a position to crush any insurrectionary moves, as they did two years ago.

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Recent Assessments
Of Top Soviet Leaders

The Soviet delegation to Belgrade made a uniformly bad impression on the Yugoslav officials and on Western representatives on the scene. Yugoslav officials were reported contemptuous of the Soviet leaders following the visit.

The British embassy in Belgrade reported that the Yugoslavs had a strong feeling that the Soviet delegation was composed of "uncouth second-raters," and that Tito stood head and shoulders above any of the Soviet representatives.

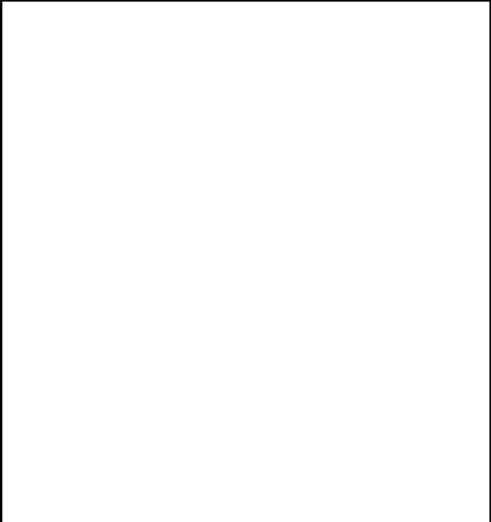
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The Yugoslavs were also said to be dismayed by the continued inflexibility and Stalinist cast of Soviet thinking.



believe that neither Khrushchev nor Bulganin displayed qualities of leadership in Belgrade.



Soviet visit caused the Yugoslavs to realize how much they had grown in intellectual stature and broad-mindedness since the 1948 break and how deep the gulf had become between the two parties in their thinking, knowledge of the world, and manners.

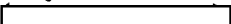
Khrushchev, he said, looked like one of those "horny handed miners who receives a gold watch from his pals and boss following 30 years of toil, while Bulganin looked like a petty

bureaucrat of tsarist days." These men, he said, "are not the heirs of Stalin, they are the legacy."

Ambassador Bohlen has commented, following attendance at the Soviet reception for Nehru, that the more the top Soviet leaders are seen, the less impressive they become. Bohlen feels that, with the exception of Malenkov, who gives the impression of superior quality even in eclipse, and Molotov, who perhaps because of his experience gives the impression of greater dignity and capability, there is not one of the present presidium members who appears to have outstanding personal qualities or abilities.

The unfavorable reaction produced by the Soviet leaders in Belgrade was probably due partly to the uninhibited, headlong style in which Khrushchev played his new role. It provided a sharp contrast to the calculated reserve of Stalin, who kept himself from close scrutiny.

Khrushchev undoubtedly displayed diplomatic ineptitude at Belgrade, but this quality is not likely to cause his decline. His position will probably be little affected by the Belgrade performance.

It would be equally unsafe to conclude that, since individual Soviet leaders may lack polish and do not always fit the Western picture of skillful leadership, Soviet policy is in incompetent hands. 

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USSR Plans to Enter
International Air Shows

The Soviet Union has seemed in the past two months to be seeking greater international publicity for its achievements in aircraft design.

Recent developments have included: continuation of fly-bys in Moscow following cancellation of the May Day fly-by, preparations for the annual Soviet Air Force Day air show in Moscow, Soviet acceptance of a bid to this year's International Air Show at Geneva, and an announcement of the USSR's intention to participate in the 1956 Canadian International Air Show.

Soviet officials in Bern have accepted an invitation to the International Air Show scheduled for 24 June-17 July at Geneva. The secretary of the Soviet legation earlier indicated that the USSR might send MIG jet fighters. He questioned suitability of the Geneva airport for Soviet jet bombers, and stated that, if unable to land, the bombers might overfly the field.

The Soviet ambassador to Canada, D. S. Chuvakhin, on 21 May declined an invitation to this year's Canadian International

Soviet Parliamentary
Exchange Program

The USSR has had some success in carrying out the parliamentary exchange program proposed in a declaration of the Supreme Soviet last February. Several Western governments have accepted invitations; Sweden and India have sent delegations.

No Western leader has yet been invited to address the Supreme Soviet, however, in

al Air Show in Toronto but stated that the USSR would participate in next year's show. The Soviet intention to participate in 1956 was reiterated by the leader of a delegation of Soviet engineers attending the Toronto Trade Fair.

The Moscow fly-bys of 5 and 7 May following cancellation of the May Day air show may also reflect a Soviet desire to show off new aircraft. Preparations have already begun for the annual Air Force Day air show, apparently scheduled for 19 June.

The Soviet engineers in Toronto declared that this year's show will include "models more advanced than those seen before" which "will make American airpower look obsolete." They indicated that the show would include aircraft not observed in the Moscow fly-bys of April and May.

However, only one new type, a large helicopter resembling the American H-16, was noted in the practice fly-bys on 7 and 13 June which included jet medium and heavy bombers plus the two new fighter types previously observed. Some aircraft prototypes may participate in the Moscow demonstration, in accordance with past Soviet practice.

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spite of inclusion in the declaration of a reference to exchange of "speeches made by parliamentary delegations of one country in the parliament of the other."

Belgium, France, West Germany, Yugoslavia, Norway, and Iceland have promised to send delegations to Moscow.

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No affirmative reaction has been reported from the other countries which were invited.

The leader of the 12-man Indian parliamentary delegation which toured the Soviet Union and Yugoslavia said on his return to New Delhi on 13 June that "the desire of the USSR for peace seems genuine and sincere."

The USSR probably hoped when it set up this program

that members of the Supreme Soviet could give just this impression to members of other parliaments, under cover of friendly discussion of common legislative problems. This may have appeared to be a more direct means than the usual appeal to "peace-loving people" to bring pressure on Western governments against co-operating with American foreign policies.

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South Vietnam

The government's campaign against the remaining Hoa Hao rebels and remnants of the Binh Xuyen continues as an antiguerrilla operation; an offensive against Ba Cut's 3,300-man force may be imminent.

Diem, meanwhile, has announced his willingness to engage in talks with the Viet Minh regarding elections, but he reportedly will insist that only a future national assembly could commit the government to participate in country-wide elections.

Ba Cut and General Soai have been declared outlaws and their property ordered seized. The government hopes that continued military pressure will induce most of the Hoa Hao troops to turn themselves in. Four understrength battalions of General Soai have reportedly already done so.

Should the army press an attack on Ba Cut's men, as is reported likely, Ba Cut may move his troops into Cambodia where they would create problems for the Cambodian security forces. The Hoa Hao rebels, however,

could not long maintain themselves as a unit in a hostile countryside.

According to one report, some 200 Viet Minh officers and noncoms have joined Binh Xuyen remnants southeast of Saigon. A Viet Minh-Binh Xuyen tie-up would make the government's security operations more difficult but there are not believed to be any large number of Viet Minh personnel in or near the area to which the Binh Xuyen has retreated.

Meanwhile, Diem has announced his willingness to enter into talks with the Viet Minh on the subject of elections. In entering such talks, Diem's motive would be to undercut Viet Minh charges of Geneva violations.

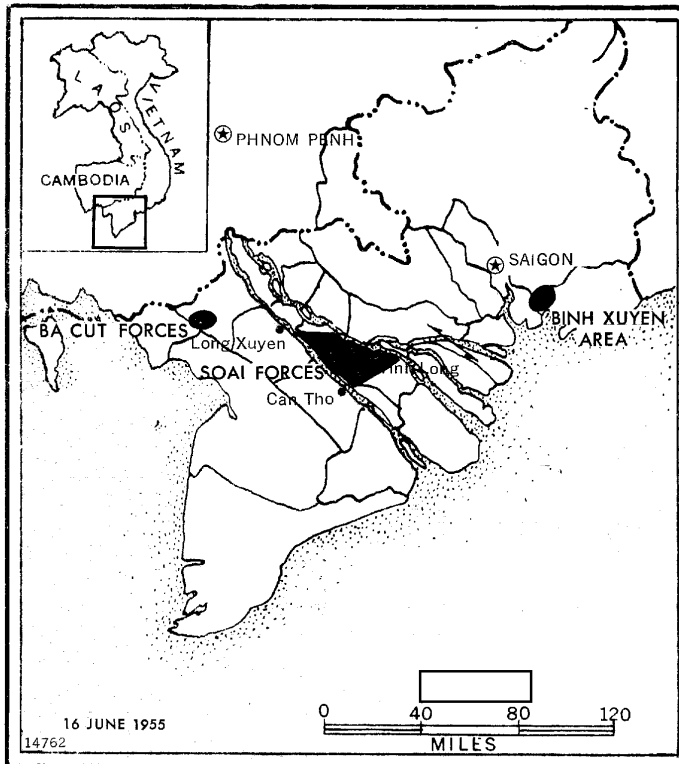
A government spokesman has said that South Vietnam would not commit itself to participate in elections without elaborate guarantees of free voting and the results of any preliminary discussions would have to be submitted for approval to a future national assembly.

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next step is to get explicit assurances from France and Britain as well as the United States that they will give full support to the Vietnamese.

Chau will reportedly try to get French views on this subject while in Paris and may go to London before he returns.

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Diem's under secretary of state, Nguyen Huu Chau, left Saigon for Paris on 8 June.

he hoped to reach an agreement in principle with the French on the status of French Union forces in Vietnam within 10 days. If the French demur, Chau said, the Vietnamese contemplate publishing a note they recently handed the French.

Diem has insisted that a new status for the French Expeditionary Corps must be negotiated before Vietnamese policy on all-Vietnam elections can be defined. If this is achieved, Diem believes the

In a Hanoi broadcast of 14 July, Viet Minh vice premier Pham Van Dong was quoted as citing the holding of a consultative conference to prepare for the elections as "the most important problem in sight for the whole Vietnamese people."

The vice premier insisted the conference must open "exactly on 20 July as provided by the Geneva agreement."

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Cambodia and Laos

The International Control Commission in Cambodia has determined, by a two-to-one vote, that the recently concluded American-Cambodian military aid agreement is in conflict with the Geneva agreement.

In general terms, the Indian and Polish members of the commission have interpreted certain passages in the bilateral agreement as implying a military alliance aligning Cambodia with the Western bloc.

The commission plans further discussions to establish more clearly these alleged contraventions of the Geneva terms and to decide on a course of action.

The Canadian member, who has argued strongly in the minority, plans to insist that nothing more is required than an interpretive statement from the Cambodian government. Other possible steps, for which the Polish delegate is expected to argue strongly, are a protest to the Cambodian government and a formal report of violation to the Geneva powers, or a request for formal amendment of the military aid agreement.

The Indian chairman as usual holds the key to the commission's final decision.

The Cambodian government, particularly sensitive to foreign criticism, can be expected to view any protest from the commission as another instance of unwarranted meddling in its internal affairs.

In Laos, the assembly and the royal council voted almost unanimously to postpone the national elections, previously scheduled for August, to 25 December.

This postponement provides both the royal government and the Pathet Lao with additional time in which to prepare for the elections, and the advantages to either side appear in this respect about equal. However, there will also be additional time for Premier Katay, encouraged by the International Control Commission, to pursue negotiations for a political settlement with the Pathet Lao--negotiations which are unlikely to prove conclusive except through dangerous compromise on the part of the royal government.

[Redacted]

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Afghan-Pakistani Dispute

[Redacted]

[Redacted] the Afghan-Pakistani dispute is deadlocked.

Afghanistan refuses to accede to Pakistan's demand that the Afghan foreign minister be present at the flag-raising ceremony in Kabul--presumably to

signify the government's responsibility for the 30 March riots.

Pakistan refuses the Afghan request to reopen its consulates in Kandahar and Jalalabad immediately after the flag-raising, claiming that this matter is beyond the scope of the mediation efforts.

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At the moment, neither side seems prepared to compromise.

Politically, as well as economically, Pakistan is in the stronger position. Karachi seems unlikely to make concessions which might be interpreted as weakness and which might encourage Kabul to retain Prime Minister Daud and to continue Pushtoonistan propaganda.

Afghanistan suffers shortages of some critical commodities. The American Morrison-Knudsen construction company reports that it may have to terminate operations in southern Afghanistan because it has received no supplies through Pakistan for several weeks. Afghan army conscripts in Kabul are restless, and have engaged in unruly acts. They have been issued no weapons and rumors continue that they may be demobilized.

Though there is some tenuous evidence that Afghanistan is receiving needed supplies

from the USSR, it is unlikely that Moscow can effectively counter Pakistan's unofficial blockade within a short space of time.

Should Saudi Arabia announce the failure of its mediation efforts, Turkey, Iraq, Egypt, and Iran may step in and seek a solution. The majority of these countries would be inclined to put more pressure on Afghanistan than on Pakistan.

The Afghan government apparently does not yet feel the necessity of giving in. It may do so in the near future, if popular opposition is aroused by economic shortages, layoffs of personnel, and the restiveness of military conscripts.

Even if the situation remains stalemated, however, the Afghan government may be sufficiently cowed by recent events to act cautiously both in its relationship with the USSR and in renewing the Pushtoonistan campaign.

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Elections for Constituent Assembly in Pakistan

Intense political maneuvering in Pakistan over the new constituent assembly to be elected on 21 June is weakening the position of the government. Although Governor General Ghulam Mohammad may be able to control the new assembly, factionalism at both national and provincial levels makes unlikely its development as a stable governing body.

Breakdown of this latest attempt to achieve constitutional government would probably cause the governor general and

his immediate supporters to reinstitute oligarchic rule.

Prime Minister Mohammad Ali, in order to ensure his own election to the 80-man assembly, has formed an alliance with Fazul Huq, dominant political power in East Pakistan. The Huq-Ali group is expected to control about 30 of the 40 seats allotted to East Pakistan. As a member of the assembly with East Pakistani support, the prime minister might feel less dependent on the governor general than he has in recent months.

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Of the 40 West Pakistani seats, 30 are to be elected from the Punjab, Sind, and the Northwest Frontier Province. These 30 seats will probably be under the governor general's control. The other 10 seats which represent minor states and territories are to be elected by the assembly itself after it convenes. These and 10 East Pakistani seats, reported in the hands of leftist Awami League leader Maulana Bashani, are a potential balance of power in the assembly.

Absence in Europe of Governor General Ghulam Mohammad and H. S. Suhrawardy, his political ally, is undoubtedly handicapping the governor general's supporters. Ghulam Mohammad is the only political

figure in Pakistan with sufficient acumen and authority to resolve another crisis.

Interior Minister Iskander Mirza, staunchest supporter of the governor general, has expressed his concern over the situation by stating that when the assembly convenes, the government is going to be in "a hell of a mess."

Although an open clash may not come immediately, the Huq-Ali group and the governor general's supporters in the assembly may be so evenly matched as to make effective government impossible. In this case, the governor general may resolve the situation by using his emergency powers again. [redacted]

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Iranian Prime Minister
May Be Replaced

The ineffectual Iranian government of Prime Minister Ala, which came into power on 7 April, appears to be drifting. The government has made almost no progress in implementing its much-touted reform programs and its lack of direction has created a growing feeling among Iranian politicians that Ala may be replaced in the near future.

The prime minister, who is loyal and subservient to the Shah, returned on 12 June after two months' absence for medical treatment and convalescence. Ala's protracted absence from Iran gave wide currency to reports that he intended to resign. His return and his formal denial of the rumors are not likely to change the picture.

There is growing opposition to the government and the

Shah in the Majlis and the voting there is becoming progressively less favorable on government-sponsored bills.

An antigovernment coalition reportedly will soon be formed including Majlis deputies and senators, dissident army factions, remnants of the National Resistance Movement, and discharged government employees.

American chargé Rountree says the cabinet ministers remaining in Tehran are trying to carry out their responsibilities, but even they are getting discouraged.

Majlis deputy Jehangir Tafazoli allegedly advised the Shah recently to dissolve the Majlis on the grounds that it was obstructing his social program. The Shah later said he would not hesitate to

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do so if the Majlis refused to co-operate.

The Majlis represents for the most part the landlords, and these, with the army, have traditionally been the monarch's only firm support.

The progressive elements, comprising for the most part the National Resistance Movement, bitterly oppose the Shah and his government. The Resistance Movement itself is disunited because of a struggle between the xenophobic extremists and the moderates who are seeking to reorient the movement toward the West. The Shah's policies have tended to weaken these moderates.

Israeli-Egyptian Border

Prospects for high-level talks between Egypt and Israel on conditions along the border of the Gaza strip have dimmed, but the atmosphere is somewhat less tense.

Israel is continuing military activities in the area, presumably seeking by a demonstration of strength to impress Egypt and the West with the necessity of high-level talks.

Cairo's note to the United Nations on 10 June accepted the proposal for talks, but restricted the agenda to the four points suggested by General Burns, the United Nations truce supervisor, and to Prime Minister Nasr's suggestion for some kind of "no man's land" in the area.

Cairo has also made it clear that it will not appoint a general officer to represent it in the talks, as requested by the Israelis. Nor is Nasr willing to give a written assurance that his representative, Colonel Gohar, will have power to commit the Egyptian government.

American officials in Tehran see no indication that the Shah has altered his intention to retain most of the responsibility for the direction of the government, and they expect continued weakness in the government and increasing political difficulties.

A prediction made in April that the Shah's misrule would last only three months probably represents a consensus of the Majlis. A former official of the Zahedi government also stated that "the Shah is heading for real trouble." [redacted]

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These developments have led Israeli prime minister Sharett to conclude that the project has "fizzled out."

Activity on the diplomatic level is likely to continue, however, for the immediate future. Ambassador Lawson in Tel Aviv feels that the apparent improvement in Cairo's control over its border forces will, if maintained, make it more difficult for Israeli "activists" to justify the necessity of large-scale military action.

Lawson believes that a quiet border is to the interest of the major Israeli coalition parties during the present election campaign, scheduled to end 26 July. The absence of incidents would help the parties against any extremist charges that the government is unable to defend Israel's border "pioneers" against the Arabs. [redacted]

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French North Africa

The steadily deteriorating situation in Morocco was highlighted by the assassination in Casablanca on 11 June of Jacques Lemaigre-Dubruel. [redacted]



French officials in Rabat and Paris have promised a thorough and speedy investigation of Lemaigre-Dubruel's death.

The authorities in Morocco reportedly will attempt to break the four-week-old shopkeepers' strike by forcibly opening the shops. The limited strike, called on 19 May by the nationalists at the end of

Ramadan, the Moslem month of fasting, was extended indefinitely following the expulsion of 67 shopkeepers from Casablanca.

Since the expulsion, the tension has become acute and has spread to all major Moroccan cities. The American consul general in Rabat believes that the nationalists are testing their control over the population and that mass violence appears imminent.

In Algeria, the military campaign to reduce guerrilla activities continues. Only minor incidents have occurred in Tunisia since the signing on 3 June of the French-Tunisian conventions granting limited home-rule to Tunisia. [redacted]

French Senatorial Elections

The elections on 19 June to replace one half of the French upper house, the Council of the Republic, will not affect the Faure government's status and are expected to leave unchanged the present conservative alignment. As in April cantonal elections, some Communist-Socialist co-operation is likely, despite the vigorous rebuffs of Communist overtures by the Socialist Party leadership.

One half of the 320-member council is renewable every three years, and this year senators will be elected in the metropolitan departments running alphabetically from Ain to Mayenne.

These elections are not a reliable index of public sentiment, however, because of the

indirect method of election and the disproportionately large rural representation in the electoral colleges. The conservative tradition is also likely to militate against any increase in left-of-center representation.

Few of the most heavily populated and industrialized departments will elect senators this year. Thirty-nine of the 58 Socialist seats and three of the 16 Communist seats are up for renewal.

The breakup of De Gaulle's Rally of the French People apparent in the April cantonal elections will not be fully reflected on 19 June, since only 23 of the 53 seats held by the Gaullists are at stake. Moreover, many senators orig-

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iginally elected as Gaullists are assured of re-election under other party labels.

The council has regained some of the prestige of the pre-World War II Senate, and, for the first time since the war, many assembly deputies are candidates for seats in the upper house.

By-elections to replace deputies who win seats in the council will be held in the fall. This will permit ex-

premier Mendes-France to test the success thus far of his efforts to form a new majority in the National Assembly.

There is the remote possibility that the dominant parties in the Faure coalition may use the need for by-elections as an excuse to hold general elections in the fall rather than wait until June 1956. This would be aimed at forestalling a build-up of Mendes-France's forces. [redacted]

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PART III

PATTERNS AND PERSPECTIVESTHE ODER-NEISSE ISSUE ON THE EVE OF THE SUMMIT CONFERENCE

Statements by high East German and Polish officials during recent weeks indicate that attempts are being made to avoid any appearance of friction over the Oder-Neisse frontier on the eve of the summit meeting. The USSR apparently prefers not to discuss the question now and has no immediate intention of reversing its consistent position that the frontier is permanent.

Eventual revision of the frontier in favor of Germany is Moscow's trump card, which it can play most effectively in future direct dealings with the Germans. No offer to revise the frontier is likely until it could be expected to have a major effect on Germany's orientation.

Walter Ulbricht, first secretary of the Socialist Unity Party, warned on 1 June that anyone who raises the issue in connection with negotiations on Germany "only proves that he is looking for a pretext to prevent reunification."

In Poland, high-level spokesmen have laid unusual stress in recent weeks on the definitive character of Poland's possession of its western territories. Premier Cyrankiewicz made this point in his address on 11 May to the Warsaw conference which set up the Soviet-Satellite joint command. He underscored the role of the common frontier as a link "uniting"

Poland with East Germany. Moreover, the Warsaw pact signed on 14 May pledged all signatories to take the measures necessary to "guarantee the integrity of their frontiers and territories."

These statements are probably designed to clarify the official Communist position in the face of recurrent speculation in Poland and both parts of Germany that adjustment of the Oder-Neisse line had been the subject of discussion and probably disagreement between East Germany and Poland in recent negotiations.

Developments Since World War II

The USSR has consistently recognized the permanence of the Oder-Neisse frontier, as marked out by Stalin himself on the eve of the Yalta conference.



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The Soviet position furnished the basis for the East German-Polish treaty signed 6 June 1950 recognizing the Oder-Neisse line as final and the agreement of 6 July 1950 providing for demarcation of the frontier.

Soviet and Polish spokesmen have argued that concessions made by the Western leaders at Yalta and Potsdam constitute de facto acceptance of the Oder-Neisse settlement.

Polish authorities moved into the "Regained Territories" in the wake of the Soviet armies. They immediately took advantage of the authorization in the Yalta and Potsdam agreements to deport Germans and concurrently instituted a drive to attract Polish settlers into the borderlands.

Approximately 6,500,000 Germans were deported or left the territories under their own volition.

They were replaced during the first five years after the war by approximately 5,000,000 Poles, including some 1,500,000 emigrants from territories annexed by the Soviet Union.

The present population of the regained provinces is predominantly Polish. There are approximately 125,000 ethnic Germans in the area.

The acquisition of the "Regained Territories" increased Poland's industrial and agricultural production potential significantly. The possession of the Oder River waterway with its key port of Szczecin (Stettin), added to Gdansk (Danzig) and the existing Polish port of Gdynia, vastly augmented the country's foreign trade facilities.

Balanced against these gains, the seizure of the former

German territories saddled Poland with a permanent source of friction with Germany. The Germans have never reconciled themselves to the loss of 22 percent of prewar German territory--26 percent of prewar Germany's agricultural land--and the displacement of Germans from historically German territory. There has been recurrent evidence that many East German party members have also questioned the wisdom of the settlement.

East German and Polish leaders have sought to play down latent friction by repeated statements lauding the "fraternal" relations of the two countries. Co-operation, nevertheless, remains somewhat limited.

The usual inter-Satellite agreements calling for economic, technical and cultural co-operation have been signed. East Germany reportedly has been assigned dock space at Szczecin and plans to make large investments to develop facilities in the port. A special agreement was signed last autumn under which Polish and East German barges would be used interchangeably on the canal systems of the two countries.

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The two countries are committed to mutual assistance by the Warsaw pact.

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Prospects for the Future

The Poles have frequently shown signs of believing that the USSR would one day find it expedient to return all or part of the territory to Germany.

They have hesitated to move into the western borderlands

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for fear their farms would one day revert to Germans. More recently, [redacted]

[redacted] Polish officials and journalists visiting East Germany have displayed a "certain mistrust" of the permanence of the settlement.

Under certain conditions Soviet leaders might revive Western suggestions made at the 1947 Moscow conference that agricultural areas in the Polish western borderlands be returned to Germany. Such a limited offer, however, would not have much impact.

Western Germans in particular would probably be skeptical of any offer which did not include substantial portions of the Upper Silesian industrial area. The USSR might, nevertheless, take this course at some future date in order to achieve some specific important goal in Germany.

A Soviet move to return substantial portions of the "Regained Territories" to Germany would awaken violent anti-Soviet sentiments among the Poles and deal a severe blow to

the prestige of Polish United Workers Party leaders who have praised their Soviet allies for assistance in "regaining" these territories.

Such a change in Poland would have repercussions in Czechoslovakia, where a similar latent fear has existed that the Soviet Union would eventually sacrifice the Czechs in order to gain advantages from the Germans.

For these reasons, the Soviet Union probably will not raise the Oder-Neisse question at the Big Four conference.

If the issue arises, the USSR is likely to fall back on the bilateral agreement signed by the Polish and the East German governments in 1950, and may revive Molotov's argument at the 1947 Moscow conference that these territories belong to Poland by right and not in compensation for the lost Eastern territories. The USSR presumably would also contend that the Western allies, by assenting to the transfer of populations, agreed de facto to the present frontiers. [redacted]

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AMERICAN-SOUTH KOREAN TALKS

The American-South Korean economic talks scheduled to begin in Washington about 20 June are likely to be protracted and acrimonious.

President Rhee probably will not only revive his long-time economic grievances, but will use the opportunity to bid for a major share of Asian aid, an increased military establishment, a stop to the alleged American "build-up" of Japan, and an end to neutral nations' activity in Korea.

The preparations being made by Rhee suggest that he will not readily retreat. In order to prepare both domestic and foreign opinion, he is renewing his familiar tactics, attacking the United States and Japan in his controlled press, organizing "spontaneous" demonstrations, and falsely attributing "promises" to American officials. He is reported to have instructed his diplomatic missions in Washington, New York and Tokyo to "promulgate widely" his objectives.

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Economic issues, such as the adoption of a realistic exchange rate, adequate pricing of imported aid goods, budgetary and tax reforms, and the proper use of Korea's own foreign exchange, may constitute the crux of the talks. According to American aid officials, failure of South Korea to co-operate on these issues cost Seoul revenue equivalent to its entire budget deficit--the primary cause of inflation.

The perennial exchange rate controversy will be one of the most difficult issues to settle. Rhee maintains a theory, which has become an obsession with him, that changes in the exchange rate cause inflation, rather than reflect it. He has already attempted to fix his position by publicly implying that the United States has agreed to a permanent rate effective 1 July.

Rhee told Ambassador Lacy on 7 June that he wanted a fixed rate for six months, believing that this period would permit him to prove that a fixed rate would reduce inflationary pressures. He probably contemplates extreme measures, if necessary, to prove his point.

He also said that the actual rate was not important, so long as it is permanent.

South Korea will seek a rate of 300 or 350 hwan per dollar, against a realistic rate of about 600 to 1. South Korea will probably be reluctant to value the hwan below that of the Japanese yen, currently 360 to 1.

Even if a realistic rate could be agreed on, the continuing inflation would make such a pegged rate progressively more costly for the United States. Aid goods would be underpriced, thus

minimizing their counter-inflationary effect, black markets would be stimulated, and favorites would get wind-fall profits.

South Korea reportedly will also press for unilateral control of 60 percent of the hwan counterpart funds, which are now under joint American-South Korean administration. This would permit diversion of the funds to finance uneconomical projects, designed for prestige purposes, which have been blocked in the past by American administrators. Such funds also would be useful to Rhee's Liberal Party in the 1956 presidential elections.

South Korea considers questions of currency stabilization inseparable from the general question of the level of American military and economic aid.

Reports indicate that Rhee plans to demand a minimum economic-military aid program of \$900,000,000 for fiscal 1956--of which at least \$350,000,000 would be economic aid. This total represents an increase of \$200,000,000 over the 1955 program.

Rhee is already charging, through the controlled South Korean press, that his military establishment is inadequate, and he will probably demand that the United States increase South Korea's military strength. This demand would ignore the peacetime manpower problem of maintaining even the present 650,000-man army, which necessitates a 10-year term of service for all eligible males.

Rhee's military demands reflect a genuine concern over the Communist armed threat as well as his primary objective of unifying Korea,

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which he believes can be done only by military force. By maintaining the largest non-Communist army in the world except for the United States, Rhee would be in a position to exploit any opportunity to achieve this objective. It would also enable him to keep the United States' stake in Korea high and aid him in his attempts to exert a disproportionate influence on Far Eastern affairs.

The negotiations give promise of being a repetition of last summer's talks, when Rhee delayed implementation of the aid program for four months while repeatedly misrepresenting and abusing American motives and intentions.

If he follows his usual negotiating techniques, the following can be expected:

(1) having no legitimate bargaining position, he will stir up as many issues as possible, and then bargain against a promise of good behavior;

(2) he will revive all his old demands, ignoring whatever has previously been granted to him to "settle" those demands;

(3) he will remain adamant in hopes American impatience will lead to concessions; and

(4) he will toss in new demands whenever agreement has apparently been reached.

He can also be expected, as was the case last year, to ignore or circumvent any provisions of a final agreement which are distasteful to him.

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CHINESE COMMUNISTS BESET BY AGRICULTURAL PROBLEMS

The Chinese Communists are faced with new agricultural setbacks which threaten their industrial development and military modernization programs. To counter these threats and to maintain exports of foodstuffs, the Peiping regime has been tightening controls over food consumption in both rural and urban areas. Some open unrest has reportedly resulted from these measures.

The production outlook for the early crops being harvested this month in most of China is poor, but the harvest will relieve somewhat the starvation in certain localities and the general food shortage.

The crops sown last winter, which are about to be harvested, normally constitute about 30 percent of China's annual food output. They have been hit by a series of disasters--planting problems as a result of undrained land, other aftereffects of last summer's disastrous floods, a severe winter, and drought this spring which has affected all of China except Manchuria and the Yangtze valley.

The Chinese Communist press has already conceded that in the North China plains, a major wheat-producing area, there have been losses to the wheat crop as a result of the drought. The drought in the South China province of Kwangtung is said by Communist sources to have been the severest in 90-odd years. The food situation there is expected to remain critical until after the late summer rice harvests. Meanwhile, thousands of refugees and destitute farmers are reported fleeing to Macao and Hong Kong.

No mitigation of agricultural taxes in kind or of quotas for peasants' forced sales,

both of which are set on the basis of norms, has as yet been announced.

To combat the general scarcity, the government, which controls the distribution of most of the country's food, has been reducing allocations to both rural and urban markets late this spring, in an intensification of the austerity campaign.

Rationing in cities, first adopted on a wide scale last year, has been extended to more items in more areas in recent months. Recent urban austerity measures appear designed to reduce the food rations of population groups less favored by the regime.

Another action taken this spring by the government to deal with agricultural problems has been the strengthening of the party cadres, the real rulers of rural China. This effort to increase party control over the peasants probably indicates that the 1955 fall harvests will be followed by stricter procurement policies and a renewed drive to develop agricultural producer co-operatives, an elementary form of collective.

To control food riots in the starvation areas and deal with other manifestations of hostility, the regime has apparently strengthened security forces in the countryside.

Because of 1954's disastrous floods in the Yangtze valley, China's "rice-bowl" area, this year's exports of rice to Ceylon--planned at about 300,000 tons--have come from Canton, despite the critical food situation in South China. Rice exports from South China to Macao were stepped up in late 1954 and resumed to Hong Kong in early 1954 after an interval of several

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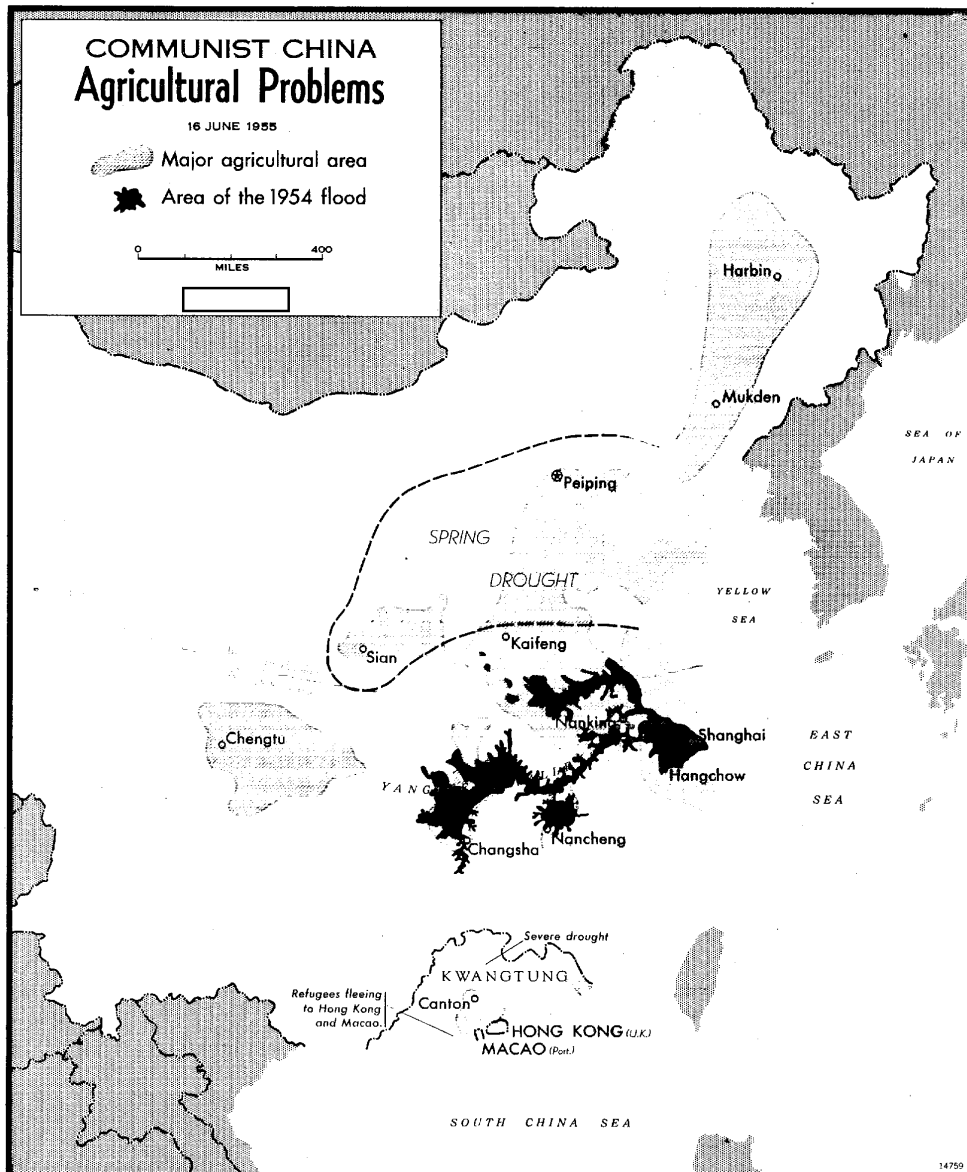
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years. Some 10,000 tons have also been shipped to the Viet Minh from Canton this year. Moreover, Peiping continues to ship rice to the USSR.

Peiping has contracted to buy from Burma this year 300,000 tons of rice, which will offset part of the Chinese rice exports.

The Chinese Communists have often announced their determination to export food-stuffs to pay for industrial imports. They are expected to try to maintain net exports at the level of previous years.

Peiping has announced a 1955 food target calling for an increase of 6 percent over



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last year's production. This goal may not be reached unless the fall harvests are larger than normal.

As happened in all other years since the Communists came to power in 1949, food production on a grain equivalent basis again may fail to reach the average output of the prewar years from 1931 to 1937.

These failures, reminiscent of the difficulties experienced in the USSR during the early years of Soviet economic development, appear to have been a principal factor behind the acceleration of socialization and state controls and the adoption of increasingly harsh austerity policies in the past two years.

The peasant hostility aroused by the regime's actions is regarded by some observers as constituting a major potential source of instability--unless, of course, the regime chooses to moderate its policies at the expense of the current rate of industrial and military development. There are no indications, however, that the regime is inclined toward such a major shift in its planning.

Recent official statements indicate that Peiping recognizes the rise in food output during the first two Five-Year Plans (1953-62) will be limited because of the low priority assigned to allocation of investment resources to agriculture. Peiping obviously abandoned hopes, expressed early in the first Five-Year Plan, for an increase of as much as 70 percent in food output by 1962.

Actually, during the first two Five-Year Plans (1953-62) the rise in food output will probably not exceed 9 or 10 percent and may be much less. Estimated population growth during this period will almost certainly keep pace with the rise in food production.

After that it will be impossible to maintain an equilibrium without substantial inputs of fertilizer.

The two principal means of achieving agricultural increases in China--the application of chemical fertilizer and the opening up of new land with mechanized equipment--will not be attempted on a large scale until the third Five-Year Plan of 1963-1967, according to a report of last March by the minister of agriculture to the State Council.

It is estimated that the supply of chemical fertilizer will rise from about 500,000 tons in 1953 to only 1,000,000 tons in 1960. At least 10,000,000 to 15,000,000 tons are needed to achieve significant crop increases.

A modest plan to expand acreage during the next five to seven years was recently announced. The plan envisages the addition of only 6 percent to Communist China's present cultivated acreage.

Meanwhile, Peiping plans to concentrate on expansion of irrigation and water conservation works as its main effort to raise food output, and modest increases can be expected from this program.

In view of these unfavorable long-range prospects, the rising needs of the regime for foodstuffs are to be met by an accelerated drive to increase control over agricultural output.

These unfavorable agricultural prospects, the drive toward socialized farming, and other harsh rural policies have led some observers to conclude that during the first two Five-Year Plans (1953-62) Communist China may witness a peasant reaction similar to that of the peasants in the USSR during its first Five-Year Plan. Neither

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this possibility nor that of a more open peasant revolt appears to worry the Communist regime which has already developed effective security controls in the countryside.

Unless such a serious reaction occurred, agricultural failures would probably have no great effect on Peiping's military plans.

The worst food situation in the regime's history occurred

in early 1950. At that time, however, Communist China was prepared to invade Formosa, and later in the year the Chinese Communists intervened in Korea. The food situation remained poor, although slowly recovering, in 1951 and early 1952 when Peiping committed and supplied some 700,000 Chinese Communist troops in the Korean war. [redacted]

[redacted] (Prepared by ORR)

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SOVIET LEADERS TIGHTEN IDEOLOGICAL REINS

The Soviet leaders apparently are trying to re-establish a militant ideological line. A drift toward less rigid party control on ideological matters, noticeable since the death of Stalin, was halted at the Congress of Soviet Writers in December 1954.

The line now being introduced is similar in many respects to that followed by the fiery Communist Party activist, the late Andrei Zhdanov, in the 1946-1948 period.

Zhdanov, as the ranking party secretary after Stalin, was instrumental in developing a rigid pattern of party control over all spheres of creative activity in the early post-war years. In 1947, he forced G.F. Alexandrov out of his position as director of agitation and propaganda for "toothless vegetarianism with regard to enemy philosophers." Alexandrov's successor was Mikhail

Suslov, who acquired much of Zhdanov's ideological authority after the latter's death.

During this period, ideological "deviations" led to the intimidation of any independent criticism and often to the liquidation of the guilty party.

In the period of relatively diffused authority after Stalin's death, however, considerable discussion began to emerge on ideological and particularly literary questions.

Malenkov's occasional willingness to disregard doctrine in order to accommodate popular desires--for consumers' goods in particular--was accompanied in late 1953 and early 1954 by growing demands for "sincerity" in writing and more consideration of purely literary values in criticism. In February

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1954, at the high point of freer literary discussion, G.F. Alexandrov was appointed minister of culture, thereby returning to prominence a personal and ideological rival of the more rigid Suslov.

In June 1954, Suslov and the other ideologists of the central committee opened the attack on the more liberal attitude by approving an editorial in Kommunist which cited the "great and major significance" of resolutions on the arts adopted by the central committee from 1946 to 1948. This call for greater party control was followed by specific attacks on "the cult of sincerity" and the works of authors who had reflected a relatively independent critical outlook in their writings.

The proponents of more creative freedom were surprisingly unsubdued, however, and some high-level support for their position may have been a factor in postponing the Writers' Congress from autumn to late December 1954. A clear resolution of the controversy was evidently required in order that the congress--only the second in the history of the USSR--would not become a demonstration of ideological division.

The list of speakers and the tone of speeches at the congress indicated that the debate had already been resolved in favor of stricter party discipline along Zhdanov lines.

The report on the activities of the Writers' Union was largely a catalogue of ideological tendencies to be avoided; and the formal message from the central committee pointedly urged writers "not to remain passive from the political point of view."

Michael Sholokhov, the only writer to argue seriously for greater creative freedom

and scope for the artist, was rebuked by the chairman, who spoke of his "party duty" to denounce "the un-party-like attitude" of Sholokhov.

The resigned tone of Alexandrov's speech at the congress and his subsequent dismissal as minister of culture confirmed the rise of firmer party control in literature.

The emphasis on ideological conformity moved into wider fields in January. Kommunist, under the title "The Strategy and Tactics of Leninism," printed a militant statement of classical revolutionary doctrine. An unusual feature of the article was an accompanying note which explained that this text would "clear up the question of what the strategy and tactics of Leninism are." The article referred to the Communist Party as "the shock brigade of the world revolutionary workers' movement," and Mao Tse-tung was quoted to reaffirm that "whoever tries to fight the Communists must be prepared to be ground to dust."

Other publications in January denounced those who "oscillated from one side to the other with the help of pretexts" and "wreckers on one side and bunglers on the other" who had infected the party with "their filth of theory and practice."

Resolution of the more fundamental issue apparently had to await the discrediting of Malenkov in early February.

Molotov, in his speech to the Supreme Soviet the day after Malenkov's demotion, condemned the "weak-nerved and weak-kneed" in the USSR, saying that not "world civilization" but only the "decaying social system of which bloodthirsty imperialism is the core" would perish in any new world war. Thus, he rejected Malenkov's statement of March 1954 that a new atomic

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war would mean "the destruction of world civilization."

The speech was the most Stalinist in several years. Like the decision to stress heavy industry over consumers' goods and to increase military expenditures, this development was a clear indication that the government was determined to react with firmness to the ratification of the Paris agreements and the growing strength in the West.

Molotov's speech was followed by the deletion of all "defeatist" references to "the destruction of world civilization" from the domestic press and radio, although they still appeared in international propaganda.

This attitude of forced optimism in the party drew much of its inspiration directly from the period of Zhdanov's dominance.

Citing a Cominform declaration of September 1947 that "the main danger today for the working class lies in underestimating its own forces and overestimating the forces in the imperialist camp," Kommunist declared, "This was correct in 1947. It is all the more correct in 1955."

The importance of this renewed party discipline in ideology has been emphasized in all recent party publications.

Nevertheless, a full return to Stalinism does not appear to be intended.

A number of men known to have identified themselves with the policies of Malenkov have recently been elevated in authority, indicating the unwillingness or inability of the apostles of the firmer policy to revive the Stalinist pattern of purges.

There has been no renewal of interference with scientific research on ideological grounds as in the Lysenko controversy some years ago. Khrushchev, in fact, has warned that Soviet scientists must not ignore Western science "under the guise of the struggle against cosmopolitanism."

Denunciation of writers has not yet led to their disappearance. A number of writers discredited in the 1946-47 period have reappeared. The attitude has been that writers should create enthusiasm for new achievement above and beyond routine conformity.

This position is exemplified by Alexander Korneichuk, one of the official summarizers of the Writers' Congress, and a man who may well be the closest of all major Soviet writers to Khrushchev. The Moscow opening of Korneichuk's play, The Wings, was attended on 26 February by Khrushchev and other Soviet leaders. Khrushchev reportedly made a point of applauding the portions of the play criticizing Beria and his methods--apparently anxious to indicate that greater party control over literature would not mean a return to terror of the Stalin type.

Khrushchev appears to favor a return to Zhdanovism without terror. Concerned not only with steeling conviction among the faithful, Khrushchev wishes to secure positive approval for difficult new undertakings such as the new lands program. Having rejected Malenkov's primary reliance on consumer incentives, Khrushchev seeks to use "the lively study of theory" to inspire confidence and stimulate popular enthusiasm. "Scholasticism" and "routinism" have become the accepted terms of reproach for those who do not find ideology a "stimulus" for increased accomplishment.

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Apparently Khrushchev and the ideologists of the central committee want to get the best of both worlds: the stability and confidence of renewed party control and ideological firmness, along with the practical benefits of learning from the West and allowing for creative initiative from below on technical matters.

Whether the present leadership will eventually return to the capricious terror and crude ideological intimidation of Stalin's day, or whether instead there will be a more and more realistic accommodation to actual conditions and popular desires, will largely be determined by the success of the present policy.

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