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31 March 1955

CURRENT INTELLIGENCE WEEKLY SUMMARY



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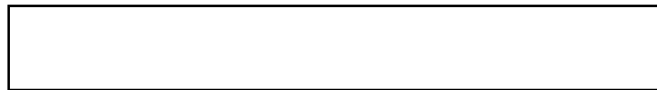
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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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

PART I

OF IMMEDIATE INTEREST

CHINESE COMMUNISTS CONTINUE
FORMOSA STRAITS BUILD-UP. Page 1

The long-range build-up in military potential in East China continues. [redacted] certain steps, some or all of which may be essential to a successful assault on the major off-shore islands, have yet to be taken. No observable preparations are required for assaults on several minor offshore islands. [redacted]

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USSR SEEN MOVING
TOWARD BIG-POWER TALKS Page 2

Premier Bulganin's cautious statement on President Eisenhower's remarks concerning a great-power conference apparently is the initial phase of a maneuver by the Soviet leaders to extricate themselves from an untenable position. The USSR had got into a diplomatic blind alley as a result of a series of statements implying that ratification of the Paris accords would make further international negotiations futile. In view of the failure of such warnings to prevent ratification, Moscow is now engaged in preparing the way for a return to its former line calling for a five-power conference to discuss all the sources of international tension. [redacted]

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SOVIET UNION REVIVES
AUSTRIAN TREATY ISSUE Page 3

Molotov's invitation to Chancellor Raab to visit Moscow for talks on treaty problems apparently reflects Soviet fears that Austria will become linked to NATO and dominated by West Germany. The USSR probably also hopes to use the Austrian issue to delay implementation of West German rearmament and considers that German neutralist sentiment would be greatly strengthened by evidence that the USSR is preparing to agree to a treaty neutralizing Austria. [redacted]

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DIEM RISKS BREAK
WITH BAO DAI Page 4

While forces loyal to Premier Diem appear to have the upper hand in the city, the premier by his action during the current crisis has challenged the Binh Xuyen and thereby risked a break with Bao Dai. [redacted]

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PART II

NOTES AND COMMENTS

Voroshilov Warns Against Atomic War "Fable": Voroshilov's warning that the USSR could not be intimidated by "fables" about nuclear warfare and other recent repudiations by Soviet leaders of Malenkov's thesis that an atomic war might mean the end of world civilization probably were motivated in part by a desire to correct any impression that the USSR is weak. The charges that the former premier was guilty of tampering with Communist doctrine also might be used in the future to undermine his position still further.

[redacted] Page 1

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Soviet Propaganda on London Disarmament Talks: The USSR seems to believe that the London disarmament talks will soon break down. Moscow did not hesitate to violate the secrecy agreement in an attempt to place the entire blame on the Western delegates if the conference fails.

[redacted] Page 2

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The Austrian Situation: The decision of the Austrian cabinet to accept the Soviet invitation to Chancellor Raab to visit Moscow was taken on a rising tide of optimism in Vienna. Encouraged by an apparent Soviet undertaking to discuss the Austrian and German problems separately, the Austrians have been exploring the possibility of guarantees against a future Anschluss with Germany, and of forms of neutrality which might be acceptable to the USSR.

[redacted] Page 2

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Peiping Diplomats Display Views Differing From Moscow's: Recent remarks by Chinese Communist diplomats to Yugoslav officials suggest a Chinese effort to display some independence of the Soviet Union. The statements also indicate a possibility that Peiping is dissatisfied with some aspects of its relations with Moscow.

[redacted] Page 3

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Soviet Diplomats Comment on Molotov: The manner in which two Soviet diplomats recently spoke of Foreign Minister Molotov, and the fact that he appears to be playing his usual role in foreign policy, suggest that his political stock is not likely to suffer a spectacular decline in the near future.

[redacted] Page 4

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Problems of the Hungarian Leadership: Hungarian party first secretary Rakosi's attempt to oust Premier Nagy, who was censured on 4 March by the party central committee for "rightist deviation," has resulted in increased dissension within the party and Rakosi is having difficulty asserting his authority. He is not, however, likely to lose control of the party. [redacted] Page 5

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Soviet Military Training in East Germany: The winter training program for Soviet army units in East Germany is nearing an end. Developments thus far this year reflect the heavy influx of new weapons and equipment during 1954 and also suggest greater emphasis than last year on air-ground operations. [redacted] Page 6

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The New Delhi Conference: The propaganda build-up Moscow and Peiping are giving the Communist-sponsored "Asian Conference for the Relaxation of International Tensions," scheduled to meet in New Delhi from 6 to 10 April, indicates that considerable effort will be made at the meeting to influence the Afro-Asian conference in Indonesia two weeks later. [redacted] Page 6

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The Afro-Asian Conference: Chou En-lai and Ho Chi Minh will lead their respective delegations to the Afro-Asian conference. The neutralist sponsors of the conference may press for the establishment of a permanent Afro-Asian organization. [redacted] Page 7

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Laos: In its efforts to reach a settlement with the Communist-backed Pathets, the Laotian government has conceded them the right to select a governor for one of the two disputed northern provinces. Despite this concession, the Pathets, reversing an earlier position, have refused to send representatives to Vientiane for further negotiations. [redacted] Page 8

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Japan-USSR Negotiations: Public remarks by Prime Minister Hatoyama indicate the Japanese will not press for major territorial concessions in their talks with the USSR. Tokyo, however, is likely to make a strong demand for the return of the Habomais and Shikotan, and this may encourage popular feeling for the return of the American-held Bonins and Ryukyus. Meanwhile, Moscow may benefit from its continued silence if popular pressure for a rapprochement with the USSR continues to mount in Japan. [redacted] . . Page 8

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Japan-Orbit Trade Relations: A Chinese Communist mission has arrived in Japan to conclude a private trade agreement with Japanese firms. The delegates will probably exploit the opportunity to engage in confidential discussions of a political nature with Japanese officials and Diet members. [redacted] Page 9

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Shake-up in Afghan Government Appears Likely: A major shift in Afghan policy may occur soon, probably not later than mid-May, [redacted] Afghanistan is likely to accept less Soviet aid in future. [redacted] Page 10

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Syria: Although the Syrian government agreed "in principle" on 2 March to sign the Arab pact proposed by Egypt as an answer to the Turkish-Iraqi defense agreement, Foreign Minister Azm is now having second thoughts. [redacted] Page 11

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British Adherence to Turkish-Iraqi Pact: Iraq's and Britain's agreement to replace the Anglo-Iraqi treaty of 1930 by a new accord, and Britain's decision to adhere to the Turkish-Iraqi defense pact, announced on 30 March, strengthen Middle Eastern stability. [redacted] Page 12

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Plotting Against Nicaraguan Government: Plotting against Nicaraguan president Somoza appears to have intensified in the past two months. Hostile activities among exile groups and the domestic opposition can be expected to increase further with the approach of the presidential elections scheduled for late 1956. [redacted] Page 12

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Oil Discovery Stirs Optimism in Brazil: The discovery of oil in Brazil's Amazon valley improves the outlook for eventual Brazilian self-sufficiency in oil. Brazil's nationalistic petroleum law, however, will tend to slow progress toward this goal. Petroleum imports consume almost half of Brazil's hard currency earnings. [redacted] . . . Page 13

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PART III

PATTERNS AND PERSPECTIVES

SOVIET POLICY DIFFERENCES AND THE FALL OF MALENKOV. . . . Page 1

The circumstances surrounding Malenkov's fall provide many clues to the general policy orientation of the present Soviet leadership. The February political crisis in Moscow involved a number of separate but closely interrelated chains of cause and effect, no one of which alone adequately explains the change of leaders or the accompanying shifts in emphasis in Soviet policy. The basic elements in this complex pattern of events suggest that Malenkov fell as a result of a many-sided conflict between him and Communist Party Secretary Khrushchev. [redacted]

PEIPING CAMPAIGNS TO BELITTLE NUCLEAR WARFARE IN EYES OF CHINESE Page 7

Chinese Communist propaganda against the use of nuclear weapons has increased greatly in the past two months, and a program for indoctrinating the population on the effects of such weapons has been launched. Peiping apparently calculates that its actions could lead to the employment of nuclear weapons against the mainland. [redacted]

PROSPECTS FOR A COMMUNIST-NENNI SOCIALIST SPLIT Page 9

The possibility of a break with the Italian Communists may be discussed at the Nenni Socialists' national congress opening in Turin on 31 March. In view of the weakness of the Scelba cabinet, the Christian Democrats might accept Nenni Socialist support of a new left-of-center government. This would weaken Italy's co-operation in Western defense policies, but would put the administration in a position to carry out long-planned reforms, thereby impairing the principal source of Communist strength in Italy. [redacted]

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PART I

OF IMMEDIATE INTEREST

CHINESE COMMUNISTS CONTINUE FORMOSA STRAITS BUILD-UP

The long-range build-up in military potential in East China continues.

_____ certain steps, some or all of which may be essential to a successful assault on the major offshore islands, have yet to be taken.

No observable preparations are required for assaults on several minor offshore islands. Such attacks might be undertaken at any time for prestige and propaganda considerations

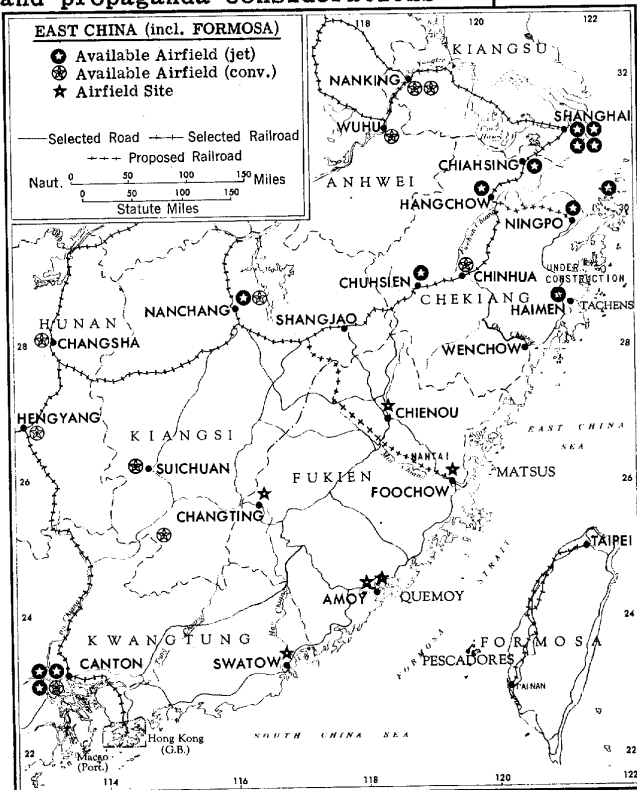
or to test American reactions.

Military activity during the past week has been limited to sporadic artillery exchanges in the Quemoy area. The Matsu area has remained quiet except for a Nationalist air attack on nine small Communist patrol craft near Foochow on 30 March.

Soviet foreign minister Molotov told the Indian ambassador on 25 March that there was no change in the Chinese Communist position of

refusing to take part in any conference on the Formosa question in which Nationalist China was represented. Molotov reaffirmed that Moscow supported Peiping in this stand, although he expressed the hope that exploratory talks would continue.

The Communists may intend to delay both military and political moves until they can assess their support at the Asian-African conference beginning 18 April. They probably hope that the conference will endorse Peiping's claims to Nationalist-held territory and thereby improve the Chinese Communist position for either military or political operations.



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Peiping's propaganda has continued to exhort the Chinese people to stand firm against American threats, including the threat of employ-

ment of nuclear weapons. (See article on Chinese nuclear warfare propaganda, Page 7, PART III)

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USSR SEEN MOVING
TOWARD BIG-POWER TALKS

Premier Bulganin's brief and carefully worded comment on President Eisenhower's statement of 23 March on negotiations with the USSR after the Paris agreements are brought into force suggests that the Soviet leaders are trying to extricate themselves from an untenable position.

The USSR had got into a diplomatic blind alley as the result of a series of statements implying that ratification of the Paris accords would make further international negotiations futile.

In view of the failure of such warnings to prevent ratification, Moscow is now engaged in preparing the way for a return to its former line calling for a five-power conference to discuss all the sources of international tension.

Bulganin's declaration that the USSR takes "a positive view" toward the idea of any great-power conference which would "contribute to the easing of tension in international relations" is considerably milder than the Soviet press has been in its initial reaction to the President's remarks.

Moscow wants to maintain the posture of the champion of peace and pacific settlement and has claimed that the Western powers, despite their public calls for negotiations with the USSR, are actually seeking to avoid and discredit such talks. The Soviet leaders, therefore, could hardly ignore a statement by President Eisenhower on the subject of a future conference.

Bulganin was careful, however, to include in his comment safeguards which would allow the Soviet government to reject any specific Western initiative.

Thus, he inserted the qualifying phrase that any conference must contribute to the easing of international tensions and, aside from a reference to Austria, he made no mention of the President's expressed preference that a conference be limited to the four powers.

These safeguards could provide the basis for insisting at some later date on the participation of Communist China and the inclusion of a whole series of Soviet propaganda topics on the agenda.

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Bulganin's reference to Soviet proposals to hold a four-power conference on Austria "in the nearest future" may have been intended to provide top-level support for recent Soviet initiatives on the Austrian question.

It seems more likely, however, that this was merely cited as evidence of the USSR's sincere interest in negotiations as a means of reducing tensions.

A Soviet commentary broadcast to Europe on 27 March pointed to these proposals on Austria as evidence that the Soviet people "are vitally concerned with maintaining peace." It cited as further evidence of this Bulganin's statement on big-power talks, Voroshilov's speech to the RSFSR Supreme Soviet, and Gromyko's proposals in the London disarmament conference.

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**SOVIET UNION REVIVES
AUSTRIAN TREATY ISSUE**

Moscow's suddenly renewed interest in encouraging Austrian hopes for a treaty and particularly in seeking a firm neutrality commitment from Vienna seems to reflect a real Soviet fear that there is a serious danger of Austria becoming linked to NATO and being dominated by West Germany.

The Kremlin may expect that, by inviting Chancellor Raab to Moscow for bilateral talks and wringing public assurance of neutrality from Austria, it can interfere with any shift toward the West. It may also hope to confront the Western powers with a fait accompli on Austria if and when four-power treaty talks are resumed.

The care with which Moscow continues to maintain the links

between the German and Austrian issues indicates that it probably also hopes to use the Austrian issue to delay implementation of West German rearmament. Moscow may consider that German neutralist sentiment would be greatly strengthened by evidence that the USSR is preparing to agree to a treaty neutralizing Austria.

Until recently, Soviet officials had stated publicly and privately on a number of occasions that an Austrian treaty settlement would be impossible after ratification of the Paris accords.

Molotov's statements to the Austrian ambassador and the latest Soviet note, however, imply that this is not the case.

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DIEM RISKS BREAK WITH BAO DAI

Armed units of the Binh Xuyen gangster society, apparently reacting against Premier Diem's decision to strip the Binh Xuyen of its control over the Saigon police, launched attacks against several government installations on the night of 29-30 March and directed mortar fire against the premier's palace.

Government forces regained control of the situation during the night after blasting the Binh Xuyen out of one of its strongholds with 37mm cannon fire. An informal truce was arranged on 30 March, but the situation remains tense.

Following its ultimatum of 21 March, the "United Front" organized by antigovernment elements of the sects and sparked by the Binh Xuyen continued vehemently denouncing the government while rejecting Diem's offers to discuss the Front's grievances.

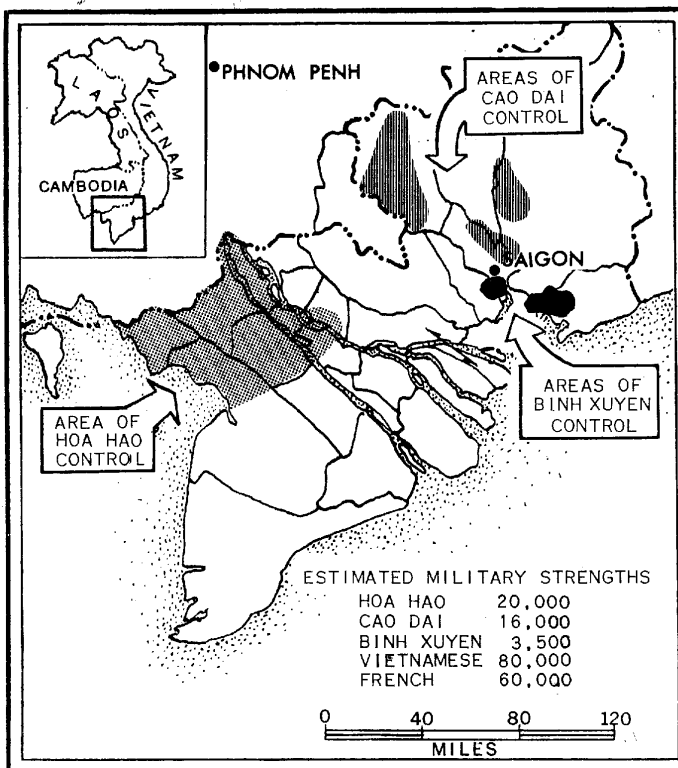
This situation convinced Diem that the Front had no object but to destroy him, and he began to prepare for a clash with the Binh Xuyen.

The Front reported that all the Cao Dai and Hoa Hao members of Diem's government had resigned, but Diem

meanwhile claimed to have won the complete loyalty of Cao Dai general Phuong and Hoa Hao general Nguyen, two of the Front's main pillars.

The majority of the antigovernment Hoa Hao forces are located far to the west of Saigon. With at least seven battalions in Saigon and ten more available within three hours, the government appears for the time being to be in command of the situation.

Politically, Diem is on shakier ground. He has challenged the authority of Bao Dai by his action with respect



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to the police force, and
thereby risked a request for
his resignation. Bao Dai sold
the police force to the Binh
Xuyen and probably regards

that organization as the
guarantee of his continuing
political influence in Vietnam.

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PART II

NOTES AND COMMENTSVoroshilov Warns Against Atomic War "Fable"

Soviet party presidium member Voroshilov has provided the latest repudiation of the thesis expounded by Malenkov in March 1954 that a third World War would cause civilization to perish.

Addressing the RSFSR Supreme Soviet on 26 March, Voroshilov stated that the Soviet Union cannot be intimidated by such "fables," and reassured his audience that only capitalism, and not world civilization, would perish.

Voroshilov's remarks were patterned after the statement made on this subject by Molotov in his speech to the Supreme Soviet on 8 February.

They also followed closely a similar pronouncement appearing in the most recent issue of the party publication, Kommunist.

Kommunist declared that the thesis of the "destruction of world civilization" is used by the apologists of imperialism to frighten "weak-nerved and unstable" elements.

While not discounting the possibility that a future war might be more "destructive" than those of the past, Kommunist insisted that however monstrous the "dying fury of capitalism" might be, atomic war would only hasten its ruin.

Judging from the attention now being devoted to clarifying the party line on this subject, Malenkov's remarks probably

caused considerable top-level displeasure by failing to give overriding consideration to the nation's military strength. Malenkov's colleagues may also have feared that the Western powers might regard his thesis as an indication of Soviet weakness or uncertainty which offered opportunities for exploitation.

In addition, Malenkov's statement may have caused some confusion and dissatisfaction among second-echelon party leaders, which the regime now wishes to correct. It is possible, however, that Soviet citizens will not in fact be reassured by a prolonged discussion of the subject of nuclear warfare in their propaganda media.

Malenkov's phrase diverged significantly from the long-established Bolshevik theory that the Communist system is destined to win ultimately over all others, wars notwithstanding. The charge of tampering with Communist dogma might be used against Malenkov in the future to undermine his position still further.

The Soviet leadership presumably is in basic agreement as to the real hazards and possible consequences of a general war fought with nuclear weapons. The very fact that Malenkov was moved to make his March 1954 statement provides evidence of a keen awareness in Moscow of the implications for the Soviet regime of atomic warfare.

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Soviet Propaganda
on London Disarmament Talks

Soviet charges that the Western nations have been sabotaging the London disarmament negotiations reached a climax at the end of last week.

TASS published a long interview with Gromyko attacking the Western position in the negotiations; and Pravda printed an article which described the "new" Soviet proposals introduced on 18 March and condemned the Western delegations for "inventing all possible obstacles to reaching agreement."

Moscow probably believes that the London talks will soon break down as a result of the favorable vote on the Paris agreements in the French Council of the Republic.

The Soviet proposals appear designed to establish the final Soviet propaganda position and to saddle the Western powers with responsibility if the conference fails.

Pravda justified publication of the USSR's proposals in the secret talks by charging that the Western press, while hypocritically proclaiming that the talks were secret, deliberately misrepresented the attitude of the Soviet Union.

The Austrian Situation

The decision of the Austrian cabinet to accept the Soviet invitation to Chancellor Raab to visit Moscow follows a tide of rising optimism in Vienna.

Gromyko's interview was described as "a blow against misinformation because it showed the true meaning of the Soviet proposals and unmasked the maneuvers" of the Western representatives aimed at making the work of the conference more difficult.

The secrecy agreement obviously handicapped Soviet attempts to exploit the talks for propaganda advantage. Moscow found that the public discussion of Vyshinsky's disarmament proposals in the United Nations General Assembly last fall afforded a much more effective opportunity for propaganda.

The Soviet press has also attacked the appointment of Harold Stassen as special assistant to the President on disarmament problems as a "propaganda maneuver" designed to screen American preparations for atomic war.

Pravda characterized Stassen's new title as "quasi-comic opera" and declared "it is not by chance that the American press links Stassen's appointment with the possibility that the London talks will be broken off by the United States in order to prevent the reaching of any agreed decisions."

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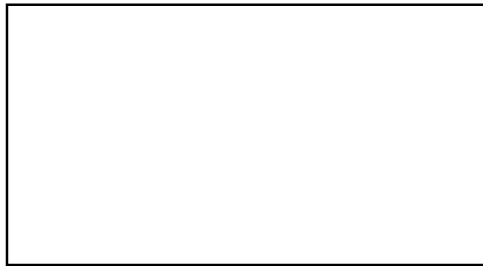
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a future Anschluss with Germany, and of forms of neutrality which might be acceptable to the USSR.

Western diplomats have been seriously concerned about signs of willingness on the part of some Austrian officials, particularly Chancellor Raab, to go considerably further than heretofore in making concessions to the USSR on conditions for a state treaty.



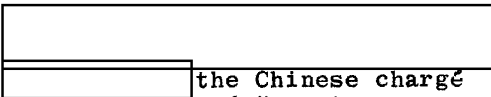
Raab probably will find it difficult to go back on his statement of 20 March that Vienna would be willing to include a pledge of neutrality in the state treaty, and there are indications that Figl and probably other Austrian leaders would not be averse to a neutrality similar to that maintained by Switzerland.

Such a position would leave Austria under the economic, if not political, influence of the USSR. Under the terms of the draft state treaty, Austria would shoulder a \$150,000,000 debt to Moscow and there would be continued Soviet control over 40 percent of Austrian oil resources and other assets.

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Peiping Diplomats Express Views Differing From Moscow's

Recent remarks by Chinese Communist diplomats to Yugoslav officials suggest a Chinese effort to display some independence of the Soviet Union. These statements also indicate a possibility that Peiping is dissatisfied with some aspects of its relations with Moscow.



the Chinese chargé there expressed "great sympathy" for the Yugoslav position and said that he "understood" why Yugoslavia had left the fold.

The chargé is said to have pointed to the similarity between the Chinese Communist and Yugoslav positions, "arising

from the fact that both countries achieved their liberation primarily through their own efforts."

Belgrade's ambassador in Moscow has reported that the Chinese Communists were disgruntled by Molotov's foreign policy report of 8 February. Peiping's chargé in Moscow is reported to have commented that Molotov's remarks on the Far East were only "Molotov's personal opinion." Yugoslav officials were surprised that the Chinese should disclose their views to outsiders, particularly to Yugoslavs.

These remarks would seem intended to impress the Yugoslavs with Peiping's self-respect

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and self-confidence. They also suggest that the Chinese Communists do not think it necessary always to agree with Soviet policy, and that Peiping's voice has some weight in the formulation of Sino-Soviet bloc policy.



It may also be that Chinese Communist officials made such statements in order to encourage this Yugoslav view, and thus to facilitate a joint Sino-Soviet effort to lure Yugoslavia back into the bloc.

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Soviet Diplomats
Comment on Molotov

Two Soviet diplomats, in recent conversations with Western officials, have taken what appear to be special pains to buttress the prestige of Foreign Minister Molotov, who had recently seemed to suffer a loss of authority.

Molotov's recent diplomatic activity appears to indicate, moreover, that his usual role in Soviet foreign policy has not been reduced.

Ambassador Lodge reported on 17 March that a member of the Soviet delegation to the United Nations had complained to him that the American government and press constantly distort normal changes in the structure of the Soviet government.

Another delegate added that, in describing Molotov as the third-ranking member of the Soviet hierarchy, the United States had greatly underestimated his importance, as would be proven in the course of time.

The American embassy in Vienna reported on 28 March that First Deputy Foreign Minister Gromyko had recently

spoken in a similar vein in a conversation with an Austrian Foreign Ministry official. The Austrian remarked that his government had been encouraged by the fact that Molotov was personally dealing with the Austrian question, and Gromyko replied that this was a correct interpretation, since Molotov is the second man in the Soviet government.

These strikingly similar comments by two Soviet diplomats, apparently offered gratuitously, seem more than a coincidence.

The Soviet government has shown itself sensitive to Western reactions to its leadership problems and eager to forestall conjecture about internecine conflicts. The stress on Molotov's importance, therefore, may be designed to counteract recent press speculation concerning his status.

The diplomats' remarks seem, however, to have gone further than this objective alone would have required, and it is unlikely that such confident claims would have been made on Molotov's behalf

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by normally cautious officials
if they felt his political

stock was about to suffer a
spectacular decline.

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Problems of the Hungarian
Leadership

Hungarian party leader Rakosi's attempt to oust Premier Nagy, who was condemned on 4 March by the party central committee for "rightist deviation," has resulted in increased dissension within the party. Rakosi is having difficulty asserting his authority, but he is not likely to lose control of the party.

Rakosi reportedly was able to force an anti-Nagy resolution through the party central committee meeting on 4 March only by throwing his full weight and the support of Moscow behind it. He has not yet been able to oust Nagy, because the premier has considerable support in the party and because Moscow wants to avoid giving the impression that a struggle for personal power is being waged.

Nagy reportedly continues to refuse to resign or recant. He also would not appear before the central committee meeting and sent letters defending his position to all committee members except Rakosi.

The confusion which has hamstrung the party leadership throughout the new course period apparently continues.

The central committee meeting, which was designed to firm up party policy, has only served to accentuate internal party differences.

In an effort to overcome this confusion and unite the party leadership, Rakosi recently spoke to two meetings of local party leaders and minimized the economic differences between the March resolutions and the policy pursued under the Nagy government.

Local party committee elections are being held, and national conferences of public prosecutors and of district party secretaries are being convened, apparently in an effort to weed out or intimidate Nagy supporters in the party.

Rakosi and other party leaders have also tried to placate the hostile peasantry, which took the central committee resolutions to mean the end of new course "liberalism."

While specifying that "voluntary" collectivization will continue, Rakosi has emphasized the need for winning the co-operation of private farmers, who cultivate approximately 70 percent of the arable land. Rakosi and other leaders have also tried to allay rumors that the free agricultural market would be abandoned and that the production of consumers' goods would be sharply curtailed.

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Soviet Military Training
In East Germany

Soviet army units in East Germany are in the final phases of their winter training program. Field exercises for combined arms, primarily involving reinforced regiments, have been reported in all six of the Soviet ground armies beginning in February.

Developments thus far this year reflect utilization of the increased mobility and fire power resulting from the heavy influx of new weapons and equipment during 1954. Training has emphasized loading and movement problems as in 1954 but with increased attention to dispersal and camouflage.

Movement of field and antiaircraft artillery elements to firing ranges has been on a somewhat larger scale than last year.

The normal training timetable of the Soviet forces in Germany apparently has been

maintained this winter despite the discharge of nearly 200,000 trained troops last autumn and their replacement with new conscripts. The schedule was maintained by conducting two programs simultaneously during January and February--basic training for conscripts and advanced refresher training for older troops.



The current phase of Soviet ground force training in East Germany is normally followed by a 10-day period of unit inspection and equipment maintenance which precedes the annual move to summer training grounds beginning about mid-April.

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The New Delhi Conference

The propaganda build-up Moscow and Peiping are giving the Communist-sponsored "Asian Conference for the Relaxation of International Tensions"--scheduled to meet in New Delhi from 6 to 10 April--indicates that considerable effort will be made at the meeting to influence the Afro-Asian conference in Indonesia two weeks later.

Preliminary reports indicate that some 300 delegates, representing over a dozen Asian and Arab nations, will be at the New Delhi meeting. "People's" representatives

are expected not only from India but also from Burma, Ceylon, Communist China, Indonesia, Japan, Jordan, Lebanon, Mongolia, North Korea, North Vietnam, Pakistan, Syria, and the USSR.

The USSR, which will not be represented at the Afro-Asian conference, has announced that its delegation will be headed by Nikolai Tikhonov, chairman of the Soviet Committee for the Defense of Peace.

Reports indicate that the Chinese Communist delegation will number 39 members,

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led by Kuo Mo-jo, chief Chinese "peace" partisan.

Japan is reportedly sending as many as 45, while Burma is planning to send between 14 and 16.

High on the agenda are the "five principles" of coexistence formulated by Chou En-lai and Nehru last spring. Also scheduled for discussion are such issues as anticolonialism, the dangers of military alliances, the control and banning of atomic weapons, promotion of Communist China's membership in the UN, and the peaceful unification of Korea.

The British Foreign Office has reported that Nehru was considerably disturbed when he

learned the facts about the conference recently and that he has forbidden government representatives to have any official contact with the meeting. The Indian government is also reportedly attempting to discourage foreign press coverage of the conference though it has apparently set no restrictions for the Indian press.

The New Delhi meeting is unlikely to have a substantial effect on the Afro-Asian conference, particularly since few, if any, of the Communist delegates at New Delhi will go to the Indonesian conference. It will, however, provide an opportunity for a tryout of the line the Communists intend to take at Bandung.

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The Afro-Asian Conference

The neutralist sponsors of the Bandung conference may press for the establishment of a permanent Afro-Asian organization despite their repeated protestations that they have no desire to form a new bloc.

The last item of the provisional agenda drawn up by the conference secretariat, which has been under strong Indian influence, calls for consideration of the "desirability of holding cultural festivals in participating countries on appropriate occasions."

In Tokyo, Indian representatives at the current meeting of the ECAFE Trade and Industry Committee have implied that more "Afro-Asian conferences"

are being contemplated. There have also been indications that the Burmese and Indonesians are in favor of establishing a permanent organization.

Meanwhile, it has been announced that Ho Chi Minh will head a 15-man group from North Vietnam. The importance that the Communists attach to the Bandung conference is further underscored by the large number of Communist newsmen who will attend.

According to a list issued by the Indonesian Information Ministry, TASS will have 12 representatives, the New China News Agency will have three and the London Daily Worker two.

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Laos

The Laotian government is continuing its efforts to negotiate a settlement with the Communist-backed Pathets and has gone so far as to concede them the right to select a governor for one of the two disputed northern provinces.

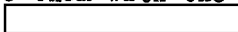
The latter development comes in the face of Pathet attacks on government-held towns on 20 March, which the royal authorities publicly denounced as Pathet treachery.

The Pathets have, moreover, reversed an earlier position and refused to come to the capital for negotiations. Premier Katay, meanwhile, admits that Pathet propaganda is effective and that many people in the provinces believe it.



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The Laotian government, even if it were intent on pursuing a "strong" policy, probably lacks the military leadership necessary for a campaign against the Pathets.

The French have the military skill, but are unwilling to be drawn into fighting which might involve them with the Viet Minh. 

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Japan-USSR Negotiations

In a statement before a Diet committee on 25 March, Prime Minister Ichiro Hatoyama asserted that it would be difficult for Japan to press the USSR for the return of southern Sakhalin and the Kurils "because of the San Francisco treaty."

This suggests that the prime minister may not insist on a major effort to gain territorial concessions and may, in fact, be laying the groundwork to blame the former Yoshida government and the United States for the expected failure to obtain the islands' return.

The Yoshida-Ogata Liberal Party, for its part, has indicated it will block by

legislative action any deals between Japan and the USSR which would prejudice American-Japanese relations.



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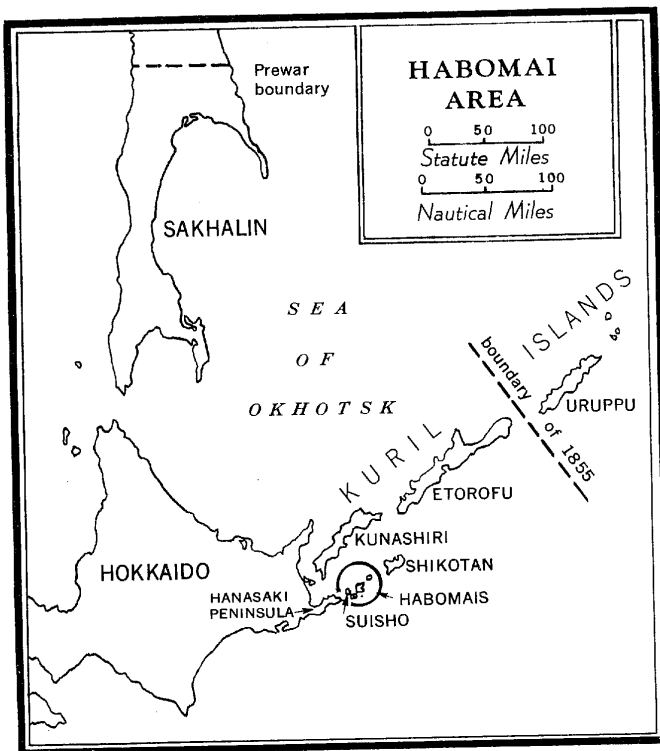
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Moscow, meanwhile, has maintained silence on what looked a month ago like a Soviet commitment to undertake

negotiations in the near future.

Since the Japanese elections on 27 February, there has been no official or propaganda comment from the Kremlin-- a silence which contrasts with Peiping's recently renewed campaign of charges of potential Japanese aggression.

The present Soviet attitude may reflect some embarrassment or hesitation arising from respect for Chinese sensibilities. Since the Japanese have from the beginning taken the initiative for "normalized" relations with the USSR, the Kremlin may have decided to let the Japanese talk while internal pressures for a rapprochement continue to mount.



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Japan-Orbit Trade Relations

Japanese businessmen, Diet members, and Communist-front trade promoters rolled out the red carpet, as a 38-man Chinese Communist trade delegation arrived in Tokyo on 29 March ostensibly to conclude a private trade agreement.

At the same time, Foreign Minister Shigemitsu warned that measures would be taken to prevent the group from engaging in political activities during their stay in Japan.



Shozo Murata, former president of the OSK shipping line and head of the International Trade Promotion Association which is sponsoring the visit, hopes to be able to sign a new trade agreement by 18 April.

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The organization speaks optimistically of provisions for \$112,000,000 to \$140,000,000 trade each way annually. This contrasts sharply with the government's maximum estimate of \$40,000,000 to \$50,000,000 each way and suggests a plan to include embargoed trade for political purposes.

Since the Communists staged their row in Hong Kong last week over the wording of their visas, more and more of the larger firms are refusing to associate themselves with the negotiations or allow their factories to be "inspected" by the delegation. The firms are becoming more and more convinced that the prime purpose of the visit is propaganda, and they are afraid to endanger their relations with the United States.

Present prospects are that the Chinese will stall at the trade talks and wait for public pressure to force the government to rescind travel limitations.

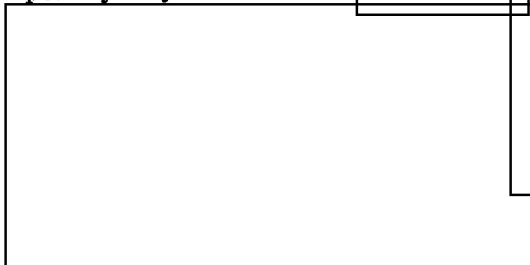
There is also good reason to suspect that the Chinese guests may delay their departure in order to wring the last drop of propaganda advantage out of their visit.



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Shake-Up in Afghan Government
Appears Likely

A major shift in Afghan policy may occur soon,



The contest for control of the government between the

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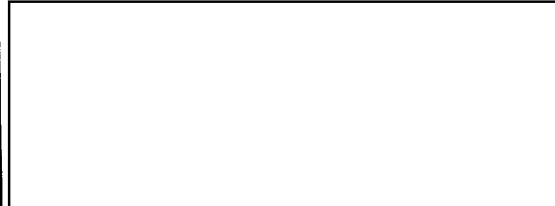
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elder members of the royal family and the group led by Daud seems likely to be solved by the middle of May. By that time, the triennial elections to a new national assembly, now scheduled to convene on 4 May, should have been completed and a legislature satisfactory to the winning group installed.

By mid-May, too, nomadic Afghan tribes should be on their way to relatively inaccessible grazing grounds from which it would be difficult to recall their leaders for any policy-making tribal assembly.



Regardless of shifts which may occur in the Kabul power structure, the royal oligarchy will almost certainly continue in power. As a result of the current reassessments in Kabul, however, Afghanistan is likely to be inclined to accept less Soviet aid in the future.

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Syria

Although the Syrian government agreed "in principle" on 2 March to sign the Arab pact proposed by Egypt as an answer to the Turkish-Iraqi defense agreement, Foreign Minister Azm is now having second thoughts. Iraqi blandishments, Turkish psychological warfare, and Western demarches apparently have led the Syrians to seek to modify the Egyptian proposals so as to meet Iraq's and Turkey's major objections.

The effect of these pressures also has been to weaken the pro-Egyptian Azm and to strengthen Prime Minister Asali, whom some pro-Iraqi Syrians are now supporting for lack of a better leader.

Azm is said to have lost some of his army support to Asali. Azm and his remaining army supporters are also reported to be veering away from the anti-Western, extremist Arab Socialist-Resurrectionist Party, which strongly favors the pact with Egypt.

On the other hand, Asali has asked Britain and the United States to support Syria's efforts in Cairo to have the pact modified to make Iraq's inclusion possible.

The Syrian cabinet is unlikely to last long even if it survives the immediate crisis.

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British Adherence
To Turkish-Iraqi Pact

Iraq's and Britain's agreement to replace the Anglo-Iraqi treaty of 1930 by a new accord and Britain's decision to adhere to the Turkish-Iraqi defense pact, announced on 30 March, strengthen Middle Eastern stability.

This action puts Anglo-Iraqi relations on a basis consistent with Iraqi sovereignty and therefore takes

much of the force out of the local nationalists' denunciation of the 1930 treaty as "Western imperialism."

British adherence to the Turkish-Iraqi pact will make that treaty significantly more effective. Moreover, Iraq's alignment with Turkey and Britain may reduce Israel's fear of hostile action by Baghdad. [redacted]

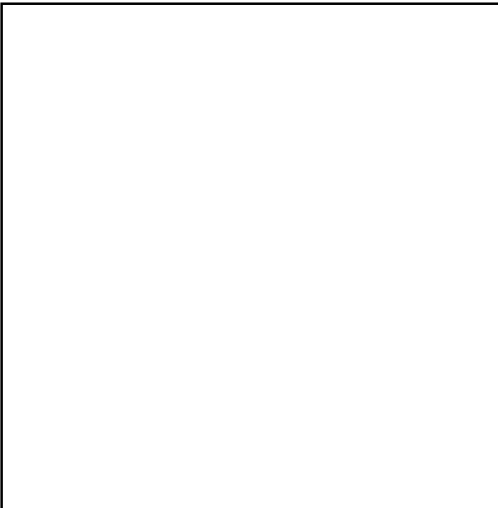
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Plotting Against Nicaraguan Government

Plotting against Nicaraguan president Somoza appears to have intensified in the past two months. Hostile activities among exile groups and the domestic opposition can be expected to increase further with the approach of the presidential elections scheduled for late 1956.

Somoza, strong man in Nicaragua since 1934, appears to be preparing to succeed himself in office. He enjoys widespread personal popularity and apparently retains the loyalty of the National Guard, the country's only armed force, but his opposition is bitter and desperate.

Anti-Somoza Nicaraguan exiles, now concentrated in El Salvador, Honduras, and Mexico, have engaged in several plots to oust Somoza in recent years.

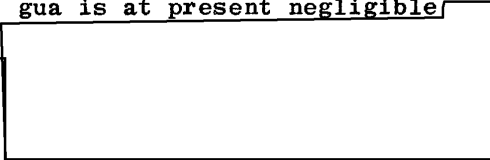


Some of the Nicaraguan exiles were subjected to Communist influence during their stay in Guatemala under the pro-Communist Arbenz regime. Communist influence in Nicaragua is at present negligible [redacted]

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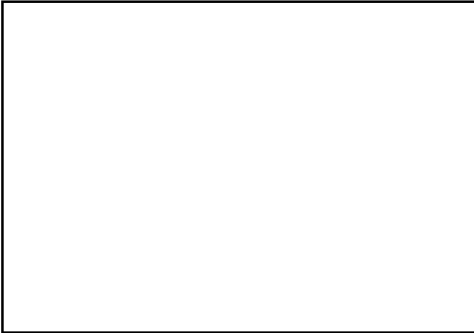
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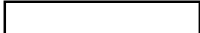
It is unlikely that the exiles will be able to obtain backing from any other government for a move against Somoza.

Even Somoza's bitter enemy, Costa Rican president Figueres, is unlikely to risk compromising his domestic and international position by aiding would-be Nicaraguan rebels.

The governments of El Salvador and Honduras have already made it clear that they would dissociate themselves from any anti-Somoza movement.



Somoza's death or ouster would be likely to result in an intense struggle for power. The National Guard would probably be torn by personal rivalries, and opposition elements are now united only by their opposition to Somoza.



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Oil Discovery Stirs Optimism
In Brazil

The recent discovery of oil at Nova Olinda in the Amazon region of Brazil has roused Brazilian hopes that the country will eventually be relieved of its heavy petroleum import burden.

Heretofore, Brazil has had to import almost all its oil. In 1954, petroleum imports used up 45 percent of the total convertible currency earned by Brazilian exports. This has been a major factor in the country's serious economic difficulties.

The Nova Olinda strike is in a vast sedimentary basin in which the existence of oil had been only conjectured. The area is believed to contain sizable reserves. Further

discoveries are expected, and the head of Petrobras, the Brazilian government petroleum monopoly, has even predicted that Brazil might be self-sufficient in oil in three years.

This prediction is overly optimistic. Brazil's average daily consumption of petroleum products in 1954 was at least 155,000 barrels. Even under the most favorable conditions, production on this scale could be reached only with substantial foreign capital.

Brazil's petroleum legislation is monopolistic, however, and Petrobras alone does not have the resources to produce the petroleum that the country's expanding economy demands.

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The so-called Petrobras law prohibits the granting of concessions to foreign companies or the participation of foreign equity capital in Brazilian petroleum development. The law does permit Petrobras to contract for foreign technical services. Foreign petroleum companies are likely to be more interested in such contracts in view of the latest discovery.

Supporters of the nationalistic concept of Brazilian petroleum development are jubilant over the new oil well, and the discovery further decreases the likelihood that the Petrobras law will be modified in the foreseeable future.

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PART III

PATTERNS AND PERSPECTIVESSOVIET POLICY DIFFERENCES AND THE FALL OF MALENKOV

The circumstances surrounding Malenkov's fall provide many clues as to the general policy orientation of the present Soviet leadership.

The February political crisis in Moscow involved a number of separate but closely interrelated factors, no one of which alone provides an adequate explanation of the change of leaders or the accompanying shifts in emphasis in Soviet policy.

The basic elements in this complex pattern of events suggest that Malenkov's "resignation" on 8 February came as the result of a many-sided conflict with Party First Secretary Khrushchev.

The conflict reached a critical intensity because Malenkov and Khrushchev in the preceding year had pinned their political fortunes to divergent policies in a variety of fields affecting the long-term development of Soviet economic and military strength. These disagreements were resolved in Khrushchev's favor by the time of the Communist Party central committee meeting in January.

Thus far, however, Khrushchev is not exercising absolute power in the Stalin tradition. He seems, rather, to have acquired a primary position among Soviet policy makers because his views reflect the current weight of opinion in this top circle.

Differences on World Situation

A pervasive aspect of the conflict between Malenkov and Khrushchev was the apparent divergence in their attitudes

toward the international situation. This applied particularly to the degree of danger to the USSR from "capitalist encirclement" and the most advantageous posture for the USSR to assume in defense and diplomacy in the next two or three years.

During the period of his political ascendancy in 1953, Malenkov became the main official spokesman for the view that it was both necessary and feasible to lessen the intensity of the cold war with the West at least for a few years. This relaxation was to be achieved by bringing the Korean war to an end and moderating the aggressive manner in which the USSR under Stalin had conducted diplomatic relations.

In the long run, Malenkov must have reasoned, the USSR would be better off if it markedly eased the pressure on the Western coalition, thus allowing divisive forces to come into full play in the West and giving the USSR a chance to build up Soviet strength for the long haul.

Malenkov apparently believed that the country's most pressing problems were internal, and that they consisted of the slowdown of industrial growth since 1950, the stagnation of agriculture at pre-World War II levels, and the general apathy of the Soviet population. The campaign to relax international tensions evidently was designed to allow the Soviet Union to halt the further growth of defense expenditures for several years and to devote more resources to alleviating imbalances in the economy.

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The "New Course"

Domestically, the Malenkov view manifested itself in the "new course," a program emphasizing an "upsurge" in the production of consumers' goods and agricultural output. Since heavy industrial investment and output were to maintain their rapid rates of growth, fulfillment of the consumer welfare aspects of the "new course" required a sharp leveling off of defense expenditures, which actually occurred in 1953 and 1954.

The Malenkov regime apparently intended no substantial increase in defense outlays at least through 1956. Mikoyan, indeed, strongly implied in a speech made in October 1953 that the same general policy of expansion of output of consumers' goods and agricultural products would continue through the next five-year plan to 1960.

In 1953 all the Soviet leaders apparently subscribed to the view that international tension could be reduced sufficiently--without major Soviet concessions--to allow the USSR safely to sacrifice short-term increases in military strength to longer-range economic growth. In fact, they still adhere to the more general outlines of this hypothesis, and some of them may think of themselves as merely making certain modifications or adjustments within the general framework of post-Stalin policy.

On the other hand, some Soviet leaders--particularly Khrushchev--seem in the past year to have grown increasingly out of sympathy with Malenkov's attitude toward the international situation.

Khrushchev on several occasions in the past year revealed a basic attitude fundamentally more pessimistic

than Malenkov's concerning conflict with the Western nations, and seemed more inclined to rely on threats instead of negotiations to protect Soviet interests in connection with key international issues such as German rearmament. In informal discussions with foreign diplomats, he sometimes displayed a harsh attitude toward the West, on some occasions only to have his comments repudiated by Malenkov. Khrushchev made a bellicose speech in Prague in June 1954, which later appeared in the Soviet press substantially modified and softened.

Military Preparedness

Khrushchev evidently found it increasingly difficult to reconcile himself to all aspects of the "relaxation of tensions" policy. Undoubtedly supported by Soviet military leaders, he apparently decided that the USSR must keep its short-term military preparedness growing at a reasonably high rate in order to support Soviet foreign policy in the political conflicts with the West in the next year or two.

Bulganin, speaking at the parade on the anniversary of the revolution last November, stated that "no such changes" had as yet occurred in the international situation "as would give us grounds to lessen in any measure our attention to questions of strengthening our defense capability."

Khrushchev's sense of urgency over the immediacy of the need for increased military preparedness may be inferred from the emphasis which he and his supporters have placed on defense, by the appointment of Bulganin as premier, the advancement of Zhukov and a number of other professional military officers, the stress on East European security measures

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required to counter German rearmament, and the attention given at the time of Malenkov's fall to the need for increasing state reserves--i.e., stockpiles of raw materials, industrial articles, and food.

The new emphasis on military strength is discernible in the Soviet budget for 1955, which reflects a major departure from the thinking implicit in the 1953 "new course" plan revision.

Malenkov's official views on the dangers of nuclear warfare also have been reversed by the new regime. Malenkov stated in a speech in March 1954 that an atomic war could well mean the end of modern civilization. This concept has since been explicitly rejected in favor of the dogma that an atomic war would result only in the destruction of the capitalist world.

The conflict of policies apparently reached its height in the period of energetic East-West diplomacy in the second half of 1954.

This period began with the Indochina settlement arranged at the Geneva conference. The Communist acquisition of control over half of Indochina and the collapse of the European Defense Community concept about a month later may have seemed victories for the Malenkov technique of conducting foreign affairs.

If so, the fruits of victory soured somewhat as a result of the rapid Western recovery of the diplomatic initiative in Europe and continued Western progress toward German rearmament in another form.

Furthermore, tensions in the Far East began almost immediately to rise sharply as the result of Communist China's "liberate Formosa" campaign. Chou En-lai went to Moscow in

July 1954 and almost certainly discussed the Formosan issue with Soviet leaders.

Both Khrushchev and Bulganin shortly made a ceremonial visit to Peiping in connection with the revision of the Sino-Soviet treaty and must then have formed a realistic estimate of the magnitude of the economic effort involved in the "support" of China promised on behalf of the Soviet people.

Khrushchev openly criticized Malenkov on the occasion of a recent interview with the Indonesian ambassador, according to information received by Ambassador Bohlen. Among the major complaints cited against the former premier, Khrushchev mentioned that his foreign policy had not been "firm" enough on China.

The Dispute over Agriculture

The most protracted open policy disagreements between Khrushchev and Malenkov centered on competing plans for the improvement of agriculture.

Malenkov emphasized the need for increasing crop yields in the traditional agricultural areas. He embraced the idea of incentives for the rural population, calling for an increase in delivery prices and a reduction in procurement norms and monetary taxes, as well as increased output of consumers' goods.

He seemed to regard major increases in labor productivity --to be obtained through high rates of investment in traditional cultivated areas and through inducement rather than coercion of the peasantry--as the best means of increasing the contribution of agriculture to the nation's long-range industrial and military potential.

When the results of the 1953 harvest were compiled, it

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must have become known that production of most crops and most species of livestock had failed to reach prewar levels. Acreage sown to food crops had been less than one percent larger than in 1940, and yields of most crops had failed to increase at all. Production of major food crops, such as grain and potatoes, fell below the previous year because of adverse weather conditions, and livestock numbers increased only slightly.

At this point, it seems likely that Khrushchev, and probably some of his colleagues, became more convinced than before that the process of stimulating production through intensive investment in traditional areas and through concessions and incentives would be too slow. They probably persuaded the majority of party leaders that it would be more sensible to make major additional efforts to expand the sown area.

Early in 1954, Khrushchev introduced the "new lands" program which, by 1956, is supposed to result in an increase in the grain acreage of 70-74 million acres, an area equal to the total sown acreage of Canada. This is a risky program aimed at rapid, short-term benefits, since most of the new lands are likely to suffer an almost complete crop failure on the average of two out of every five years.

Malenkov's resistance to the "new lands" concept may have succeeded temporarily. At the central committee plenum in June 1954, Khrushchev's participation was noticeably lacking, and the plenum decreed new concessions to the grain farmers along the lines advocated by Malenkov.

The situation was reversed when it became evident that a severe drought would plague the principal grain-producing

regions, leaving the "new lands" area to save the day by bringing 1954 agricultural production slightly above the level of 1953. In the face of a 10-percent rise of population since 1938, however, agricultural production was only 3 percent higher in 1954 than in 1938.

In January 1955, the central committee issued another major decree on agriculture, which may have provided a final point of argument over this subject within the leadership. This decree not only reaffirmed the "new lands" program to expand wheat production, but set forth another grandiose plan to increase corn acreage sevenfold in the USSR by 1960.

Malenkov may well have opposed this program as expensive and unfeasible, since the combination of soil and weather favorable for corn growing is simply not available in most of the USSR.

These two parallel agricultural programs were largely competitive in terms of administrative effort and industrial resources, and a choice between them for major emphasis was bound to have a substantial effect on other sectors of the economy.

The 1953 program emphasized increased incentives for intensified cultivation of already settled lands and was specifically dependent on increased production of durable consumers' goods. If agricultural buying power were to be increased in this way, consumers' goods must be made available to absorb that increase, unless it was to be drawn off through currency reforms or forced savings programs, which would defeat the morale-lifting purpose of the program.

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On the other hand, the 1954 virgin lands program required additional farm machinery and thus priority emphasis on heavy industry.

Heavy vs. Consumers' Industry

Both the dispute over military preparedness and the dispute over agriculture probably lay beneath the surface or the somewhat cryptic debate over heavy industry versus consumers' goods--the issue on which open disagreement appeared in the Moscow press shortly before Malenkov's resignation. It was the principal public controversy reflecting the existence of two schools of thought in the Soviet ruling group.

At the very time that this issue was being considered in Moscow in connection with the 1955 budget and advance planning for the 1956-1960 five-year plan, some of the European Satellites--particularly Hungary--were providing vivid examples of the administrative confusion, industrial slippage, and political demoralization that could result from attempts to implement the "new course" economic policy.

The appearance of the light industry-heavy industry disagreement in the Soviet press may have reflected a last attempt by Malenkov to salvage at least some of his program by opposing the new military expenditures and insisting that increased distribution of consumers' goods to the rural areas was still essential for increased agricultural production, despite the "new lands" program. If so, his continued resistance to the general Khrushchev line probably forced the showdown that resulted in his resignation.

Personal and Political Rivalry

Personal and political

rivalry between Malenkov and Khrushchev in the course of the past year became thoroughly fused with their policy disagreements.

Hints of some sort of political friction appeared as far back as the 19th Party Congress in October 1952. At that time, Malenkov, in his major address to the congress, appeared to go out of his way to remind his audience that "certain of our leading officials" had been wrong in their efforts to amalgamate small collective farms into collective farm towns or "agrorods." This seemingly gratuitous remark--made more than a year after the policy had been abandoned--must certainly have been aimed at Khrushchev, the only top official publicly associated with this policy.

It is not surprising therefore, that the sins to which Khrushchev forced Malenkov to confess were agricultural, or that the first count which he cited to the Indonesian ambassador was Malenkov's maladministration of economic matters--both as to policy and execution.

Khrushchev may not have been personally responsible, but he benefited immensely from the March 1953 action of the Soviet leaders--probably led by "Old Bolsheviks" Molotov, Bulganin, and Kaganovich--in nipping in the bud Malenkov's campaign to succeed to Stalin's full power and majesty.

Malenkov surrendered his post as principal Communist Party secretary, the job that Stalin had parlayed into absolute authority over the USSR, but retained the role of chairman of the Council of Ministers. He then attempted to increase the authority of that body, which his loss of the party secretaryship forced him to rely on as his base of power.

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Khrushchev, confirmed as first secretary of the party in September 1953, chose the central committee and the party apparatus as his source of strength. It is of interest that one of the complaints against the defeated premier which he voiced in his outspoken conversation with the Indonesian ambassador was that Malenkov had attempted to run the government through bureaucrats rather than through party representatives.

Personnel Appointments

The strategies and changing fortunes of the two rivals are reflected in the careers of various members of their factions.

For example, in March 1953, when Malenkov was proceeding with his plan for strengthening the government as against the party, he appointed some of his close associates--Saburov, Malyshev, Pervukhin--to head the consolidated economic ministries, and Kozlov was transferred from the party apparatus to head the government Ministry of Agriculture.

At the central committee plenum in February 1954, Khrushchev criticized the operations of the Gosplan, over which Saburov presided, and personally attacked Kozlov, who was then minister of state farms.

At the plenum in June 1954, when Malenkov appeared to have gained the advantage, no accusations were leveled at Kozlov.

The attack against him was resumed at the plenum in

January 1955, and on 4 March he was removed from office for "failure to cope with the work."

A number of old Khrushchev associates have been promoted or reinstated after having been demoted at the 1952 Party Congress, when Malenkov appeared to be controlling personnel appointments. It also seems likely that the great increase in personal publicity accorded Khrushchev--sometimes at Malenkov's expense--since the Beria purge, must have contributed to weakening the positions of Malenkov's followers and to persuading some of them that it would be wiser to join the opposition.

Malenkov's youth in comparison to the "Old Bolsheviks" on the presidium, his rapid political rise, his role in the purges of the 1930's, and his personal influence with Stalin probably were sources of antagonism or resentment.

These older members of the leadership group may also have felt that Malenkov went too far in the explicit repudiation by his regime of the excesses of the Stalin era, especially in such domestic political issues as police terror and rigid control over the arts, sciences and religion. The difference here was almost certainly only a matter of degree. Nevertheless, even a small difference of opinion in this domestic field would be likely to arouse strong feelings, since the personal security of every member of the leadership would be at stake.

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PEIPING CAMPAIGNS TO BELITTLE NUCLEAR WARFARE IN EYES OF CHINESE

Chinese Communist propaganda against the use of nuclear weapons has increased greatly in the past two months, and a program for indoctrinating the population on the effects of such weapons has been launched.

Peiping apparently calculates that its action could lead to the employment of nuclear weapons against the mainland.

The Peiping regime initiated a limited program of troop indoctrination on the atom bomb in the fall of 1950 during the Korean war, but only this year has there been a mass indoctrination of the civilian population on this subject. A series of lectures to familiarize the Chinese civilian population with the effects of nuclear weapons was begun late in February.

Unlike the earlier troop indoctrination, recent propaganda has not attempted to persuade the populace that the United States will not use nuclear weapons. It has tended instead to minimize the destructive power of such weapons.

The propaganda alleges, for example, that "China's population and industries are not highly concentrated," and that for China "the destructive effects of atomic bombs can hardly create any serious or practical threat."

Peiping's propaganda concedes that a hydrogen bomb is more powerful than an atomic bomb. It asserts, however, that neither bomb is as powerful as the "American imperialists" claim. A person described as "China's foremost nuclear physicist," who witnessed the test at Bikini Atoll in 1946 as a Chinese Nationalist representative, now claims that he saw "only

two waves rise on the sea nearby."

The current propaganda campaign cites an "appeal" of the Communist World Peace Council (WPC) issued in January. The "appeal" calls for a ban on the manufacture and use of nuclear weapons.

Campaign activities have begun all over the world. A collection of signatures to the appeal is under way in the Sino-Soviet bloc and in several countries of the free world.

The Communists claim that 300,000,000 persons had signed the appeal by 20 March. This is 80,000,000 more than the Communists claimed signed the "Stockholm Peace Appeal" in 1950.

Apart from Peiping's interest in co-ordinating its propaganda campaign with the WPC's effort, the Chinese Communists are showing that the issue of nuclear warfare is of immediate concern to them.

In reaffirming Peiping's intention to "liberate" Nationalist-held territory, Chinese Communist propagandists have frequently cited American efforts to "intimidate" the Chinese and have exhorted the people to stand firm.

One typical statement is that "those who seek to occupy Taiwan...are also the chief instigators in the preparation of atomic war." Another is that "the American imperialists are clamoring for the use of atomic weapons against China, hoping thus to frighten the Chinese people into submission."

In this connection, Chou En-lai reportedly told [redacted] that he expected war. He is said to have added that nuclear weapons might kill

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100,000,000 Chinese but that there would still be 500,000,000 left.

The objectives of allaying domestic anxiety and deterring an American attack have been pursued primarily by stressing Soviet strength.

"Explanations" which minimize the possible effects of nuclear weapons have also been employed to ease popular apprehension. The effort to mobilize "international opinion" has been aimed at making it politically costly for the United States to launch a nuclear weapons attack.

The signature collection campaign in Communist China was begun on 14 February, the fifth anniversary of the signing of the Sino-Soviet treaty. The Chinese Communists clearly chose the moment when their propaganda could most easily exploit the theme of Soviet strength as a deterrent to American use of nuclear weapons against the Chinese mainland.

Peiping's comments on nuclear weapons seem appropriate to a nation which has none. Whereas Soviet propaganda has explicitly stated that the Soviet Union has nuclear weapons with which it would retaliate in kind against an American attack, Chinese Communist commentators have made no such claims for China. Instead, Peiping has stressed Soviet strength, suggesting that the USSR's alliance with China is acting to deter those who might wish to attack Peiping.

The most aggressive public statement of this kind came from Mao Tse-tung himself at a party given by the Soviet chargé on 14 February.

Mao declared that, "with the great co-operation between China and the Soviet Union, there are no aggressive plans of imperialism which cannot be smashed." He added, "Should

the imperialists start a war of aggression, we, together with the people of the whole world, will certainly wipe them from the face of the earth."

Mao is reported to have made a similar remark to the

[redacted] If the United States were to use the "atom bomb," then "we will wipe out the United States and then dispose of the American leaders."

[redacted] most certainly used deliberately by Mao as a channel to the West, and similar statements from Chinese Communist leaders are expected through other channels.

Mao's language, and Chinese Communist propaganda along the same lines, have been interpreted by some observers as showing that Mao is confident the USSR would retaliate in kind in the event of an attack with nuclear weapons on Communist China.

In this connection, Peng Te-huai, Peiping's minister of defense, boasted at the Soviet army day celebration in Port Arthur on 23 February that if Communist China is attacked, "our countries will support each other at all times."

Moreover, Ambassador Bohlen reports Khrushchev has stated to the Indonesian ambassador that if Communist China were "attacked," the Soviet Union would honor its 1950 treaty. Khrushchev did not, however, make it clear what he meant by "attack."

It is not known whether Peiping has been given a Soviet promise to retaliate with nuclear weapons. In any case, the leaders of the Peiping regime are apparently anxious to make the United States believe that such a Soviet commitment exists. [redacted]

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PROSPECTS FOR A COMMUNIST-NENNI SOCIALIST SPLIT

There are growing signs of restiveness within the Italian Nenni Socialist Party (PSI) over the party's continued subservience to Communist control.

The possibility of an actual break between the Communists and the PSI is attracting increasing interest in Italy, and the question may be thrashed out at the PSI national congress opening in Turin on 31 March.

Some reports have stated that any ostensible break between the PSI and the Communists would be only a maneuver having no effect on their unity-of-action pact. Such a break, however, whether real or purely tactical, would increase the chances of Nenni Socialist support of, and eventual participation in, the Italian government.

There has been increasing evidence in recent months that a substantial number of Nenni Socialists, at both the national and local levels, want to get out from under Communist control. Party leaders have shown annoyance as well as apprehension over the PSI's continued dependence on the Communist Party for financial aid.

At least some Nenni Socialist leaders also seem to resent what they consider a subordination of the workers' interests to the policy considerations of their party's stronger ally.

Nenni has never, however, reversed his public position, reiterated as recently as February, that his party's ties with the Communists through their unity-of-action pact are as strong as ever.

The PSI, in fact, may merely want to give the

impression of a split from the Communists in order to attract greater electoral support for Nenni or to entice the Christian Democrats into accepting Nenni Socialist co-operation in a new government formula.

On the other hand, the PSI may be seeking, through a demonstration of independence, to develop sufficient electoral support to justify a real split with the Communists.

The Communists, if they attempt to engineer a simulated break, will run the risk of actually losing their hold on the Nenni Socialists. This will probably cause the Communists to try to obstruct Socialist co-operation with the government.



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Furthermore, in the event of a Nenni Socialist-Communist split, the ensuing isolation forced on the Communists, particularly if followed by an increase in the strength of Nenni's party among the working classes, would greatly reduce the Communists' popular appeal as advocates of constitutional measures in the fight for better living standards.

Most leaders of the parties in the present coalition government are aware that their domestic objectives are similar to those long urged by Nenni. They realize, moreover, that the shaky Scelba cabinet's days may be numbered. These factors might induce the Christian Democrats to accept Nenni Socialist support of a new left-of-center government provided Nenni's price is not too high.

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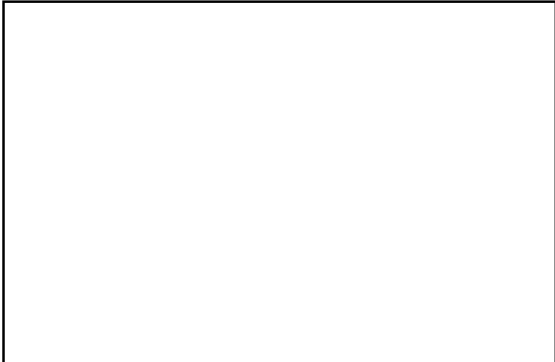
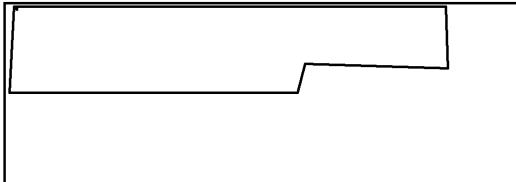
The government received a substantial vote of confidence in parliament on 23 March, but the increasingly frequent clashes of interests in the Scelba coalition will make its road more and more difficult in the coming months.

A fall of the Scelba cabinet might discredit the four-party formula once and for all and compel the Christian Democrats to look to either the left or the right for support to maintain a parliamentary majority.

Despite contrary pressure from the small but influential right wing of the Christian Democratic Party, the formation of a left-center government supported by Nenni appears to be at least a 50-50 possibility.

The Christian Democrats' national council has voted against co-operation with the Monarchists and other rightist groups, and the party is dominated by its left wing under party secretary Amintore Fanfani, who aspires to be premier.

A coalition made up of the Christian Democrats, Democratic Socialists and Republicans, with Nenni Socialist support and perhaps eventual participation, would give the government a substantially greater parliamentary majority than any has enjoyed since the end of World War II.



Pronouncements by Nenni during the past six months suggest that growing numbers of Nenni Socialists are prepared to take advantage of the first opportunity that would permit them to support the government.

In October 1954, Nenni indicated that his party would fully support a government "inspired by the Christian Democratic left wing" which would combine Christian Democratic and Socialist demands for social reform.

On 20 February Nenni declared that the PSI, rather than see democratic institutions in Italy weakened by a Christian Democratic surrender to pressure from the right, would support the Christian Democrats even if this meant losing the votes his party might gain as a result of a popular reaction against a rightist government.

Nenni's own intentions, in the event he offered to support a new government, could be tested only by performance. Nenni Socialist support would probably be based on an arrangement under which the party would agree to modify its opposition

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to the government's foreign policy in return for a pledge by the latter to meet most of Nenni's demands in the domestic field.

An indication of what Nenni's party would expect in foreign relations was given in the PSI paper Avanti! in February. The paper stated that the Nenni Socialists do not seek abrogation of existing alliances, but rather neutrality for Italy and a policy of détente between East and West.

While Nenni Socialist support of the government would probably weaken Italy's role in Western defense planning, and might increase Communist penetration of the bureaucracy, it would also make it possible to put into effect the social and economic reforms which the government has long planned but has hitherto been unable to implement. This in itself would cut the ground from under the Communist Party in Italy.

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