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COPY NO. 20  
OCI NO. 8196/55  
6 October 1955

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# CURRENT INTELLIGENCE WEEKLY SUMMARY



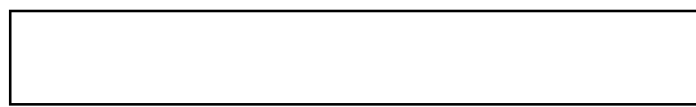
DOCUMENT NO. 12  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S   
NEXT REVIEW DATE: 1989  
AUTH: HR 70-2  
DATE: 26 Jul 79 REVIEWER:  25X1

CENTRAL INTELLIGENCE AGENCY

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**6 October 1955**

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

**PART I**

**OF IMMEDIATE INTEREST**

**THE FRENCH CABINET CRISIS . . . . . Page 1**

The departure of the Gaullist Social Republicans from the French cabinet makes Premier Faure's downfall almost certain. The imminence of the Big Four foreign ministers' meeting in Geneva, however, may delay his overthrow. [redacted]

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**FRENCH NORTH AFRICA . . . . . Page 1**

Failure of the French government to follow up the removal of the sultan of Morocco with formation of the promised council of the throne is causing further antagonism among Moroccan nationalists. The French bureaucracy, settlers, and generals in Morocco, on the other hand, will oppose vigorously any decision by Premier Faure to proceed with formation of the council. Large-scale attacks by Berber tribesmen in north-eastern Morocco suggest that co-operation is developing between Algerian and Moroccan nationalists. [redacted]

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**GREEK PRIME MINISTER'S DEATH  
PRECIPITATES POLITICAL CRISIS. . . . . Page 3**

The new Greek cabinet of Prime Minister Constantine Karamanlis is composed entirely of Rally members, including several of the outgoing cabinet officers. Karamanlis probably intends this to be a temporary arrangement and plans to expand his government to take in some politicians of the center groups. A period of political instability is in prospect and, if elections are held soon, a new unstable coalition government with strong leftist and neutralist influence is likely to result. [redacted]

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**INDONESIAN ELECTIONS . . . . . Page 5**

With 90 percent of the votes counted, the National Party continues to retain its plurality in the Indonesian elections. National Party leaders have not indicated whether they would prefer to form a coalition government with the Communists or with one or both of the two large Moslem parties. Although there are mounting pressures for the formation of a new government at an early date, the present Masjumi prime minister insists that his cabinet will remain in office until the new parliament is seated in three or more months from now. [redacted]

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**PART II**

**NOTES AND COMMENTS**

Soviet Arms to Middle East: The first shipment of arms under the Soviet agreement to arm Egypt through Czechoslovakia has apparently already reached Egypt. The USSR is taking advantage of general Arab approval of the agreement with Egypt to push a similar offer to Syria. Israel, which views arms shipments to the Arabs as a direct threat, is making a major diplomatic effort to counteract the Egyptian arms deal. [redacted] . . . . Page 1

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Laos: There is little hope of progress in the negotiations between the Laos government and the Pathet Lao, and after 10 October the government plans to proceed with preparations for national elections without Pathet Lao participation. There may be a brief deferral of the deadline as the result of a last-minute agreement by the Pathet Lao chief, Prince Souphannouvong, to meet with the Laotian premier in Rangoon on 9 October; it is unlikely that the meeting will prove productive. A final breakdown in negotiations may lead to intensified military action in the two disputed northern provinces. [redacted] . . . Page 2

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South Vietnam: The South Vietnam government is preparing plans for referenda on two basic questions--the first to be held on 23 October on deposing Bao Dai and designating Diem as chief of state; the second, tentatively scheduled for 27 November, on adopting a constitution. The government subsequently intends to conduct elections for a national assembly, possibly in December. [redacted] . Page 3

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American-Chinese Negotiations: Deliberate leaks from Chinese Communist sources at Geneva suggest that Peiping may be preparing to modify its adamant stand regarding the repatriation of 18 American prisoners still held in Chinese jails. Nevertheless, Peiping still wishes to make the release of the prisoners dependent on progress toward a discussion of "other practical matters at issue" at Geneva. Peiping's statements revealed a continued reluctance to apply to Formosa any formula for renouncing force. [redacted] . . . . . Page 4

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UN Disarmament Talks: Soviet representatives at the United Nations last week, both officially and in private conversations, concentrated on criticisms of the United States' failure to commit itself to a general disarmament program prohibiting nuclear weapons and limiting conventional armaments. The Soviet delegation may press for a general debate on disarmament in the General Assembly before the Big Four foreign ministers' meeting. [redacted] . Page 4

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World Peace Council May Launch New Signature Drive for Disarmament: The simple "ban-the-bomb" theme of the Communist-front World Peace Council's 'Vienna Appeal' is likely to be replaced soon by a new campaign to collect signatures in favor of general disarmament, bringing the council's propaganda efforts in closer alignment with immediate Soviet foreign policy objectives. [redacted] Page 5 25X1

Chinese Communists to Withdraw Two Armies from North Korea: Peiping is expected to withdraw six divisions from Korea in October as announced on 29 September. These withdrawals would reduce Communist numerical strength in Korea below that of the UN Command. [redacted] Page 6 25X1

Changes in Rumanian Regime Reaffirm Pre-eminence of Party: The recent shuffle in the Rumanian regime, by returning the top man to the party secretariat, reaffirms the pre-eminence of the party in the Satellite regimes. Gheorghiu-Dej retains complete control over the government through the appointment of a close associate as premier. The long-delayed party congress has been scheduled for 23 December. [redacted] . . . . . Page 6

Growing Labor Unrest in France: Recent agitation for wage increases by the Communist-dominated General Labor Confederation is probably aimed in part at weakening the free labor unions and ensuring worker support for the Communist Party in the 1956 parliamentary elections. The strikes and work stoppages pose a real threat to French economic progress. [redacted] . . . . . Page 8

New Argentine Government Marks Time: The provisional Lonardi government continues to consolidate its position, but many Argentines evidently remain wary of it. [redacted] Page 11 25X1

**PART III**

**PATTERNS AND PERSPECTIVES**

**SOVIET CROP PROSPECTS** . . . . . Page 1

Soviet officials have expressed general satisfaction over this year's harvest prospects. Despite the drought in the new lands area of the Soviet Far East, both the quantity and quality of the average citizen's diet probably will be slightly higher between 1 July 1955 and 30 June 1956 than in the preceding 12 months. Nevertheless, the Soviet diet remains below the prewar level. A long-term improvement in agriculture over the next five years depends on the weather and the regime's willingness to make heavy investments in machinery and equipment. [redacted] 25X1

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**SINO-SOVIET BLOC PROMOTES UNOFFICIAL CONTACTS WITH JAPAN . Page 4**

While Soviet-Japanese relations have been highlighted by stalemates on several major issues in the negotiations in London, a number of exchanges between the countries of the Sino-Soviet bloc and Tokyo on lower levels--involving cultural, economic and political contacts--have been taking place on an active and friendly basis. [redacted]

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**NEW SOVIET POLICY ON TOURISM . . . . . Page 6**

To add luster to its campaign for "peaceful coexistence" and to escape the opprobrium of the "iron curtain" label, the Soviet Union in the last few months has been actively promoting an exchange of tourists with other countries. For the first time in Soviet history, a small number of tourists without official status are going abroad, and for the first time since the 1930's, unofficial foreign tourists are being admitted to the Soviet Union in considerable numbers. [redacted]

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**JAPAN SOCIALIST MERGER APPEARS ASSURED . . . . . Page 8**

Japan's Right and Left Socialist Parties have submerged their divergent policy viewpoints, and their merger, scheduled for mid-October, seems assured. Although the merger will improve the Socialists' tactical position, it will not immediately increase their strength in the Diet. Basic antagonisms will be carried over and differences between the left and right factions are likely to make Socialist unity relatively short-lived. [redacted]

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**AUSTRIA SINCE THE STATE TREATY . . . . . Page 9**

Since the Austrian state treaty came into effect on 27 July, Austria has cautiously adjusted to new conditions within the general pattern of neutrality formed by ten years of occupation, and on the whole has fared a little better than anticipated. The two governing coalition parties have reached compromises on the procedure for forming an army and on the disposition of the formerly Soviet-held industries. The latter are generally in better economic shape than had been expected. The government has made minor progress in eliminating local Communists from influential positions in these industries and has removed the remaining Communist police chiefs in Vienna. [redacted]

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**PART I****OF IMMEDIATE INTEREST****FRENCH CABINET CRISIS**

The departure of the Gaullist Social Republicans from the French cabinet makes Premier Faure's downfall almost certain. The imminence of the Big Four foreign ministers' meeting in Geneva, however, may delay his overthrow.

Four of the five Social Republicans in the cabinet resigned on Faure's request after their parliamentary group had appealed to President Coty to form a new government of "national union." They hinted that General De Gaulle should head such a government, but it is highly unlikely that he is behind this suggestion and improbable that he could get enough support to form such a government.

Since Coty cannot act until Faure resigns or is overthrown, the Gaullist move was an attempt to put pressure on Faure on North African policy. Other rightist opponents of Faure's Moroccan program may now be encouraged to desert the government.

Before Faure is overthrown, he may succeed in getting National Assembly approval of his Moroccan program for which he

can count on the support of the Socialists, who are not in the coalition. It is possible that the Socialists may decide to back him on other issues as well, in order to avoid a prolonged political crisis during the Geneva conference.

Faure's position had been considerably weakened in recent weeks by his vacillation on North Africa, and 30 interpellations had been deposited before the assembly reconvened on 4 October. Rightist deputies were angered by the ouster of Moroccan sultan ben Arafa, and the left was increasingly perturbed over the delay in implementing the agreements reached in September with Moroccan nationalists at Aix-les-Bains.

Faure's credit is not entirely exhausted, however. The government rallied much support at home when it pulled the French delegation out of the UN General Assembly following the vote calling for discussion of the Algerian situation. Moreover, many deputies are reluctant to precipitate a political crisis because of the difficulty of forming a new government a few months before elections are due.

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**FRENCH NORTH AFRICA**

Failure of the French government to follow up the removal of the sultan of Morocco with formation of the promised council of the throne is causing further antagonism among Mo-

roccan nationalists. Large-scale attacks by Berber tribesmen in northeastern Morocco suggest the development of collaboration between Algerian and Moroccan nationalists.

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**French Morocco:** A new stalemate for Premier Faure's three-point program for Morocco developed on 1 October when Moroccan sultan Mohamed ben Arafa delegated his powers to a cousin and withdrew to Tangier.

The transfer of powers, accomplished by Resident General Boyer de Latour in agreement with the reactionary French settler organization, the Presence Francaise, is considered by Paris a step toward installation of the council of the throne agreed on by Faure and Moroccan nationalists at Aix-les-Bains in August. Faure is reported to have ordered Boyer de Latour to proceed with the initial plan.

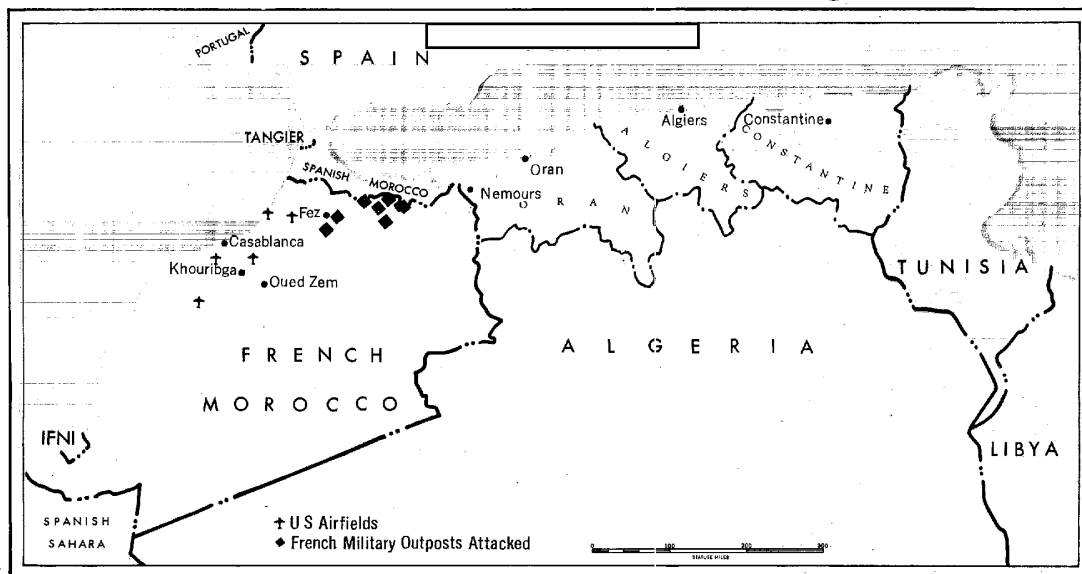
Nevertheless, French bureaucracy, settlers, and generals in Morocco consider the transfer of power a major concession on their part and probably will continue to oppose

vigorously the concept of the council.

Ben Arafa's cousin, Moulay Abdullah ben Moulay Abdel Hafid, 45-year-old petty official in the Moroccan administration of religious properties, is not likely to prove more effective than the vacating monarch and would under no circumstances be acceptable to the nationalists.

On 1 October, apparently according to a well-drawn plan, Berber tribesmen attacked three French military outposts along the Spanish Moroccan border and two others southeast of Fez. Two other posts were under attack on 4 October. At least two arms depots of unknown size were seized by the attackers.

These attacks, together with the 20 and 21 August incidents at Oued Zem and Khouribga, are probably the opening phases of guerrilla operations in

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Morocco on the pattern established in Algeria last November. This thesis is supported by the distribution in Morocco of what purports to be the "first communiqué of the liberation army of Morocco." This leaflet states that long-planned joint operations are commencing in Morocco and Algeria and will continue until independence is won for all North Africa and former sultan Mohamed ben Youssef is returned to the Moroccan throne.

A similar announcement of a combined nationalist military direction was broadcast by the Cairo radio on 4 October. While these claims are almost certainly exaggerated, they may portend a trend toward closer collaboration by dissident forces in Morocco and Algeria.

Algeria: Rebel activities continue in eastern Algeria, and minor terrorist attacks were reported on 1 October along the Moroccan border near the port of Nemours. The withdrawal of three battalions of French troops to reinforce units in Morocco may

encourage the rebels to commence attacks in western Algeria.

In Paris, officials in the Ministry of the Interior are pessimistic regarding Governor General Soustelle's modest reform program for Algeria. They consider it unlikely that the Faure government will last long enough to accomplish anything in Algeria and expect that the restoration of order there will be a long and discouraging task. They have reiterated that the Algerian problem is more difficult than either the Tunisian or Moroccan, principally because of the absence of national traditions and a coherent group of Algerian spokesmen.

Nationalist reaction to inscription of the Algerian item on the agenda of the UN General Assembly and France's subsequent withdrawal from that body is not yet known. Both Algerian and Moroccan nationalist positions will presumably become firmer, as will those of the settler groups in both areas, thus contributing to local disturbances.

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**GREEK PRIME MINISTER'S DEATH  
PRECIPITATES POLITICAL CRISIS**

The Greek government resigned on 5 October, following the death of Prime Minister Papagos, and King Paul asked the former minister of public works, Constantine Karamanlis, to form a new cabinet. Papagos was the unifying force in the Greek Rally coalition, which will now probably disintegrate. A period of political instability is in prospect and, if elections are held soon, an

unstable coalition government with strong leftist and neutralist influence is likely to result.

The king, who had been seriously concerned for months over the government's lack of leadership during the prolonged illness of Papagos, recently insisted that the prime minister resign. Papagos' refusal, reflecting long-standing friction

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between himself and the palace, was partially overcome shortly before his death and Foreign Minister Stephanopoulos was named temporary prime minister during Papagos' illness.

Apparently fearful of a bitter struggle within the Rally over the succession to leadership of the party, the king has dramatically cleared the way for the popular and able Karamanlis to try to form a new government. Karamanlis had already organized the nucleus of a new center party and he and the king apparently believe that enough Rally deputies will switch to his party to keep a Karamanlis government in office until national elections are held.

Karamanlis' cabinet, which was sworn in on 6 October, is comprised entirely of Rally members, including several of the outgoing cabinet officers. Karamanlis probably intends this to be a temporary arrangement, and he plans to expand his government to take in some politicians of the center groups. The "old guard" of the Rally, however, is excluded, and its resentment may force a parliamentary fight over voting confidence in the Karamanlis government.

Members of the parliamentary opposition have recently been clamoring for elections and threatening to resign en masse--to force by-elections and thus a display of popular sentiment--if they are delayed. The king will probably delay holding any new elections at least for several months in order to allow Greek anger and frustrations relating to the Cyprus issue to subside and to

give Karamanlis and his party time to gain public confidence and build an effective organization.

Since Karamanlis is closely connected in the public mind with the United States, he will have to contend with the strong anti-NATO and neutralist trend of Greek opinion. He can be expected, therefore, to make strong efforts to establish his independence of American influence during the current anti-American clamor. Meanwhile, Turkish prime minister Menderes' message to Papagos of 29 September will probably serve to re-establish formal Greek-Turkish co-operation and may have a calming effect on Greek popular passions.

The Greek parliament, which legally must convene on 15 October, will probably soon revise the electoral law and then devote itself to preparing for national elections which were scheduled for November 1956 but which may now be held earlier. The present majority electoral system, which favored any party receiving a majority of popular votes, is almost certain to be abandoned and some modification of the proportional system adopted. Since with the death of Papagos no party will expect to gain an electoral majority, the various factions in parliament will probably agree on a new election law which will seat more splinter groups. This may enable Communist-front candidates to regain a voice in parliament.

Early elections are likely to result in an unstable coalition government which, because of general disillusionment with Rally conservatism and popular feeling against NATO and the

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United States, might be dominated by a leftist bloc led by Liberal Democratic Union chief Sophocles Venizelos. The powerful ultraconservative secret military society IDEA, which enjoyed a unique position of

influence under Papagos, would probably attempt a coup only if a clearly leftist election trend was established and support from other rightist groups seemed probable. [REDACTED]

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## INDONESIAN ELECTIONS

The National Party continues to retain its lead in the Indonesian elections. On the basis of unofficial returns accounting for 90 percent of the estimated vote, it has won 27 percent of the votes, which constitutes a plurality. The three other large parties--the Moslem Masjumi, the conservative Moslem Nahdlatul Ulama (NU), and the Communist Party--are closely grouped in that order. Inconclusive returns from Sumatra and Borneo show the Masjumi leading and have revived Masjumi leaders' hopes of further diminishing the National Party's lead.

The central Java election committee is reported to have ordered new elections in five cities in central Java because of irregularities and illegal activities. Both the National and Communist Parties have polled well in this area.

Returns are sufficiently advanced, however, to indicate that no party is likely to win a majority and that a new coalition government will be necessary. Ali Sastroamidjojo, former premier and National Party spokesman, has refused to discuss parties with which the Nationalists might co-operate. A pro-National Party daily has suggested co-operation with either the Masjumi or the NU,

and leaders of the latter are advocating a triple coalition of the largest non-Communist parties. The NU has stated specifically that it will not participate in a government in which the Communist Party is represented.

The possibility of a National Party coalition with the Communists, however, cannot be disregarded, and the Communists have already indicated their eagerness for inclusion. The last Nationalist government accepted Communist support.

Prime Minister Harahap has stated that his Masjumi-led cabinet will remain in office until the new parliament is seated some three months or more hence. Harahap may wish to stay in power in order to preside over the 15 December elections which will choose 520 members of a constituent assembly to draft a permanent constitution.

There is no assurance, however, that Harahap will be able to remain in office. The National Party has already called for his resignation, and several small parties are considering withdrawing their ministers from the coalition cabinet. The reassembled provisional parliament, depending on Masjumi placement in election

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returns, may bring further pressure on the prime minister to return his mandate. President Sukarno has shown a marked pref-

erence for the National Party and may make efforts to get it in office as soon as possible.

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PART II

NOTES AND COMMENTS

Soviet Arms to Middle East

The first shipment of arms under the Soviet agreement to arm Egypt through Czechoslovakia has apparently already reached Egypt. The USSR is taking advantage of general Arab approval of the agreement with Egypt to push a similar offer to Syria [redacted]

[redacted] Israel meanwhile is engaged in a major diplomatic maneuver to forestall its loss of military superiority in the area.

The first Soviet statement on the arms sales was expressed in a TASS communication dated 2 October which stated that each government has the right to buy weapons for its defense requirements on "usual commercial terms," and that "no foreign state has the right to intervene and to present any one-sided claims which would infringe the rights or interests of other states."

The political aspect of the Czech arms deal was virtually admitted in a 30 September Czech army newspaper editorial which stated that the arms agreement was motivated by Czech respect for Egypt's sovereignty and its increasing contributions to the cause of peace.

The USSR's deal with Egypt and other offers are designed to weaken Western ties with the Middle Eastern states and draw them toward a neutral position in international affairs. This would serve Soviet interests by undermining the "northern tier" defense system.

In the longer run, the long-term barter agreements involved in Soviet bloc arms deals and associated economic assistance offers would make the Middle East states vulnerable to Soviet bloc economic penetration. Once having established a steady market in the Soviet bloc for vital exports, countries such as Egypt and Syria will be under pressure to hold on to this market.

While the new Syrian government is friendly toward the Western powers, it may be inclined to follow Egypt's lead, especially if it were offered arms on advantageous barter terms. Such terms reportedly were indicated in the Soviet offer. The Damascus stopover of the Egyptian delegation on its way to Prague suggests that Egypt may be trying to promote Syrian interest in obtaining Soviet equipment, possibly through Egyptian representations.

Israel, which views any arms shipment to the Arabs as a direct threat to its existence, is making a major diplomatic effort to counter the Egyptian arms deal. In the press, the UN, and representations to the Western powers, Tel Aviv's

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spokesmen have emphasized the arms deal as a threat to Middle East peace. Tel Aviv believes the situation requires new Western guarantees to maintain the status quo of the area and wants the West, particularly the United States, to supply Israel with additional military equipment. At the same time, Israel is approaching Prague and Moscow, where it will also attempt to induce the Communists to modify their present Middle East policy.

Meanwhile, Israel will almost certainly step up its pur-

chases of military equipment in other parts of Europe. The intemperate press campaign now being conducted is likely to promote public sentiment in favor of aggressive action, and the government will, as a result, probably adopt a tougher border policy aimed at warning the Arabs. If Soviet equipment begins to pour into the Arab states in quantity, Israel is likely to give serious consideration to launching a full-scale war before the Arabs overtake it in military strength.

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Laos

The necessity of preparing for the national elections scheduled for 25 December has led the Laotian government to set a 10 October deadline for agreement with the Pathet Lao in the negotiations which have been under way intermittently since last January. If no settlement is reached by 10 October, the last date candidates may file for the national assembly elections, the government plans to hold elections only in the 10 provinces under its control.

There may be a brief deferral of the deadline as the result of a last-minute agreement by the Pathet Lao chief, Prince Souphannouvong, to meet with Premier Katay. Souphannouvong has agreed to a meeting in Burma on 9 October. He had earlier refused to attend a scheduled meeting in Laos on the grounds that the site was "insecure" because of "aggressive" actions by the government.

Indian representatives on the International Control Commission termed this excuse "ridiculous." They are not optimistic of any results from the meeting in Burma, which the commission will sit in on, and believe it will not last more than two days. They think the poor showing made by the Communists in Cambodia's recent elections have probably convinced the Pathets that it would be unwise to test their popularity at the polls.

If the government-Pathet Lao negotiations end in complete failure, there is a strong possibility that the Pathet Lao will resort to intensified military activity.

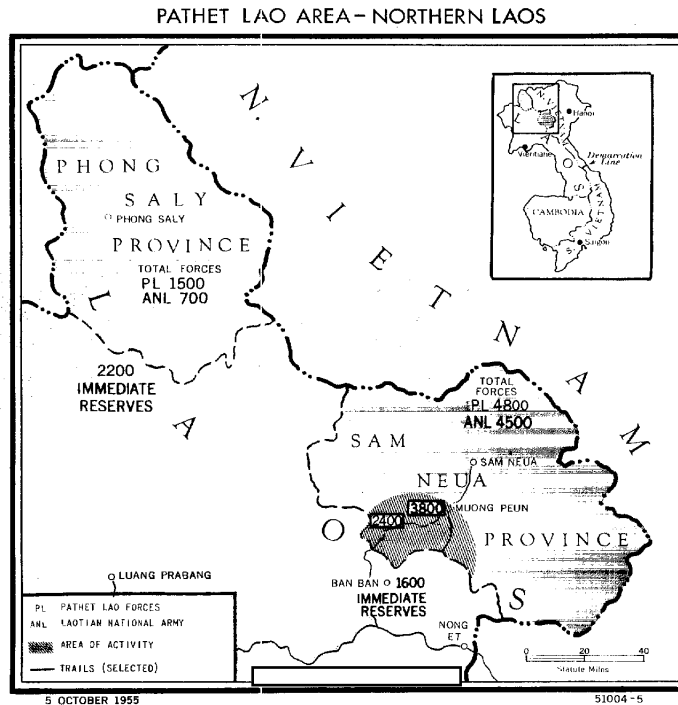
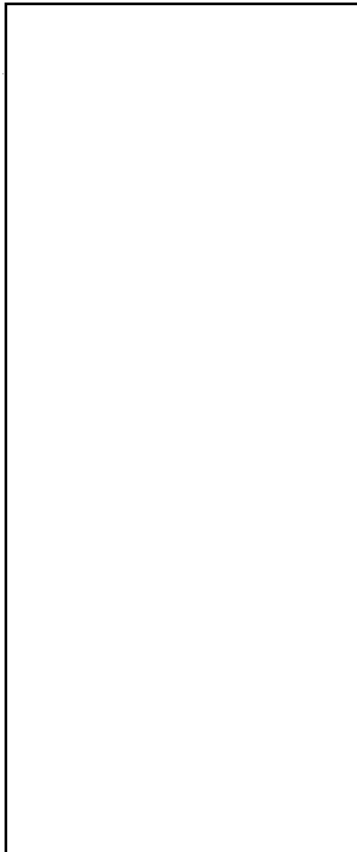
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South Vietnam

The South Vietnam government has announced plans for a referendum on 23 October on deposing Bao Dai and designating Diem as chief of state. Tentative plans are that this will be followed on 27 November by a referendum on the adoption of a constitution. Election of a national assembly may take place in December. Premier Diem, who holds that only a popularly elected body can pass on the question of all-Vietnam elections, hopes this plan will ease the international pressure on him to accept the Geneva commitments.

The government has begun a campaign against Bao Dai in the controlled press, and his

general unpopularity leaves no doubt as to the outcome of a referendum on him. The constitution now being drafted will provide a regular term of office for Diem as president.

Diem is personally supervising the drafting of the constitution because he fears that drafting by a constituent assembly would be time-consuming and might result in the legislature's gaining too much power at the expense of the executive. As prepared thus far, the constitution will provide for a president with powers vastly overshadowing those of a house of representatives of some 240 elected members.

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American-Chinese Negotiations

Deliberate leaks by Chinese Communist sources at Geneva suggest that Peiping may be preparing to modify its adamant position regarding the repatriation of 18 Americans still held in Chinese jails. The Chinese in recent weeks have insisted that these people are "criminals" without "civilian" status and technically did not come under the 10 September repatriation agreement.

Even though Peiping may have adopted a more conciliatory pose in regard to the 18 prisoners, it still wishes to make release of the prisoners dependent on progress to the discussion of "other practical matters at issue" at Geneva.

Peiping's statements of 1 October--the Chinese Communist national day--reveal a continued reluctance to apply to Formosa any formula requiring a renunciation of force, although these anniversary speeches re-emphasized Peiping's peaceful intentions in international relations. Formosa is held to be an "internal" Chinese problem.

Communist China is probably interested in discussing a renunciation of force in terms of a "relaxation of tension in the Formosa area." Peiping prefers, however, that this be considered at a "higher-level" conference rather than in the present ambassadorial talks at Geneva.

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UN Disarmament Talks

Soviet representatives at the United Nations last week, both officially and in private conversations, criticized the United States' failure to commit itself to a general disarmament program which would prohibit nuclear weapons and limit conventional armaments.

accept the President's plan in some form if it were incorporated as an organic part of a comprehensive disarmament program.

Soviet delegate Sobolev assured the UN Disarmament Subcommittee on 28 September that the USSR is continuing to study the Eisenhower plan. Molotov responded to French delegate Moch's suggestion for a synthesis of the various proposals before the subcommittee by saying this would be possible but not easy. Moch later expressed the belief that the USSR could be brought to accept the Eisenhower plan if it were expanded to cover other countries and made part of a comprehensive plan.

Soviet spokesmen appeared to be trying to create the impression that the USSR might

The Soviet press printed an extensive account of French foreign minister Pinay's speech

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in the UN General Assembly, including his suggestion that the Eisenhower, Bulganin, and Faure plans might be combined to serve as a first step toward disarmament.

The Soviet delegation may press for a general debate on disarmament in the General Assembly before the Big-Four foreign ministers' meeting in Geneva later this month. This might be done in the belief that spokesmen of most of the smaller powers will be more

favorable toward the Soviet plan for general disarmament, including prohibition of the use of nuclear weapons, than toward American efforts to give top priority to the President's proposals for aerial inspection and exchange of military information. Molotov's resolution of 23 September calling on the General Assembly to consider all the plans submitted at the recent summit conference may have been intended to set the stage for such a debate.

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World Peace Council May Launch New Disarmament Signature Drive

The Communist-front World Peace Council's signature campaign for the Vienna Appeal against atomic weapons will soon end and will be followed by a new campaign to collect signatures on a plea for general disarmament

foreign policy objectives is likely.

Joliot-Curie, chairman of the World Peace Council, said at the World Peace Congress in Helsinki in June that the Vienna Appeal was not comprehensive enough and that general disarmament must be considered along with atomic weapons.

The simple "ban-the-bomb" theme of the Vienna Appeal, for which the Communists claim to have obtained more than 656,000,000 signatures since the campaign was launched in January 1955, is too restricted in light of the comprehensive Soviet disarmament proposals of 10 May. These proposals called for reductions of conventional forces and prohibition of the use of nuclear weapons as the first phase of world disarmament. A new campaign more closely aligned with immediate Soviet

A new campaign may be announced at a meeting of the World Peace Council called for 12 October in Vienna to consider "disarmament and the security of all states." The Communists may calculate that a comprehensive disarmament appeal, probably emphasizing the social and economic benefits which would accrue as a result of reduced defense budgets, will gain widespread support, particularly in Western Europe.

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Chinese Communists to Withdraw  
Two Armies from North Korea

Peiping is expected to withdraw six divisions from Korea in October as announced on 29 September. These withdrawals would reduce Communist numerical strength in Korea below that of the UN Command. In September 1954 and March 1955, the Chinese made similar public announcements and withdrew troops shortly afterwards.

On the basis of present information, departure of six divisions, which presumably comprise two armies, would reduce the number of Chinese Communist armies in Korea to five and lower troop strength from 449,000 to approximately 350,000--augmented by about 329,000 in the North Korean army. The present strength of the UN Command in Korea is slightly over 750,000.

When the withdrawals are carried out, the Chinese will have removed at least 13 of the 19 armies which were deployed in Korea in July 1953 when the armistice was signed. The fact that even with the announcement of the October withdrawals Peiping will have publicly acknowledged the departure of only six of these armies may reflect an unwillingness to reveal the magnitude of the effort the Chinese were compelled to make against UN forces in Korea. On the basis of past performance, the public announcement of the divisions' departure suggests that they

may be checked on by Neutral Nations Inspection Teams, although this has not yet been stated by Peiping.

The announced departures appear motivated primarily by propaganda rather than military considerations, and are likely to be publicized as being in keeping with the "spirit of Geneva" during the month of the foreign ministers' conference. The Chinese Communists have offered to withdraw all their forces from Korea if the United States does the same. Chinese withdrawals of troops would strengthen Peiping's propaganda and political position and bring pressure on the United States to withdraw its forces from Asia.

The newly announced Chinese withdrawals would not basically weaken the Communist strategic position in North Korea, since large-scale reinforcements would be available from Manchuria on short notice. Moreover, the effectiveness of North Korea's military forces has been improved through intensive training, reorganization, and re-equipment programs, which have to a certain extent been carried out in violation of the terms of the Korean armistice. The withdrawals would, however, further diminish the prospect of any sudden resumption of hostilities by the Communist forces in Korea.

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Changes in Rumanian Regime  
Reaffirm Pre-eminence of Party

On 1 October, some 17 months after he had belatedly adhered to the collective leadership principle by giving up his position as leader of the

party secretariat, Rumanian Communist leader Gheorghiu-Dej reassumed the post of party first secretary. In order to maintain the facade of collective

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leadership, Dej simultaneously relinquished the premiership and proposed First Vice Premier Chivu Stoica as his replacement.

This shuffle, which brings the top man in the Rumanian regime to the post of party first secretary, follows the pattern in the Soviet Union since Malenkov's demotion last February. In April 1954, Dej relinquished his post as party first secretary to a close associate, Gheorghe Apostol, while retaining the post of premier.

Dej retains, as he has since June 1952, complete control over the important sectors of the party apparatus, the government, and the council of trade unions. Gheorghe Apostol, who served as party first secretary from April 1954 until this latest reshuffle, has been reassigned to the post of chairman of the trade union council, which he held from its creation

in 1945 to 1952. Both Apostol and Stoica have been closely associated with Dej since the 1930's.

Rumanian leaders may have been instructed to make these latest shifts by Soviet party first secretary Khrushchev, who visited Bucharest at the end of August for the second time in two months. Since Khrushchev also made an unannounced visit to Sofia in August, it is possible that Bulgarian premier Chervenkov, the only other Satellite leader to relinquish the post of first secretary in 1953, may also soon resume personal leadership of the party apparatus.

The Rumanian party central committee has set 23 December as the date for the second party congress. None has been held since 1948. This move suggests that the Rumanian leadership considers Soviet bloc policy and the internal Rumanian economic situation sufficiently stabilized to permit holding the twice-postponed party caucus. The congress was first postponed in April 1954, allegedly to give the regime time to show some improvement in the workers' living standard, and again in October 1954, possibly in anticipation of important changes in Soviet policy.

In announcing his latest shift from the government to the party post, Gheorghiu-Dej stated that the government has shown considerable progress in the development of an effective cadre and the solution of economic problems. The appointment of party theoretician Chisinevchi to the secretariat suggests that the party has not developed an effective cadre and that the party leadership is still seriously concerned over the low level of training and discipline of party members.

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Growing Labor Unrest in France

Recent agitation for wage rises by the Communist-dominated General Labor Confederation (CGT) is probably aimed in part at weakening the free labor unions and ensuring worker support for the Communist Party in the 1956 parliamentary elections. The strikes and work stoppages pose a real threat to Faure's economic program as well as to the stability of his government.

Despite a 15-percent increase in real wages during the past three years, French workers are convinced they have not kept pace with the economy, and in recent months they have shown new willingness to strike. They have been encouraged to resort to violence by the success of the shipyard workers at St. Nazaire who in August won wage hikes as high as 22 percent as a result of strong-arm union action.

The CGT effort to exploit this discontent has in recent weeks been directed at the public utilities, railroads, and the civil service. Although strikes called have been of short duration thus far and only moderately effective, non-Communist labor spokesmen maintain that workers in these nationalized industries and services are particularly sensitive to the wage issue.

Free labor spokesmen fear that CGT tactics are aimed at eliminating the non-Communist unions, particularly the Socialist-orientated Force Ouvriere (FO). The atmosphere of detente is reducing the effectiveness of the FO, which based its opposition to the CGT campaign for "unity of action" on anti-Communism. The CGT has been careful to keep its current campaign nonpolitical, and free unions fear they

may "give the appearance of denying the authenticity of the labor unrest and the virtue of worker demands." The serious inroads made by these CGT tactics on the loyalty of FO members, including some of the local leaders, have forced the FO civil servants' union to second the CGT demand for a revision of the accord on wages of 30 June.

Officials of both the Technicians' Union and the FO believe the CGT has an eye on the 1956 elections, and that by undermining free union strength and prestige, the Communists expect to weaken the Socialists and Popular Republicans. By this tactic and their pressure for a united front, it is believed they might swing enough votes to Communist and co-operative Socialist candidates to elect up to 150 Communists and party sympathizers to the National Assembly.

Recurring strikes threaten the price stability which has been the key factor in the French prosperity of the past two years. Premier Faure made it clear in a radio speech on 21 September that the government will brook no adjustment in price controls, and added that he would "accept no public disorder while the North African situation is so disturbed."

The inflationary effect of wage increases in conjunction with a general loss of confidence in economic circles is already reflected in the rise in the black-market rate for the dollar from 364 to 388 francs in the past month. A break in the current economic prosperity or an all-out strike effort might well be exploited as a convenient issue to bring down the Faure government.

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**New Argentine Government  
Marks Time**

The Argentine provisional government headed by Maj. Gen. Eduardo Lonardi continues to consolidate its position with a gradual purge of personnel.

Lonardi has announced that he will not deprive labor of any gains achieved under Peron, and, according to press reports, he appears to be winning a victory over the pro-Peron General Confederation of Labor (CGT) in that a number of unions have ousted their pro-Peron leaders, possibly with assistance from the new government. All of the secretaries of the CGT have now reportedly resigned with new elections to be held in four months.

Lonardi's dealings with labor may be complicated by the

reported decision of the Communist Party to fight the new government by supporting the Peronistas. Communist Party members were instructed to agitate for new elections in the unions in the hope of electing Communists to key positions.

The Argentine public is in general wary of the new regime. The government has had plans to set up a consultative junta, as an interim body in the absence of a congress, composed of representatives of labor and all political parties except the Peronista and Communist. The plan now appears doomed, however, inasmuch as the Radicals, the only anti-Peron party of any consequence, have reportedly refused as a matter of principle to participate in the junta.



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PART III

PATTERNS AND PERSPECTIVES

SOVIET CROP PROSPECTS

The harvest in the Soviet Union this year will probably exceed the postwar high of 1952. Generally the weather has been favorable in much of the important crop area of the European USSR, and acreage has been expanded since last year, primarily in the new lands area of West Siberia and Kazakhstan.\*

Prospects for 1955

The Ukraine and North Caucasus, important areas of grain production, are reported to have had good harvests. Despite the low wheat yields due to the drought in the new lands, over-all production in the Soviet Union will probably exceed the good wheat harvest of 1954 because of the 25-percent

\*Estimates are made on the basis of weather and crop information as of mid-August. Factors on which a final estimate of the Soviet crop harvest can be based will not be available until late 1955.

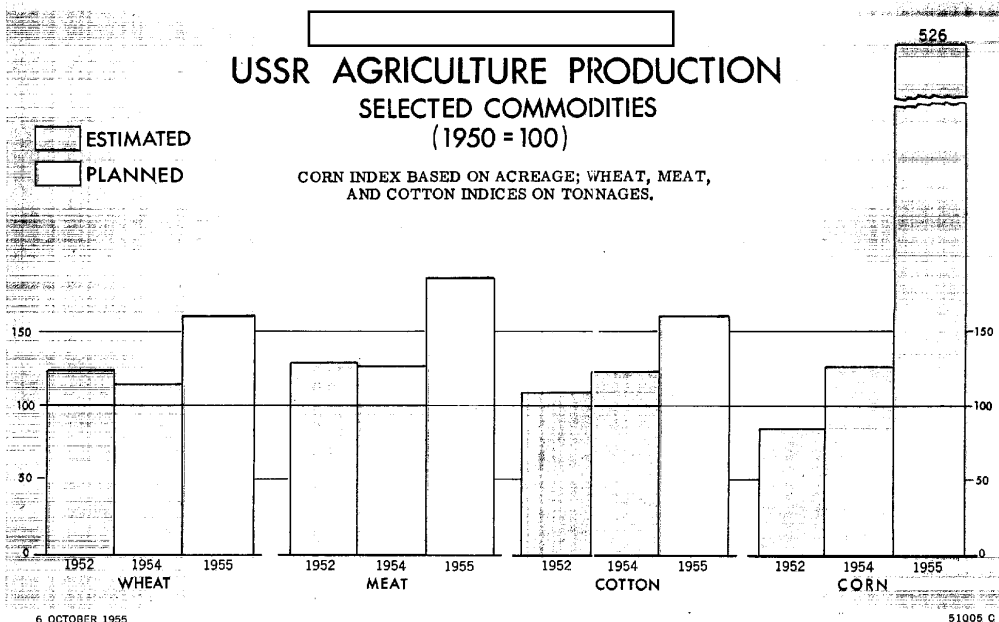
increase in acreage over last year.

This may again permit some rebuilding of wheat reserves depleted during the last two years and even allow a moderate expansion of wheat exports while domestic consumption attains a level somewhat higher than last year. The increase in grain production will include corn planted on some 45,000,000 acres, a fourfold increase over 1954.

Sugar beet and potato production probably will also be better than in 1954 because of favorable weather and the expanded acreage devoted to these crops this year.

Little change is likely in cotton production as compared to 1954, which was a good year. Members of the American agricultural delegation who inspected several cotton fields near Tashkent in Uzbek SSR, a republic which accounts for about two

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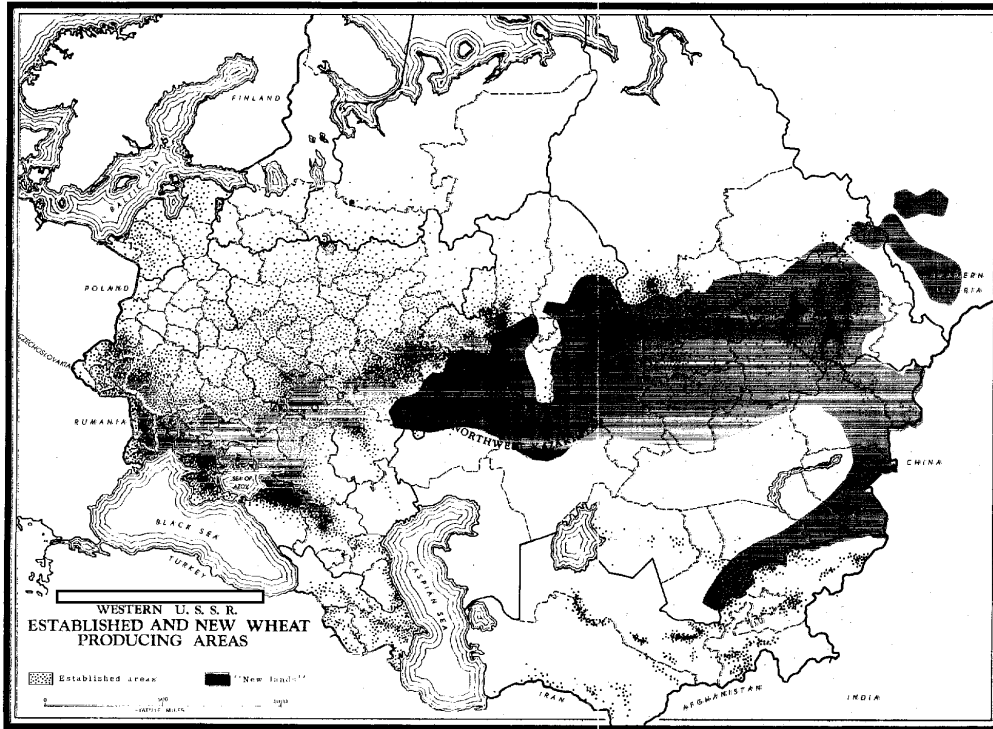
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thirds of the USSR's total cotton output, reported that the cotton in the fields was in very good condition.

Russian officials last summer expressed general satisfaction to the American agricultural delegation over harvest prospects in spite of drought in the new lands area, excessive precipitation and cold weather in the Baltic Republics and Belorussia, below normal rainfall in the Urals, and cold weather and insect pests in the central Asian cotton-growing areas.

#### Long-term Outlook

The present prospects for limited success in raising agricultural production this year point up certain realities which the USSR must face if it is to attain its long-term objectives in agriculture. These include a significant long-term increase in agricultural output, diversi-

fication of the diet of the average citizen, maintenance of state reserves of foods and grains, and production of exportable quantities of agricultural commodities.

Growing a calorically sufficient amount of food for the Soviet people has not been a pressing problem in recent years, but now, ten years after World War II, there is a demand for variation in the high starch diet which sufficed in the post-war rebuilding years. This demand can be met by improving the quality and quantity of livestock production. Between 1 July 1954 and 30 June 1955, the Soviet diet averaged 2,780 calories a day. A slightly higher caloric intake and somewhat more varied diet is likely for the 12-month period extending to 1 July 1956, but the average intake is not likely to attain the prewar level of 2,900 calories per day.

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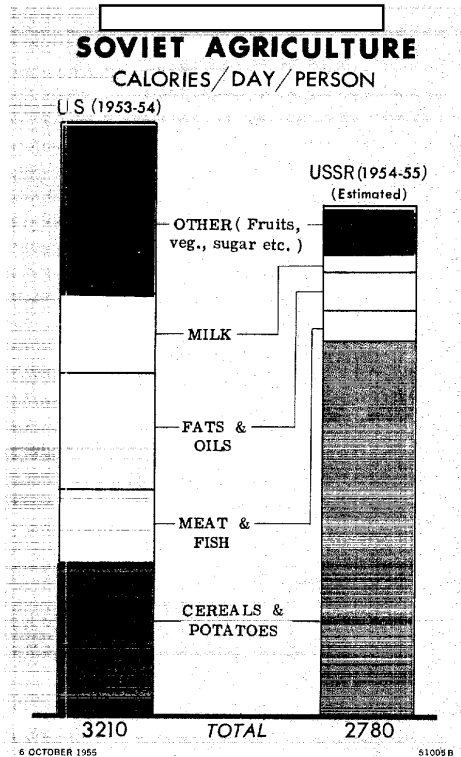
Corn Program

In this respect the corn program, which has been strenuously pushed--particularly in 1955, is a key issue. The substitution of corn acreage for other feed grains such as barley and oats makes it imperative that good returns be obtained from corn. A modification of the corn program in line with some of the recommendations of the American delegation--for example, concentrating on corn only in select areas such as the Kuban and using sorghum in certain other drier areas--would probably make possible greater achievements toward the goal of doubling milk and meat production in the course of the next five years.

New Lands

The cultivation and sowing of increased acreages in the new lands, if they can be made to produce even low yields of grain consistently, could aid in the maintenance of Soviet reserves and contribute to supplies for export. An above-average crop on the new lands once in every three years apparently would mean a more than successful new lands program. With crops cultivated over a more diversified area, droughts may not be as crippling as in prior years.

If large areas in the new lands ultimately prove unsuitable for agriculture, i.e., if droughts such as those experienced this year continue to harass agricultural production in succeeding years, the USSR will be forced to cope with the increasing food demands of a growing population by abandon-



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ing its hope for self-sufficiency and looking for some sources outside the Soviet bloc to obtain grain as well as other agricultural products for home consumption and for inclusion in reserves.

With an improved harvest and success this year in the fodder program, based to a large extent on corn production, the Soviet leaders may be encouraged to continue the heavy agriculture investment into the sixth Five-Year Plan and thereby push on to obtain a strong agricultural position.

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SINO-SOVIET BLOC PROMOTES UNOFFICIAL CONTACTS WITH JAPAN

While Soviet-Japanese relations have been highlighted by stalemates on several major issues in London, a number of exchanges between the countries of the Sino-Soviet bloc and Tokyo on lower levels--involving cultural, economic and political contacts--have been taking place on an active and friendly basis.

The Communists, by encouraging such contacts, apparently are trying to dispel Japanese reservations with respect to normalizing relations with bloc countries. While Tokyo has avoided actions implying official recognition of Peiping and adopted a cautious approach in the negotiations with the USSR in London, it has openly encouraged informal contacts.

One of the chief inducements which Peiping and Moscow have offered Japan--even before relations are normalized--is the promise of expanded trade. Sponsors of private trade and fishing agreements between Japanese firms and the Chinese Communists last spring failed to obtain official participation by the Japanese government but laid the groundwork for a renewed effort next year. The Communist refusal to accept more than a limited quantity of nonembargoed items has led influential Japanese businessmen to support the campaign for a reduction of China trade controls.

Efforts to Expand Trade

Moscow has had a trade mission in Tokyo for more than a year negotiating contracts which exaggerated press reports have set at \$94,000,000 each

way. Only an insignificant portion has been realized, however, because of high Soviet prices, financing difficulties and uncertainties over the quantity of Soviet products.

Khrushchev told a Japanese parliamentary delegation last month that the Soviet Union would place "large" orders for Japanese ships and ship repairs in exchange for Russian oil, gasoline, coal and timber.

Beginning with the UN-sponsored ECAFE conference in Tokyo earlier this year, when a Czech delegate contacted Japanese businessmen, the European Satellites have exchanged unofficial trade delegations, negotiated contracts and invited Japanese businessmen to attend sample fairs with all expenses paid. Even North Korea and North Vietnam have participated in the Communist trade offensive.

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Japan's main interest, however, is in Communist China, which possesses the iron ore, coal, soybeans and oilseeds Japan hopes to import in return for Japanese finished goods. The Hatoyama government has already announced its intention to seek

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a reduction of the embargo to accomplish this objective.

Cultural Contacts

In addition to trade, "good-will" missions shuttling back and forth between Japan and the Communist bloc have established ties between politicians, journalists, farm and labor leaders, and prominent figures in the arts, sciences, and professions. Sport teams, musicians and ballet troupes have added their weight to the Communist propaganda campaign.

The USSR and Japan have had an especially spirited exchange on matters involving nuclear subjects. Moscow has often exploited Japanese anti-Western sentiments in this regard, and has regularly sent delegations to Japanese scientific congresses and to ceremonies commemorating the bombing of Hiroshima and Nagasaki. As a result, Moscow has been successful in getting wide Japanese support for its demand for a ban on nuclear weapons.

Numerous Communist fronts in Japan support the "peace offensive" in its various forms and promote visits to and from the bloc. They are normally headed by respected Japanese, such as Fusanosuke Kuhara, prewar conservative party president and one of the lesser Zaibatsu--prewar industrial--leaders, who is presently visiting Peiping. Most fronts are organized by covert Communists in close coordination with the unofficial Soviet mission in Tokyo. Overt relationships with the Japanese Communist Party are avoided.

Effects on Japan

Unofficial contacts between Japan and the Communist bloc have on the whole been a propaganda success for the Communists, despite an undercurrent of cautious criticism voiced by recent Japanese visitors. Most Japanese tours of the bloc have produced a rich harvest of complimentary articles, interviews, books and speeches. Some Japanese try to justify their highly biased public views by claiming that any other stand would be "unpopular," therefore commercially unsalable. Certainly, there has been much wishful thinking in Japan, based on a universal desire for trade and diplomatic relations with the mainland.

These contacts have given a strong impetus to neutralism in Japan. They have weakened public support for a favorable

Japanese visitors to the Sino-Soviet bloc are often flattered by being given interviews with top Communists. Last month, Bulganin and Khrushchev met for two hours with Japanese Diet members and used the occasion to belabor the Japanese government for "artificially drawing out the London talks," in contrast with the five days of negotiations with Chancellor Adenauer. The Japanese were told to follow an "independent" policy and establish closer ties with the Orbit, or be drawn into an armaments race. Khrushchev's exposition of the Russian position drew an enthusiastic response from several Diet members who indicated they would press for Japan's acceptance of the Soviet position on their return.

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settlement of Japanese claims advanced at the London talks. They have increased pressure for recognition of Communist China and the reduction of trade controls, and by convincing many Japanese of the sincerity of the Communist "peace offensive," they have weakened support for rearmament and Japanese

participation in an Asian defense system.

Moscow probably considers that the success of its unofficial contacts with Japan will eventually force the Japanese negotiators in London to normalize relations with the USSR substantially on Soviet terms.

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NEW SOVIET POLICY ON TOURISM

To add luster to its campaign for "peaceful coexistence," the Soviet Union in the last few months has been promoting an exchange of tourists with other countries. For the first time in Soviet history, a small number of tourists without official status are going abroad, and for the first time since the 1930's, unofficial foreign tourists are being admitted to the Soviet Union in considerable numbers.

Soviet Tourists Abroad

In August, a group of about 250 Soviet tourists visited Warsaw and other Polish cities. A short time later, the Soviet press announced that a group of tourists had left Moscow for a 12-day trip to Stockholm, Goteborg and other Swedish cities. The press also reported that Finnish tourist agencies had agreed to arrange a similar trip to Finland. Tours of Soviet citizens "in the near future" are being arranged to Communist China and the other

"People's Democracies." In fact, TASS reported on 25 September that a group of Soviet managers, engineers, workers and journalists had arrived in Budapest for a 7- to 10-day trip through Hungary.

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B. S. Rzhanov, one of the Soviet officials directing the program, has expressed hope that Soviet tourists will be invited to the United States. He estimated that a total of 2,000 Soviet tourists will travel abroad this year.

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Who Travels and How

With the average Soviet industrial worker receiving a wage of only about 700 rubles per month, which in most cases barely provides the basic necessities of daily living, the travel program is clearly out of reach of many of those for whom trips abroad are designed, and many of the trips may be government-financed.

The foreign section of the all-Union Central Council of Trade Unions is reported to be in charge of the program. Any citizen may apply to his local trade union; the application is then forwarded to the regional trade union council, which makes up the groups of tourists. Some sort of rationing system is reported under consideration in anticipation of a heavy demand in the future.

The American embassy in Moscow has commented that although reservations for the tours may be allocated on a "first come, first served" basis to factories and other institutions, it seems probable that individual applications are thoroughly screened by trade union, party, and police officials. The embassy has also noted that the announcement of these tours has had considerable symbolic impact on the Soviet citizenry, giving the impression that another significant break with the Stalin era has been effected.

Tourists to the USSR

Soviet policy toward tourists coming to the USSR has also drastically changed. Prior to Stalin's death, vacationing tourists were not admitted to the Soviet Union. Incoming travelers were restricted largely to officially invited delegations, although the number of these had steadily increased since 1950, when only about 2,000 persons entered the USSR.

After Stalin's death, the policy gradually changed. During the first seven months of 1955 some 30,000 foreigners (tourists and members of delegations) used the facilities of Intourist, the Soviet agency in charge of foreign travelers in the USSR. Entry of ordinary tourists in significant numbers did not begin until August, however, and before the end of the year tourists from most of the Western countries are expected. If the present rate continues, the number of visitors to the Soviet Union this year will be almost triple the prewar peak reached in 1936, when over 18,000 tourists, mostly Americans, traveled in the Soviet Union.

In pursuit of this objective, Intourist has been distributing brochures and advertising in foreign newspapers. Most of the tours are limited in scope; the broadest thus far noted is one advertised in the Swedish press which would take in Moscow, Kiev, Odessa, Sochi, Tbilisi and Leningrad over a 24-day period and cost 3,595 kroner (about \$693). Deviations from the Intourist itinerary would, of course, be virtually impossible.

Although efforts are being made to expand and improve accommodations and services (including English lessons for waitresses), the shortage of hotel space makes it unlikely that tourism in the USSR will reach proportions common in the West. In addition, the Soviet Union's reputation as a police state with rigid controls tends to scare off many prospective travelers. In any case, however, the current Soviet policy toward foreign tourists permits the USSR to claim that it is doing its part in encouraging international cultural exchange in keeping with the spirit of the Geneva conference.

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**JAPAN SOCIALIST MERGER APPEARS ASSURED**

Japan's Right and Left Socialist Parties have sub-merged their divergent policy viewpoints and their merger, scheduled for mid-October, seems assured. Although the merger will improve the Socialists' tactical position, it will not immediately increase their strength in the Diet. Basic antagonisms will be carried over and differences between the left and right factions are likely to make Socialist unity relatively short-lived.

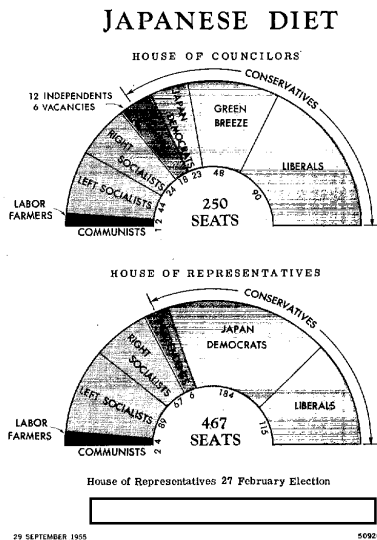
preted as having improved the prospects for a unified Socialist party coming to power. The elections also established the predominance of the Left Socialists, thereby largely resolving the question of leadership of the new party.

**Prospects of New Party**

The new Socialist party, with 156 seats, will constitute just over one third of the lower house of the Diet. It thus could bloc any attempt by the conservatives to revise the constitution in order to provide a legal basis for Japanese rearmament.

The Socialists alone will be incapable of carrying a no-confidence motion against the government, but they hope continued conservative disunity will gain them the co-operation of the conservative Liberal Party in forcing Prime Minister Hatoyama's Japan Democratic Party minority government to call an election. They foresee gains in a series of future elections that will eventually lead to a Socialist cabinet. The conservatives, however, are aware of the leftist threat and Socialist unification probably will stimulate greater efforts to achieve a conservative merger.

Left Socialist Party chairman Mosaburo Suzuki, a former Communist, probably will head the unified party, and Right Socialist secretary general Inejiro Asanuma and chairman Jotaro Kawakami will become secretary general and supreme adviser of the new organization respectively. The selection of national officials appears to have been settled in a relatively amicable fashion; however, the question of consolidating the competing local organizations probably will be more difficult.



In the campaign for the February election for the lower house of the Diet, both Socialist parties publicly pledged to unite, and the negotiations on terms began after the April elections for local officials had established the relative strengths of the two parties. The results of both elections stimulated the merger effort, since the Socialist gains were inter-

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Platform

The platform for the unified party has incorporated ambiguously phrased policy statements which gloss over sharply differing views. The compromises appear to have been made largely at the expense of the more moderate Right Socialist policies, although a Left Socialist Party convention has criticized the platform for failing to state the "peace principles" of the party. The platform asserts that Japan is oppressed by the United States for military reasons, and that Japan should scrap the security treaty and the administrative agreement

with the United States and seek a neutral position without dependence on either the Communist or the free world.

The Socialists' prospects for attaining power in the near future are limited, but could be improved by the continued political instability of the conservatives and their failure to resolve Japan's vital economic problems. The policies of a Socialist government, because of the anti-American attitudes of the more extreme Left Socialist leaders, would emphasize neutralism and closer relations with the Communist bloc.

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AUSTRIA SINCE THE STATE TREATY

In the two months since the Austrian state treaty came into effect on 27 July, Austria has cautiously adjusted to new conditions within the general pattern of neutrality formed by ten years of occupation, and on the whole has fared a little better than anticipated.

The two governing coalition parties--the People's Party and the Socialists--have reached compromises on the procedure for forming the new Austrian army and on the disposition of the formerly Soviet-held industries. The latter have generally proved to be in better economic shape than had been expected. The government has made minor progress in eliminating local Communists from influential positions in these industries and has removed the remaining Communist police chiefs in Vienna.

The Austrian government is making every effort to appear neutral, not only in foreign policy, but also in domestic affairs having possible international implications. This caution is well illustrated by the recent removal of its appointee as personnel director of the newly acquired oil administration after a Communist press campaign had unearthed his former connection with the American embassy in Vienna.

Creation of the Army

Current plans for the armed forces are relatively modest. The army will be brought to a strength of about 30,000 in the next 18 months. Plans for the development of an air force have been shelved as too expensive to be considered at present. A large share of the army's equipment is expected to come from the United States

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and France. Under pressure of a rebuke from the Soviet ambassador on this score, however, Vienna announced a "request" for Soviet military equipment on 15 September and has since described to an American official the small arms, artillery, tanks, and other equipment that the USSR has arranged to transfer to Austria.

A political struggle between the coalition parties for control of the army had been anticipated, but a workable compromise was reached in a law passed in September. Under this, the army is administered under the chancellery, where the People's Party is represented by Chancellor Raab and the Socialists by Vice Chancellor Schaerf. The army organization itself is headed by a member of the People's Party with a Socialist deputy, and a similarly dual distribution of the top positions is to prevail throughout the military hierarchy.

Former Soviet Enterprises

The two parties have been even more at odds over the ultimate disposition of the oil fields and varied industrial plants formerly operated by the USSR. The Socialists want to absorb these assets into their nationalization program under the Ministry of Nationalized Industries, which they control. The conservative People's Party wants to return the individual plants to their original owners or sell them to private capital.

Both parties, however, are in full agreement on the urgency of continuing the operation of former Soviet enterprises, which are of great importance to Vienna and lower Austria, and a resolution of the more immediate problems has already been achieved. The government will operate as nationalized enterprises about

15 large firms which were originally included under the nationalization laws passed in 1946 and 1947. All other firms will be held by the Finance Ministry, which is controlled by the People's Party, for ultimate disposition. Both parties will be represented in the administration of these properties.

It now appears probable that this compromise will go even further. Under the projected arrangement, the Finance Ministry would have to obtain Socialist approval of the sale or return to private owners of any plants it administers, while People's Party representatives would continue to be included in the management of the state-owned plants.

So far at least, the purely economic problems of administering the former Soviet enterprises have proved less difficult than expected. Austrian technicians have expressed surprise at how well a number of the factories have been maintained, and it now appears that the oil reserves are over 30,000,000 tons greater than the amount Austria had counted on to make the deliveries to the USSR which are specified in the treaty. Production is handicapped, however, by a severe shortage of technical personnel.

Eliminating Communist Influence

More serious difficulties are posed by the problem of removing Austrian Communists from their entrenched positions in the formerly Soviet-held enterprises. The Austrian-Soviet agreement of 15 April specified that no worker can be dismissed solely for Communist affiliation. It is not always possible to shift workers to less responsible positions or dismiss them because their jobs have been abolished. Communist control of the labor

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organizations in formerly Soviet-controlled plants will be even harder to overcome.

In Vienna, where the police in the Soviet sectors were heavily Communist infiltrated, the government has removed all the remaining Communist police chiefs. The Austrian Communist Party, which has never polled more than five percent of the popular vote except in a few areas under Soviet occupation, will be further weakened by such moves, but it must be assumed that there are still numerous penetrations by Communist agents of the police and other government agencies both in Vienna and the provinces.

International Communist organizations, such as the World Federation of Trade Unions and the World Peace Council, which maintain their headquarters in Vienna, will not be seriously harassed by the Austrians. The government has stated it intends to deport any of their officials living in Vienna without proper documentation, but it has been

scrupulously legal in its treatment of the organizations and has allowed them to remain there despite the objections of some Western powers.

Foreign Policy

The government has thus far made no indicative moves in international affairs, but some hint of the kind of neutrality it will pursue in the future is found in its current position on the Danube question.

There is already considerable pressure from businessmen and numerous government officials for immediate Austrian adherence to the Soviet-dominated 1948 Danube Convention, and such a move is generally expected within the next year. The Foreign Ministry, however, thus far has avoided any move in this direction and is presumably waiting for the opportunity to balance such action with a corresponding move toward association with some Western international organization such as the Coal-Steel Community.

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