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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

FOREIGN MINISTERS' CONFERENCE. . . . . Page 1

Soviet strategy at the end of the foreign ministers' conference was primarily designed to gain greater consideration in Western Europe for Soviet security plans and to convince the West Germans that they must deal directly with the Soviet bloc if they are to achieve unification. Molotov's concluding statements emphasized points on which he alleged that East and West were in agreement. [redacted]

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ARAB-ISRAELI SITUATION . . . . . Page 3

Tension on the Arab-Israeli borders has decreased, and only minor incidents were reported last week. Both Egypt and Israel are maintaining their military positions while UN truce chief Burns is working for a withdrawal of troops in the El Auja and Gaza sectors. At the same time, negotiations are taking place between Syria and Czechoslovakia on an arms purchase deal. [redacted]

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THE AFGHAN TRIBAL ASSEMBLY . . . . . Page 4

The Grand Assembly of the Tribes which convened in Kabul on 15 November is now considering Prime Minister Daud's policy on Pushtoonistan. If it approves the policy, an acceleration of the last two years' trend toward closer relations with the Soviet bloc will probably result. Afghanistan's traditional concern for its independence, however, will probably lead it to continue its contacts with the West as a counterbalance. [redacted]

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PART II

NOTES AND COMMENTS

Relations Between the USSR and Israel: Despite the serious implications for Israel of Soviet bloc arms shipments to Egypt, Soviet-Israeli relations have remained ostensibly correct though restrained. [redacted]

Page 1 25X1

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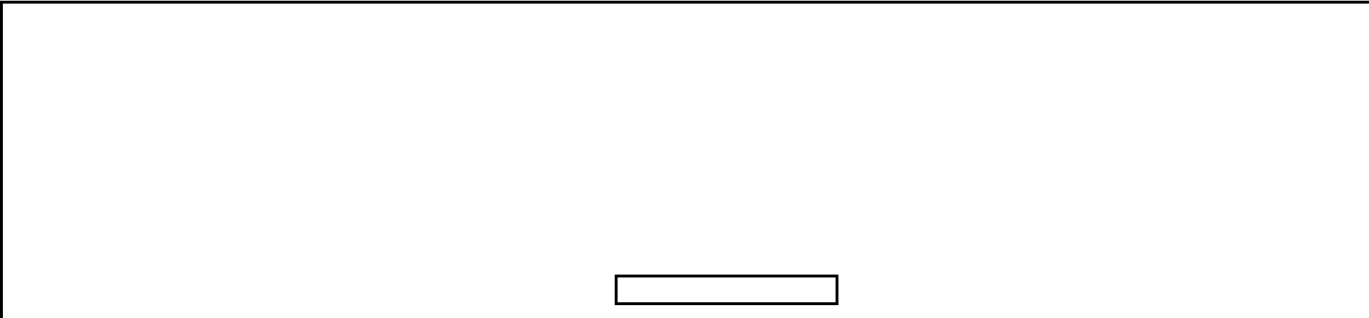
**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**17 November 1955**

French North Africa: The triumphant return of Sultan Mohamed ben Youssef to Rabat on 16 November, while apparently without any untoward incident, does not answer the all-important question of whether terrorism will end. The record high of 91 incidents of bombing and shooting during the week ending 11 November may either be evidence of continued nationalist pressure on Paris or may indicate that the moderate nationalist leaders have lost control to the extremists. [redacted] . . . . . Page 2

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Brazil: The interim government of President Nereu Ramos seems to be succeeding in restoring order in Brazil and in creating conditions which will make possible the inauguration on 31 January of President-elect Juscelino Kubitschek. Elements of instability remain, however, particularly among the military leaders who want to prevent Kubitschek from taking office. [redacted] . . . . . Page 4

Argentina: The new Argentine government of General Pedro Aramburu, which came to power in the bloodless coup of 13 November, probably has much broader support than its predecessor among both the armed forces and civilian groups. Aramburu, who took over on the ground that the ultranationalist Catholic elements were becoming dominant in the Lonardi government, is generally regarded as both able and pro-US. [redacted] . . . . . Page 5

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Japanese Conservative Merger Brightens Government's Prospects: The formation of the Liberal-Democratic Party on 15 November by the merger of the former Democratic and Liberal Parties gives the Japanese government a strong parliamentary majority and improves prospects for a stable regime. The merger of the two conservative parties necessitated a difficult compromise on the party leadership question, however, and this issue may well continue as a divisive factor. [redacted] . . . . . Page 7

25X1

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

17 November 1955

Chinese Road Construction in Tibetan Areas: Since 1950 the Chinese Communists have been engaged in an extensive highway construction program designed to link Tibet with China proper and to extend their political administration into areas never before controlled by a Chinese government. The concurrent extension of roads along the Himalayan frontier has important strategic implications for India. The new roads built this year in Tsinghai support important Chinese geologic exploration. [redacted] . . . Page 9

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Philippine Election Results: The Nacionalista Party's sweeping victory in the senatorial and provincial elections last week was a reflection of the continuing high popularity of President Magsaysay and of popular support for his pro-American policies. Nevertheless, the prospect is for some party realignments, and the president's reform program will continue to meet heavy opposition in the Congress. [redacted] . . . . . Page 10

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Laos: Political efforts by the Laotian government to regain administrative control over the two northern provinces of Laos are apparently being supplemented by plans for armed action should political means fail. [redacted] Page 11

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Discontent Grows in East Germany: Popular discontent in East Germany has deepened in recent months, particularly among young people of draft age who fear they will be absorbed into a new army. Food shortages and the expected formal announcement of a national army will further depress morale, but the East German government is expected to remain in firm control and large-scale demonstrations are unlikely. [redacted] . . . . . Page 12

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French Election Situation: Premier Faure is still pressing for National Assembly elections as soon as possible, but he now has little chance of forcing balloting before January. In any event, Faure's tenure will be short. His coalition is deeply split, and his dependence on Communist backing in recent assembly votes on the elections issue makes it impossible for him to retain the premiership unless early dissolution of the assembly is voted. [redacted] . . . . . Page 13

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Hungarian Government Shifts Domestic Political Tactics: Major policy statements and personnel shifts in the Hungarian hierarchy during the past week signify a shift to more moderate party tactics. Such tactics will bring the Hungarian party in line with currently espoused Soviet policies and probably reflect First Secretary Rakosi's success in restoring party discipline and control. [redacted] . . . . . Page 14

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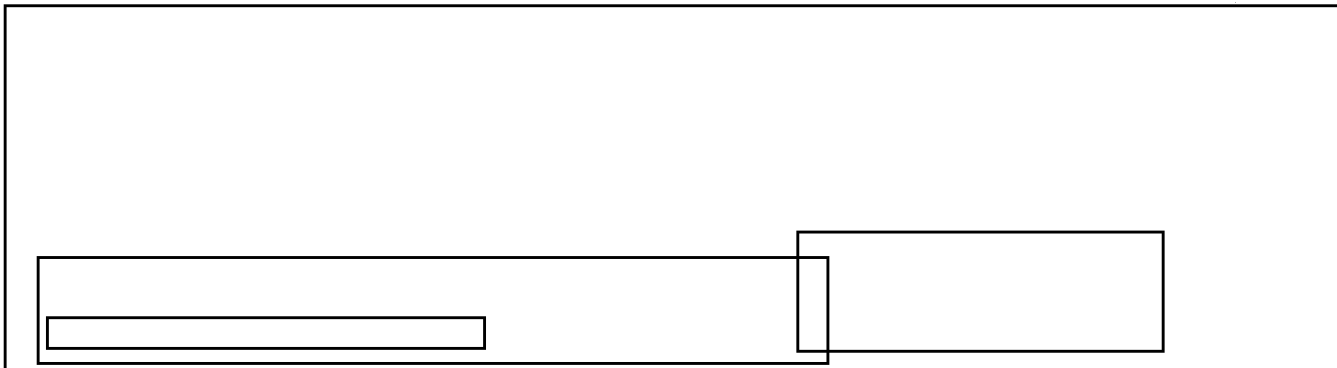
CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

PART III

PATTERNS AND PERSPECTIVES

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INDIA NEEDS OUTSIDE AID TO CARRY OUT FIVE-YEAR PLAN. . . . Page 3

Hard pressed to make a success of its second Five-Year Plan for developing the Indian economy, the Nehru government has recently expressed renewed friendliness toward the United States, but will probably seriously consider any new offers of economic assistance from the Soviet bloc. Such offers will almost certainly be made during the visit to India of Soviet prime minister Bulganin and party leader Khrushchev.

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YUGOSLAVIA MAINTAINS BALANCED POSITION BETWEEN EAST AND WEST . . . . . Page 4

To compensate for the rapid improvement in relations with the Soviet bloc during the past summer, Yugoslav leaders have again adopted a friendly attitude toward the West.

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CHINESE COMMUNIST ECONOMIC AGENCIES DEVELOP ON SOVIET PATTERN. . . . . Page 6

The number of agencies for enforcing economic controls continued to increase in Communist China in 1954 and 1955 as various sectors of the economy developed and as China increasingly modeled its economic and political institutions after those of the Soviet Union. Many such Chinese offices closely resemble Soviet prototypes, and the Soviet practice of creating new agencies by subdividing old ones is also being followed. In spite of some weaknesses, the system provides the strong controls required for the ambitious program set by China's leaders.

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

17 November 1955

MAJOR REVISIONS IN THE SOVIET SCHOOL SYSTEM. . . . . Page 8

Major changes recently introduced in the Soviet educational program are steps in the gradual transition of the general school system to provide all Soviet youth with a ten-year technical education which will not only prepare students for university training but will also give them the skills required by workers in an industrialized economy. The number of graduates from ten-year schools increased from 428,000 students in 1952 to 880,000 in 1954, and apparently to over 1,000,000 in 1955.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

## PART I

OF IMMEDIATE INTEREST

## FOREIGN MINISTERS' CONFERENCE

Germany and European Security

Foreign Minister Molotov's purpose in restating more strongly than ever at Geneva the Soviet position on Germany was apparently to disabuse the world of any notion that the USSR would accept the unification of Germany on Western terms, which envision including it in NATO. The Soviet leaders probably calculate their tactics will eventually convince the West Germans that their only hope for unity lies in direct talks with the East German regime and with Moscow in which the principle of neutrality for Germany would be assumed.

In the meantime, the USSR hopes that other West European powers can be maneuvered into abandoning their support of the present Western position that agreement on German reunification is an essential part of consideration of any European security scheme.

To achieve these ends, the USSR must assure the Germans that its unyielding opposition to Western terms for unification does not mean that bilateral talks with Moscow would be unprofitable. In addition, the British and French must be persuaded that Soviet security offers are genuine and reasonable.

Soviet chargé Kudriavtsev in Vienna dropped a hint to an Austrian official, presumably in the expectation it would be relayed to Bonn, that the position on Germany taken by

Molotov at Geneva was not necessarily final and that he could imagine a possible solution along the lines of the Austrian settlement. He warned, however, that the USSR would never agree to a unified Germany within NATO.

V. A. Zorin, who will be the first Soviet ambassador to West Germany, told correspondents in Moscow that Soviet-West German negotiations on German reunification are "entirely possible" and could even be arranged before the exchange of diplomatic representatives between the two capitals.

More such hints, aimed primarily at strengthening the position of the Social Democrats and other West German critics of Adenauer's foreign policy, can be expected.

Meanwhile, the Communists are likely to continue steady pressure, particularly on such vulnerable points as Berlin, for recognition of the East German regime by Bonn.

Molotov put forward a wide variety of security plans in the hope of interesting Western European opinion in one or the other of them. There were two variations of long-run security plans involving the eventual dissolution of NATO and the Warsaw pact, and a proposed short-run agreement between the two blocs not to use force against each other and to consult in case of a threat to peace.

Molotov also proposed that nearly all foreign troops be

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

withdrawn from Germany; or that half of these forces be withdrawn, with each power subsequently demobilizing an equivalent number of troops. He expressed interest in proposals originally made by Eden for limiting and inspecting forces in Central Europe.

The ultimate aim of any of these proposals by Moscow is to undermine the effectiveness of NATO and obtain the withdrawal of as many American troops as possible from Europe.

Molotov sought also to lay the basis for the eventual establishment of some security plan by getting four-power endorsement of six general principles which the United States had already cited as common to the proposals made by both the USSR and the Western powers. However, the Western foreign ministers pointed out that such a declaration would be misleading in the absence of agreement on German unity.

East-West Contacts

When the foreign ministers took up the East-West trade and contacts questions which had become stalemated at the experts level, Molotov made no serious effort to reach agreement. The USSR continued to seek only an endorsement of the programs of exchanges it has been engaging in lately and an agreement that strategic trade controls should be abolished.

The USSR was obviously put on the defensive by specific Western proposals for the removal of Soviet restrictions on the free flow of information and travel into and within the Soviet Union. Molotov rejected these suggestions sharply and

charged that the West was demanding freedom for war propaganda.

Moscow is as interested as ever in exchange programs that will bring it benefits, particularly in the industrial, agricultural, and technical fields, but it is going to limit carefully the openings it permits in the iron curtain.

Disarmament

Three days of discussion on disarmament ended in an impasse between the Soviet and Western positions practically identical to that at the conclusion of the UN Disarmament Subcommittee meetings last September. Molotov appeared, however, to be making a greater effort to record a measure of agreement on this subject than on either of the other two items on the Geneva agenda.

As Premier Bulganin did at the summit conference, Molotov reaffirmed the USSR's 10 May proposals as his basic position and stressed the areas of agreement with the Western disarmament position. He repeatedly urged the Western ministers to agree to a "moral and political condemnation" of the use of atomic weapons as an important step toward the full prohibition of such weapons and the conclusion of a general international convention.

Molotov made no direct reference to President Eisenhower's latest letter to Bulganin offering to add the Soviet ground control plan to his aerial inspection proposals. He appeared anxious to forestall further discussion of this idea by declaring that the ground control plan could not be

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

divorced from the general Soviet disarmament plan of 10 May. This evasiveness may reflect apprehension that the USSR's case for moving ahead with a general disarmament agreement is vulnerable to a broadly based inspection plan encompassing both Soviet and American programs.

Molotov repeated previous Soviet criticisms that the President's proposals failed to come to grips with the central problem of ending the arms race and reducing the danger of war. He also argued that the Eisenhower plan would increase tensions by providing foreign states with military information which might be used for a surprise attack.

However, the Soviet leadership sought to balance these criticisms with a more positive statement that it was ready to adopt "a favorable attitude" toward the Eisenhower plan if it were made "an integral part" of a general agreement for the reduction of armaments and the prohibition of atomic weapons. Molotov suggested that the President's plan might be included in the "final stage" of implementation of such an agreement.

Molotov's interest in committing the Western foreign ministers to a declaration endorsing the Soviet stand on ending the arms race and banning nuclear weapons prompted him to approach Secretary Dulles privately before the final session on disarmament on 12 November with a draft declaration which, he said, represented an attempt to record provisions on which the viewpoints of the four powers seemed close.

After the Western ministers had rejected this declaration because of its reference to prohibition of atomic weapons, Molotov released it to the press on 15 November. Like the final Soviet statements on European security and East-West contacts, this declaration was designed to give the impression that the conference had succeeded in extending the area of agreement among the four powers on basic issues, to demonstrate Moscow's continuing interest in further negotiations on these issues, and to strengthen the Soviet position for blaming the West for the failure of the conference to reach agreements on any of the three agenda items.

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## ARAB-ISRAELI SITUATION

Tension on the Arab-Israeli borders has decreased, and only minor incidents were reported last week. Both Egypt and Israel are maintaining their military positions, while UN truce chief Burns is working for a withdrawal of troops in the El Auja and Gaza sectors.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Israel is continuing efforts to dramatize its need for military aid and security guarantees from the West. Tel Aviv is now even encouraging the strengthening of the Turkish-Iraqi pact, which it previously denounced as being anti-Israel.

The Arab states continue to jockey for position among themselves, with Iraq and Egypt competing for leadership. Jordan has reportedly refused to sign a military pact with Syria, and thus far has resisted Turkish pressure to join the Turkish-Iraqi pact. Lebanon has indicated that the military pact which Syria is seeking

with it will only emphasize an existing agreement.

At the same time, negotiations are taking place between Syria and Czechoslovakia on an arms purchase deal.



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No additional shipments of arms from Czechoslovakia to Egypt have been reported in the past week. Egyptian minister of state Answar Sadat reportedly has stated that all arms contracted for in the Soviet bloc deal will be delivered by July 1956.  (Concurred in by ORR) 25X1

## THE AFGHAN TRIBAL ASSEMBLY

The Grand Assembly of the Tribes which convened in Kabul on 15 November is now considering Prime Minister Daud's policy on Pushtoonistan. If it approves the policy, an acceleration of the last two years' trend toward closer relations with the Soviet bloc will probably result. Afghanistan's traditional concern for its independence, however, will probably lead it to continue its contacts with the West as a counterbalance.

Daud reportedly posed two questions for the assembly's decision: (1) should the government continue support of independence for Pakistan's Pushtoon areas, and (2) if so, should it build up its defensive strength. Implicit in the second is the necessity of establishing closer ties with the Soviet bloc.

Daud's statements to the assembly concerning unsuccessful efforts in the past to obtain American help on the Pushtoonistan issue suggest that he is trying to prepare the anti-Communist tribesmen to accept Soviet bloc aid. He will probably interpret even equivocal approval as committing the whole nation to his own extreme policy on Pushtoonistan.

If Daud obtains an endorsement from the tribal assembly, he will be susceptible to new Soviet offers when Bulganin and Khrushchev visit Kabul next month. He is, however, primarily interested in serving his own ends and has shown no desire to become a tool of Soviet policy.

The USSR has reportedly offered to take over the American-financed and constructed Helmand Valley development

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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

program and the Afghan government has requested Morrison-Knudsen, the American company working on the project, to ship all incoming equipment through

the Soviet Union. The traditional caution of the royal family as a group, however, makes it likely that the door will remain open to Western approaches.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

## PART II

NOTES AND COMMENTSRelations Between  
The USSR and Israel

Despite the serious implications for Israel of Soviet bloc arms shipments to Egypt, Soviet-Israeli relations have remained ostensibly correct though restrained.

Soviet spokesmen have sidestepped Israeli protests by justifying the arms deal with Egypt as a legitimate commercial arrangement available also to Israel under certain circumstances.

TASS and Izvestia have both denied, however, that the USSR has actually offered or intends to offer arms to Israel. A Polish broadcast on 23 October stated that if Israel had shown even "a minimum of independent policy," it could have obtained arms from the Soviet bloc just as Egypt has. Rumors stating that Moscow plans to sell arms to both sides remain unconfirmed.

Moscow is certainly aware of the bargaining power it possesses as a result of Israel's desire to obtain the necessary weapons to sustain itself and Israel's deep concern over the status of some two and a half million Jews inside the Soviet bloc.

There have been several hints to Israel by Soviet bloc spokesmen that emigration of these Jews might be permitted if Israel would abandon its pro-Western orientation. Soviet authorities have continued to encourage the Israelis by granting a few exit permits to elderly Jewish citizens who have relatives in Israel.

According to the Israeli minister to Rome, Foreign Minister Molotov told Prime Minister Sharett at Geneva that the sale of arms to Egypt was unimportant and that Israel should welcome the current Egyptian attitude because it was directed against the Baghdad pact. During the conversation, which was described as "heated," Molotov accused Israel of being a tool of the United States and an American base in the Middle East, an accusation which has also been emphasized in Communist propaganda.

Soviet accounts of the recent border clashes between Israel and the Arabs have been decidedly slanted to condemn Israeli aggression, and commentaries on the incidents inevitably imply that American policies are, in the last analysis, responsible.

Meanwhile, however, economic and cultural relations between Israel and the USSR are proceeding with little change. A trade agreement was announced on 3 November providing for an increase in trade under the two-year-old Soviet-Israeli barter arrangements.

Moscow probably considers its recent moves have enhanced its capabilities for influencing both Israel and the Arabs. A Moscow broadcast has noted that while foreign spokesmen have dwelt on the serious implications of the arms deal, no one has raised the question of convening the UN Security Council.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

French North Africa

The triumphant return of Sultan Mohamed ben Youssef to Rabat on 16 November, while apparently without any untoward incident, does not answer the all-important question of whether terrorism will end. The record high of 91 incidents of bombing and shooting registered during the week ending 11 November may either be evidence of continued nationalist pressure on Paris or may indicate that the moderate nationalist leaders have lost control to the extremists. The answer may not become apparent for several weeks. If violence continues, formation of a Moroccan government will be exceedingly difficult and negotiations for an agreement re-establishing Moroccan autonomy will be delayed.

The sultan will have to maneuver cautiously if he is to work successfully with the French government. Nevertheless, several nationalists who claim to have helped draft the sultan's speech which he will read on 18 November--anniversary of his enthronement in 1927--have cryptically suggested that he will take a tough nationalist line.

André Dubois, former prefect of the Paris police who has succeeded General Boyer de Latour as resident general, has informed American officials in Paris that ending terrorism will be his main problem. He said that he would work primarily through the new Moroccan government, and that he believed the key to the situation might lie in Ahmed Balafrej, secretary general of Istiqlal, who is now in Paris.

Meanwhile, prominent Istiqlal leaders have emphasized to American officials that they

will continue to seek firm assurances from France of complete Moroccan independence, but that they will accept independence by stages. The party will oppose a vaguely worded agreement, such as France concluded with Tunisia, and will insist on Moroccan diplomatic representation and autonomous armed forces.

The party is reported to have established three conditions for participation in a Moroccan government: (1) a minimum party representation of 40 percent, (2) approval of the prime minister, and (3) approval of the prime minister's detailed program. These demands probably represent the Istiqlal's maximum position, but the party leaders are aware of their strength and are not prepared to concede any point unnecessarily. The Istiqlal leaders are also aware of the pitfalls facing the sultan as he attempts to hold a middle course between Moroccan and French pressures.

The sultan has implicitly criticized the United States for recognizing his successor, Mohamed ben Arafa, according to the Spanish ambassador. When queried by a press correspondent concerning his attitude toward the American air bases in Morocco, the sultan replied that one of the first tasks of his government will be to find out what the "obligations are and discuss them with both parties." The fact that he was not consulted regarding the 1950 French-American base agreement has been a sore point with both the sultan and Moroccan nationalists. Even though the sultan indicated to a high American official in 1951 his satisfaction that the bases were being built, he may now demand more direct benefits

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CURRENT INTELLIGENCE WEEKLY SUMMARY

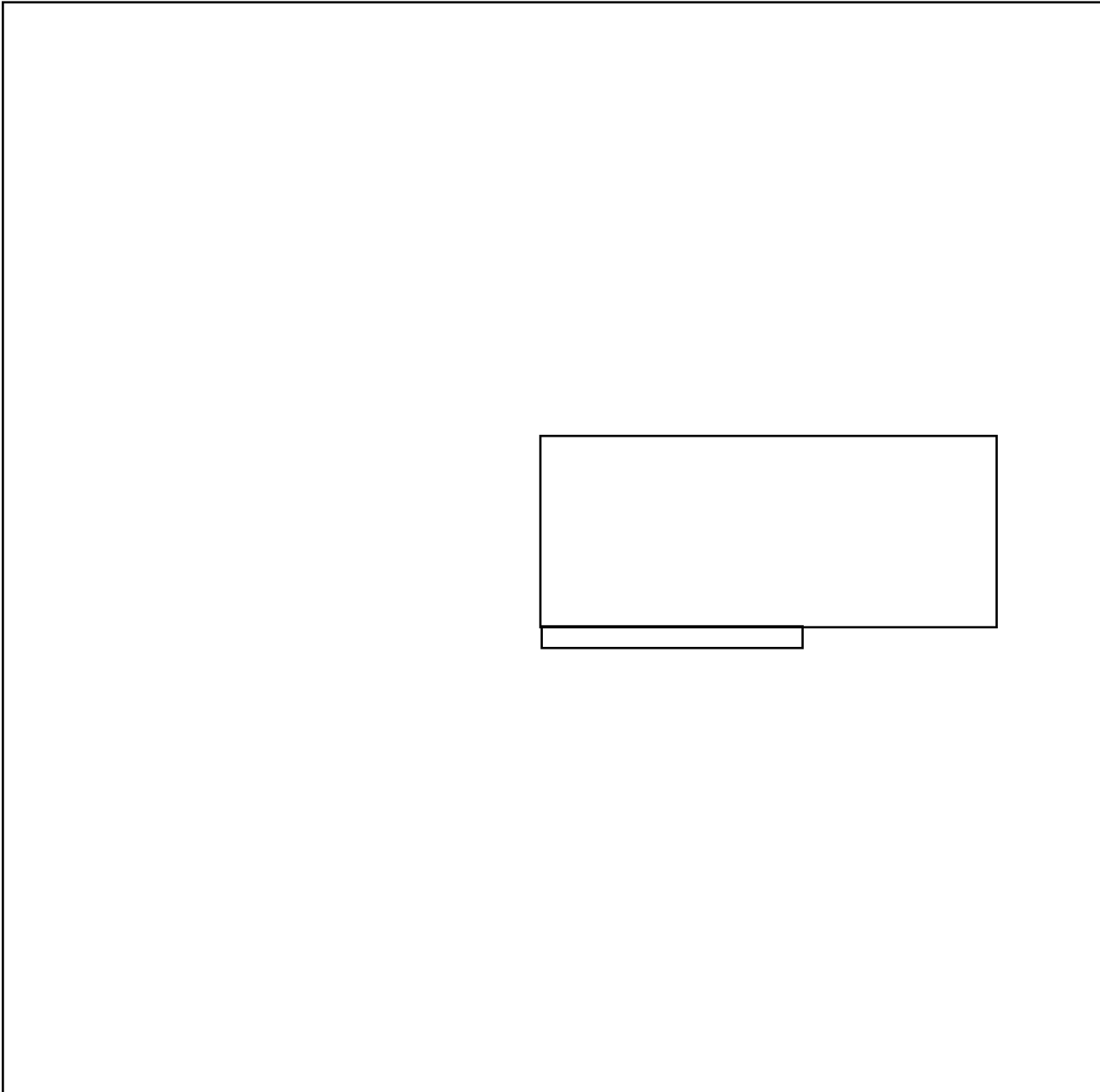
17 November 1955

for Morocco from the agreement. He can also be expected to demand that France transfer the bases and installations,

which under the 1950 agreement are the property of the French government, to Morocco.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

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Brazil

The government of interim president Nereu Ramos seems generally successful so far in its efforts to return Brazil to normal and ensure the inauguration in January of President-elect Juscelino Kubitschek--the purpose for which the coup of 11 November was apparently undertaken. Elements of instability remain, however, particularly among the military leaders who had sought Kubitschek's exclusion from office.

The coup was engineered by Gen. Henrique Teixeira Lott a few hours after he was dismissed as war minister by acting president Carlos Luz for attempting to discipline an anti-Kubitschek officer. Lott, a lifetime opponent of military interference in political affairs, defended this violation of the constitution by announcing that his purpose was to "defend the constitution," and he immediately proceeded to legalize his move by summoning a special session of Congress. Congress by a better than two-to-one majority confirmed Ramos, who, as vice president of the Senate, was constitutionally next in line of succession. Virtually all open opposition to the new Ramos administration shortly capitulated, and on 14 November Luz resigned his post as president of the Chamber of Deputies,

thereby eliminating his constitutional claim to the presidency.

Ramos, 66 years old, comes from an old and politically prominent family and has previously been governor of a state, vice president of Brazil (1946-1951), and president of the Chamber of Deputies (1951-1954). Although a member of Kubitschek's Social Democratic Party, he apparently supported another candidate in the presidential campaign. He is considered friendly to the United States.

In his first broadcast as acting president, Ramos stated that his "brief term in office will not permit any administrative accomplishments," adding that his work would be "fully dedicated to the re-establishment of an atmosphere of mutual understanding" among the political forces. It is generally assumed that this means he will work for Kubitschek's peaceful inauguration on 31 January.

Several of Ramos' new cabinet appointees had reportedly been under consideration by Kubitschek for similar posts in his own administration next year. The new foreign minister, José Carlos de Macedo Soares, also a member of a politically prominent family, emphasized his friendship for the United States

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17 November 1955

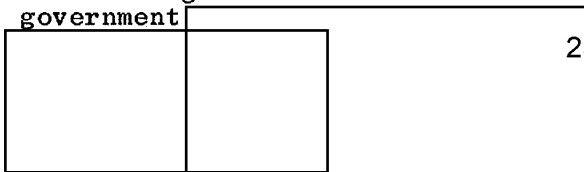
in his initial statement on taking office. The new labor minister, Nelson Omega, however, has often been critical of the United States and has lent his name on occasion to Communist-front activities. Like Vice President-elect Joao Goulart, Omega is prominent in the Brazilian Labor Party and has on occasion staunchly defended Goulart, who was ousted as labor minister by military pressure in 1954 for attempting to build a political labor force with Communist co-operation.

Although calm and order apparently prevail, tensions are expected to continue for the remainder of Ramos' term and on into the Kubitschek administration. The elements of underlying instability, reflected in the maintenance of press censorship, are both constitutional and military. The legal president of Brazil is still Cafe Filho, who is merely on leave recuperating from a heart attack and who is thus technically entitled to resume office at any time before Kubitschek's inauguration.

A second threat is the continuing disaffection of

many important military leaders. Those in command of the important district of Rio Grand do Sul have not yet announced their allegiance to the Ramos government

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The Communists are also a source of potential difficulties for the Ramos government. Written instructions reportedly were given to all party units on 11 November to support General Lott's move by all mass actions possible, and party members in the armed forces were ordered to be ready to divert arms "to the people" in case of resistance from anti-Lott forces. Party press manifestoes on 12 and 13 November also called for support of Lott.

The police on 12 November, nevertheless, announced the arrest of 10 Communists for holding street-corner meetings and distributing propaganda.

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Argentina

The new Argentine government of General Pedro Aramburu, which came to power in the bloodless coup of 13 November, probably has much broader support than its predecessor among both the armed forces and civilian groups. Aramburu, who took over on the ground that the ultranationalist Catholic elements were

becoming dominant in the Lonardi government, is generally regarded as both able and pro-US.

The coup was precipitated by ex-president Lonardi's naming of two extreme rightists to replace the highly respected and democratically inclined Dr. Eduardo Busso in

**SECRET**

**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

his dual post as minister of interior and justice. This move, following several days of growing dissension in the Lonardi government over how to deal with ex-Peronista leaders, unified the armed forces against Lonardi. It also provoked the resignation of all but two members of the National Consultative Council, the advisory body serving in lieu of congress and composed of members of all political parties except the Peronistas and Communists. Subsequently the council resignations were withdrawn on Aramburu's request.

Aramburu was army chief of staff under Lonardi, having risen to the rank of major general

Most of the other top officials in that government, notably the rightists, have been replaced, while Busso has been reinstated in the cabinet.

Aramburu is reported to have the "full support" of the armed forces and of democratic organizations. The unity of the armed forces will be severely strained, however, if the government carries out a radical purge of the military in its efforts to shatter all sources of former Peronista strength. Younger military officers are reported pressing for a public investigation and drastic purge of officers

who served under Peron as well as stronger measures against the Communists and the Peronista-dominated General Confederation of Labor (CGT).

The government moved to crush the CGT on 16 November by putting a government administrator in charge of the confederation until new union elections are held. This action and other firm measures were prompted by the general strike called on 15 November by the CGT to protest the confederation's loss of control over various unions. Troops were called out to maintain order and protect the large numbers of workers who remained on the job. In consequence, the work stoppage even in Buenos Aires was estimated at about 50 percent effective and concentrated in the industrial area, while commerce and public services were scarcely affected.

Communist aggressiveness and propaganda activity have increased considerably in recent weeks. On 7 November the police had difficulty in dispersing a surprisingly belligerent crowd of some 4,000 people who staged a demonstration near the center of Buenos Aires following a Communist party meeting to commemorate the Bolshevik revolution.

The Communists have also stepped up activity among university students and probably labor, although their precise influence in the CGT is not known. Since the lack of concrete measures against the Communists was one of the military's complaints against Lonardi, the new government will probably give higher priority to formulating an anti-Communist program.

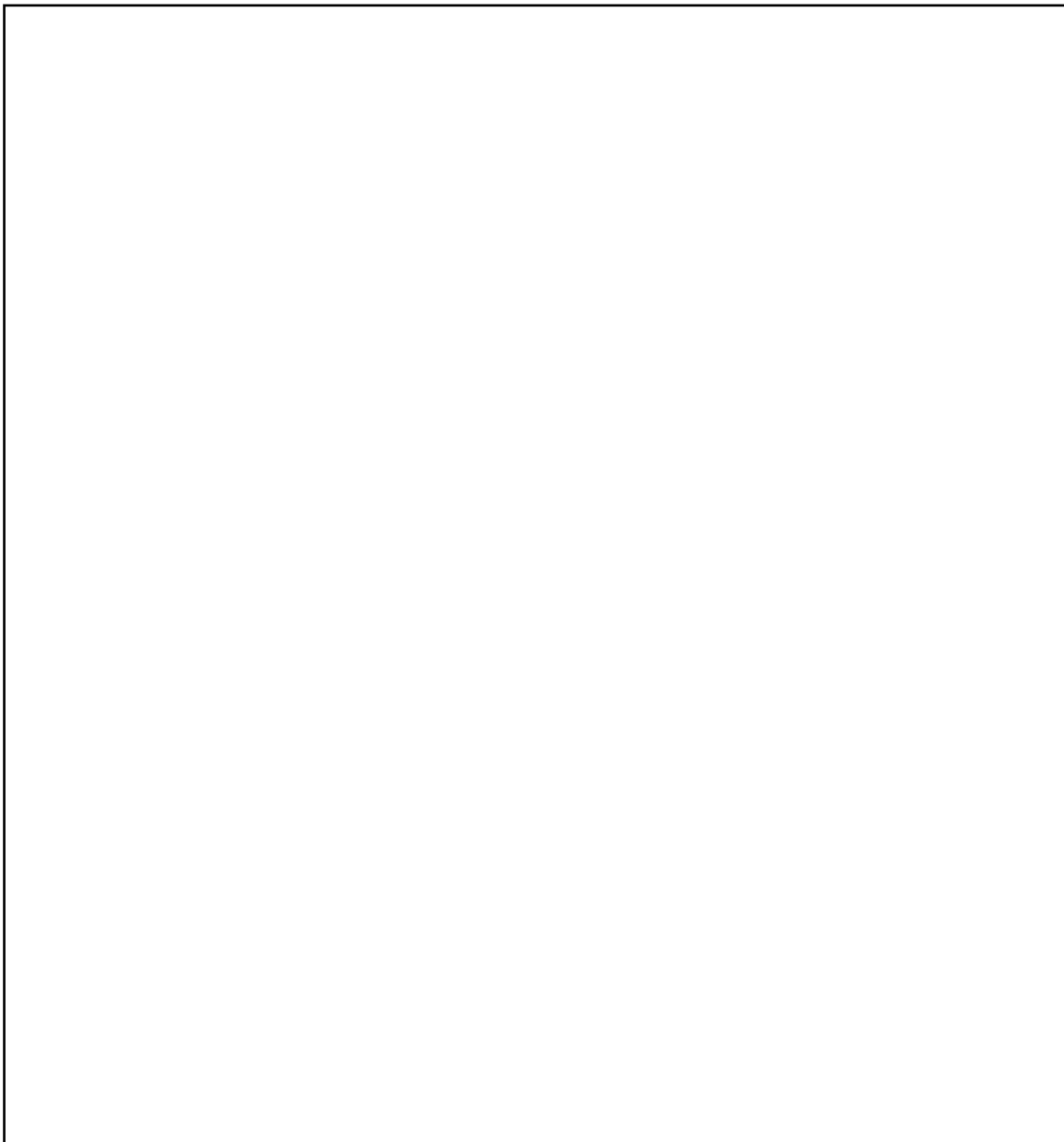
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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

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Japanese Conservative Merger  
Brightens Government's Prospects

The formation of the Liberal-Democratic Party on 15 November by the merger of the former Democratic and Liberal Parties gives the Japanese government a strong parliamentary majority and improves the prospects for a stable regime. The merger of the two conservative parties

necessitated a difficult compromise on the party leadership question, however, and this issue may well continue as a diversive factor.

Under present plans, Hatoyama will continue as prime minister for the time being, and

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

a new party chief will be elected next spring, at which time the Liberal-Democratic position at the national and local level will be consolidated. In the interim, party affairs will be directed by a committee composed of Hatoyama, former Liberal Party president Ogata, and senior party leaders Bukichi Miki and Bamboku Ono. Apparently Hatoyama will concern himself primarily with government administration while Ogata manages party affairs in anticipation of his succession to both party and government leadership.

The primary objective of the new party is to counter the rise of the Socialists, and only after its position is consolidated will a popular vote of confidence be sought in general elections.

Although former prime minister Yoshida has refused to join the party, promises of cabinet and party positions and reluctance to stay off a successful bandwagon have persuaded practically all of his faction in the Liberal Party to go along with the unity move.

The government, with the backing of 298 members of the 467-member lower house of the Diet, is facing the extraordinary Diet session opening on 22 November with confidence. Plans call for Hatoyama and his cabinet to resign on 21 November, for Hatoyama to be re-elected prime minister the following day, and for his third cabinet, which reportedly will include seven former Liberals and nine former Democrats, to be formed immediately thereafter.

The new government is expected to adopt the stronger policies of the old Liberal Party in negotiations with the USSR and the settlement of reparations to the Philippines. There is a good chance that Shigemitsu will be retained as

foreign minister to emphasize the party's friendship for the United States and firmness toward the USSR. The new party's announced policy toward the Soviet Union includes demands for the immediate repatriation of Japanese detainees, the unconditional return of Shikotan, the Habomais, and the southern Kurils, and the calling of an international conference to settle the status of the northern Kurils and South Sakhalin. The new government may not adhere to this policy, however, and Tokyo may still come to an agreement with Moscow on the latter's terms.

The new government is not likely to alter the present policies of permitting and encouraging the development of contacts with Communist China, since sentiment for closer relations with the Communist mainland enjoys long-standing and widespread support in Japan.

The conservative amalgamation is a significant step toward political stability in Japan and should permit the government to devote primary attention to the country's pressing economic, defense and foreign relations problems. The generally conservative Japanese outlook suggests that the new government will move to improve the domestic security situation but is unlikely to speed up rearmament and constitutional revision to legalize military forces. Tokyo also will probably continue to assert increasing independence in dealing with the United States.

The ties binding the conservatives have yet to be tested and the competition for leadership could disrupt the alliance. The traditional tendency of Japanese politicians to give their loyalties to individuals rather than to party organizations will also be a continuing threat to the new-found unity.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Chinese Road Construction  
In Tibetan Areas

Since 1950 the Chinese Communists have been engaged in an extensive highway construction program designed to link Tibet with China proper and to extend their political administration into areas never before controlled by a Chinese government. The concurrent extension of roads along the Himalayan frontier has important strategic implications for India. The new roads built this year in Tsinghai support important Chinese geologic exploration.

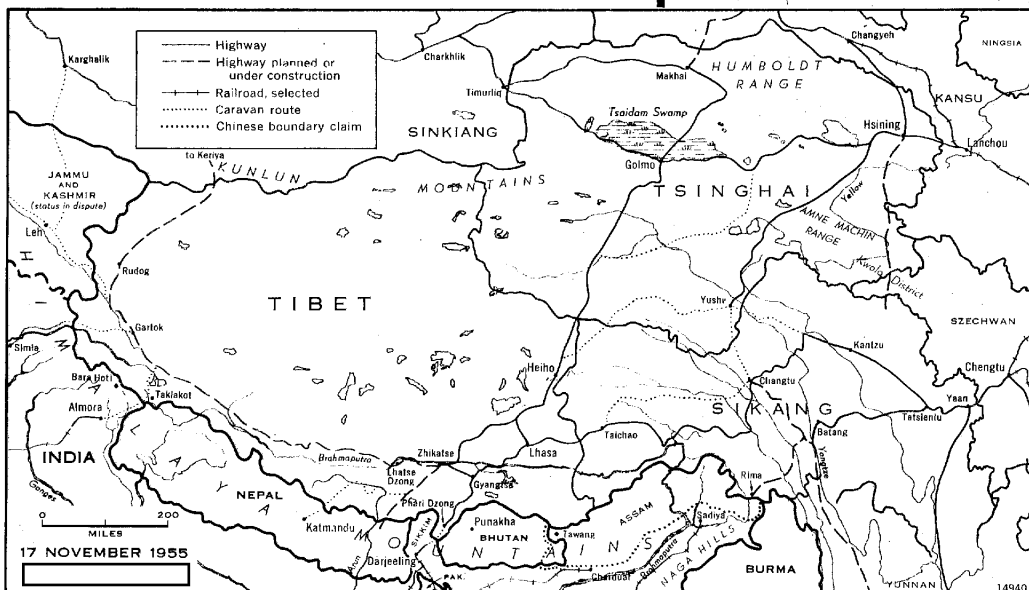
Completion of both the Sikang-Tibet and Tsinghai-Tibet roads in 1954 was a major achievement by the Chinese and provided Tibet with motor-transport links to the outside world for the first time. Maintenance of these key roads has been a major problem this year, when the monsoon season was unusually severe and there were a number of washouts and landslides.

New construction in Tibet this year has been concentrated in the area of heaviest population. A triangular road system linking the three largest towns --Lhasa, Shigatse, and Gyangtse --was announced completed by Peiping on 1 November. In conjunction with this project, a new steel bridge was built across the Lhasa River, while another, the first to be built across the Brahmaputra River in Tibet, is under construction.

The Chinese have also been making a motor road out of the main caravan trade route from Lhasa to the Indian border via Gyangtse and Phari Dzong. This project is nearly completed, and the Chinese soon intend to extend a motor road from Shigatse down an old caravan route along the Arun River valley to Nepal. The steady Chinese expansion of roads in the vicinity of the Indian and Nepalese boundaries seriously concerns New

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**Tibetan Road Development**



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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Delhi, whose frontier area appears vulnerable in the face of unrest among border tribes and a separatist "Naga Independence Movement" in Assam. Recent confusion over the western Tibetan-Indian frontier in the vicinity of Bara Hoti has resulted in Sino-Indian discussions of exact boundary alignment. In the meantime, India has moved military forces into border areas which it considers its own, such as Tawang near Bhutan, in proximity to Chinese garrison forces in Tibet.

On the northern Tibetan plateau in Tsinghai Province, extensive Chinese geologic prospecting in the Tsaidam Basin has been accompanied this year by important road construction. The Chinese claim the area is rich in a wide variety of mineral resources, and petroleum exploration in particular has received great publicity. Along the northern and southern edge of the basin, two 500-mile east-west roads have been developed from caravan routes linking Sinkiang

with the main Tsinghai-Tibet highway. In addition, a new 600-mile road is being constructed north from the Tsaidam across the rugged Humboldt Range to the Yumen oil fields.

The degree to which the Chinese are extending their control into remote areas of Tibet is illustrated by the construction of a new 125-mile road from Sining into the Kwo Lo district east of the Amne Machine Range. This region, at the headwaters of the Yellow River, had not been subjected to Chinese control prior to 1950 and is the location of warlike and independent nomadic Mongol tribes which until the advent of Communist rule retained their 13th century organization established by Genghis Khan. Along all these important new roads Chinese semimilitary settlements have been established and the influx of thousands of Chinese settlers for the first time in Tibet will have lasting effects on the area.

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Philippine Election Results

The Nacionalista Party's sweeping victory in the Philippine elections last week was a reflection of the continuing high popularity of President Magsaysay and of popular support for his pro-American policies. The Liberal Party was virtually eliminated from the Senate.

Of the nine Liberal candidates for the Senate, only Senator Recto--the president's archcritic who ran as a "guest" on the Liberal ticket--managed to win a seat. He made a poorer showing, however, than

had generally been expected and his influence has undoubtedly been diminished. In the province, the Nacionalistas won all but a handful of the 52 governorships.

Despite this Liberal debacle, the Philippine Congress will not be a rubber stamp for the president's programs. The powerful Senator Laurel, who actively campaigned for Recto, has announced that he will lead the opposition in the new Senate, thus clearly indicating that the Nacionalista "old guard" will continue to obstruct

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

the adoption and implementation of Magsaysay's program.

The Laurel opposition will provide a focal point for Philippine legislators of both parties who give only lip service to the reforms advocated by the president. The Laurel-Recto team may eventually form the basis for a new opposition party which would probably advocate a loosening of the close Philippine-American relationship. At present, however, Laurel and Recto can count on the occasional support of not

more than a half-dozen senators; they have a larger following in the House of Representatives, of which Laurel's son is speaker.

The elections have placed Magsaysay in an almost unchallengeable position to retain the presidency in 1957. Any significant progress in the carrying out of his program, however, will require more effective utilization of presidential authority than has been the case in the past. [redacted]

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Laos

Political efforts by the Laotian government to regain administrative control over the two northern provinces of Laos are apparently being supplemented by plans for armed action should political means fail. Although similar plans have been canceled in the past because of disagreement among government officials, it is probable that there will be less reluctance to launch a campaign after the December election if the talks with the Communists break down as is expected.

The government is going ahead with plans to hold the national assembly elections on 25 December without Pathet Lao participation. Of the 235 candidates for the 39 seats at stake, only three or four are believed to be Pathet Lao supporters. The two major Laotian parties--one headed by Premier Katay, the other by the foreign minister--have formed a coalition in an at-

tempt to ensure the defeat of any pro-Communist candidates. It is possible that a government reorganization will follow the elections and that this will affect plans for military action.

A military campaign in the north would raise severe logistic and command problems stemming from terrain and communications difficulties. The government now has about 5,000 troops in Phong Saly and Sam Neua Provinces, most of them in isolated outposts. Reinforcement of these troops could be achieved only with difficulty and would further aggravate the present air-supply problem.

The Pathet Lao force in the two northern provinces, which receives political and military direction from the Viet Minh, now numbers about 6,300 and could be reinforced by up to 18,000 Viet Minh troops in the Laotian border area.

The royal government may be counting on American or

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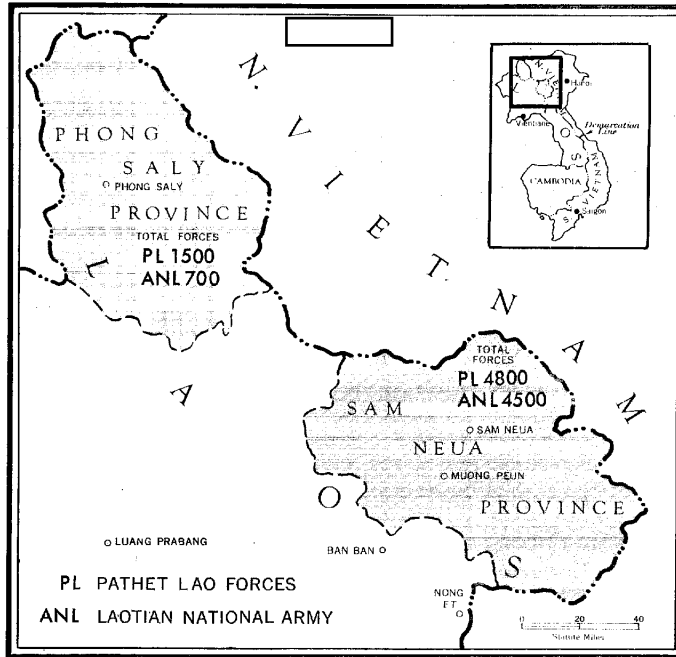
## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Manila pact resources for support in any armed action. It has already urgently requested additional aircraft from the United States for use in supplying the royal forces in the north. It is also showing increasing interest in Manila pact developments.

Meanwhile, Premier Katay has cited the futility of continued negotiations with the Pathet Lao and has requested the International Control Commission to refer the question to Britain and the USSR as cochairmen of the 1954 Geneva conference. However, when Molotov and British foreign secretary Macmillan met in Geneva on 14 November on the Vietnam problem, Molotov re-

PATHET LAO AREA - NORTHERN LAOS



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portedly put off any discussion of Laos with the excuse that talks there were still in progress.

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### Discontent Grows In East Germany

Popular discontent in East Germany has deepened in recent months, particularly among young people who fear they will be absorbed into a new army. Loss of hope and fear of the future are a major cause of the substantial flow of refugees to the West, which in October reached the highest point for such defections since June 1953.

The flood of refugees has recently been given further impetus by the growing feeling among the people that the transfer of Soviet responsibilities for border control to East Ger-

many has brought new restrictions and that greater restrictions can be expected. Other reasons given by refugees for fleeing East Germany are food shortages and the pressures of "socialization," such as increased work norms, forced participation in political activities, anti-church measures, and police surveillance.

A major factor affecting popular morale, which will become more important during the winter months, is the deterioration of the food situation. Demonstrations protesting the food shortages were reported

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

in October from Karl-Marx-Stadt, Cottbus, and Erfurt. The poor 1955 potato crop in East Germany and Poland, the major source of East German imports, will result in a serious shortage of this staple food during the winter and spring.

Premier Grotewohl, in a speech at the 25th plenum of the Socialist Unity Party on 25 October, blamed the potato shortage on poor administration (presumably transportation and distribution), the lack of manpower on the farms and incentives to the farmers, weather conditions, and late harvesting. In an effort to stimulate the marketing of agricultural products, the regime decreed on 12 November that, as of 1 January, peasants will be permitted to sell more produce on the free market.

There have also been reports of opposition to the signing of pledges not to enter West Berlin as well as to Communist demands for pledges of extra work. In addition to these forced pledges, East German workers in a number of industries are burdened with increased work norms imposed by the regime as part of its economy drive. These increases may be based on an as yet unpublished decree which was reportedly adopted last May and which provides for wage reductions and higher work norms.

Persistent efforts by the regime to force young men into military service have resulted in their demoralization. Many youths have been especially fearful of the prospect of forced military service since the passage of the constitutional amendment on 26 September permitting military activities. This amendment is popularly regarded as a prelude to conscription. A number of East German leaders, moreover, have in recent weeks publicly referred to the government's military obligations under the Warsaw pact and the need for an army now that East Germany is a sovereign state. East German youth leaders were instructed in early October that all youths must have it drilled into them that their interests lie in East Germany, and that only through military service can they protect and defend these interests.

The expected formal announcement of a national army, even though it may not entail immediate steps to institute conscription, will probably cause further deterioration of popular morale.

Rather than resulting in serious demonstrations against the regime, however, the popular discontent will probably result in a continuation of the unusually high rate of escape to the West this fall and winter.

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French Election Situation

Premier Faure is still pressing for National Assembly elections as soon as possible,

but he now has little chance of forcing balloting before January. In any event, his tenure

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

will be short. His coalition is deeply split, and his dependence on Communist backing in recent assembly votes on the election issue precludes his retaining the premiership unless early dissolution of the assembly is voted.

A wearied assembly turned down Faure's proposal to continue in session through the early hours of 17 November. When it reconvened later in the morning, it agreed to consider the Council of the Republic's plan for single-member constituencies. December elections would not be possible under this measure, which requires a runoff vote if no candidate wins a majority on the first ballot.

Despite indications that the single-member constituency plan is gaining favor in the

assembly, there is no assurance that it will be accepted. Many who profess to favor it may vote against it if passage seems likely, because it could prevent their re-election. Opponents of early elections and opponents of the single-member system may combine efforts to drag out the debate.

Those conservative deputies who fear for their fortunes under the single-member system may be induced to support it, however, if the compulsory voting measure put through the assembly on 16 November becomes law. Compulsory voting would help the conservatives. The parties of the left, being better disciplined, have always had an advantage in getting their voters to the polls.

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Hungarian Government  
Shifts Domestic Political Tactics

Major policy statements and personnel shifts in the Hungarian hierarchy during the past week signify a shift to more moderate party tactics in Hungary. Such tactics will bring the Hungarian party more in line with current Soviet policies and probably reflect First Secretary Rakosi's success in restoring party discipline and control. This has been the problem of highest priority since the removal of Imre Nagy from the premiership on charges of "rightist deviation" last April.

An attack against left-wing extremism was initiated, with Rakosi's approval, by politburo member Istvan Kovacs in the principal address at the Budapest commemoration of the October Revolution on 6 November.

Kovacs indicated that the main offense will continue against right opportunism, but that left-wing deviationists who are injuring party policy by "forcible administrative methods" must be checked.

On 10 November the central committee of the party announced that three district leaders had been expelled from the party and "other people called to account for using methods alien to the party and violating socialist legality." From the published criticism of those expelled, this action appears to be an implementation of Kovacs' threat against leftist elements.

Following a central committee meeting from 9 to 12 November, the party announced a number of personnel shifts which

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

also appear to be steps to implement this tactic. Kovacs, who in the past has frequently attacked excesses in both the right and left wings, was elected to the secretariat of the central committee. At the same time, Janos Matolcsi was transferred from the secretariat to become minister of agriculture, replacing Ferenc Erdei, who was elevated to deputy premier.

While this shift does not portend a basic change in

agricultural policy, the transfer of a party operative like Matolcsi may indicate a desire for closer and more active party supervision of agriculture. The elevation of Erdei, a former secretary general of the Peasant Party, represents an encouragement to the moderates. These changes, while indicating a moderation in Hungarian domestic policies, probably will not result in a basic re-orientation.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

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INDIA NEEDS OUTSIDE AID TO CARRY OUT FIVE-YEAR PLAN

Hard pressed to make a success of its second Five-Year Plan for developing the Indian economy, the Nehru government has recently expressed renewed friendliness toward the United States, but will probably seriously consider any new offers of economic assistance from the Soviet bloc.

India's history since 1947 has been one primarily of frustrations and disappointment. Politically, the Congress Party's popularity has deteriorated and the government has been subjected to growing criticism. Economically, the Congress Party government has been unable to demonstrate to the satisfaction of the Indian people that it is achieving a real improvement in the standard of living.

Internationally, Nehru's ambition to make India an important world power and to lead the nations of Asia has been hampered by the constant diversion of his attention to domestic political difficulties, transportation crises, and food shortages.

Economic Difficulties

By late 1954, Congress Party leaders recognized the need for revitalization and

actively began to tighten the party structure.

Following Nehru's visit to Communist China in October, however, it became clear that political steps were not enough and that economic problems would have to be tackled more intensively than under the first Five-Year Plan if the Congress Party was to maintain control of India and if India were to compete successfully with China for leadership in Asia.

In January 1955, therefore, the Congress Party formalized Nehru's plan for rapid advancement through socialization of the Indian economy.

In April, P.C. Mahalanobis of the Indian Statistical Institute produced a draft second Five-Year Plan to implement the Congress Party's program. Under this plan, which apparently had Nehru's blessing, private industry was assigned a distinctly subordinate position.

Subsequently, however, certain government officials, independent economists, and representatives of private industry pointed out numerous practical difficulties which had been overlooked by the government and Mahalanobis in their planning.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

By midyear, New Delhi apparently saw that it was faced with the dilemma of raising considerably more funds than it could see any likelihood of doing, or of drastically altering the scope or contents of the plan. Otherwise, the second Five-Year Plan would fail--possibly to a greater extent than the first plan which ends in 1956.

Need for Foreign Aid

The combination of these factors seems to have produced a sense of urgency on the part of Nehru and his government and acknowledgement that their ambitions could not be fulfilled without large quantities of foreign aid. By July, Indian officials were informing the American embassy in New Delhi that they were thinking in terms of obtaining such aid.

In September, the Indian government let it be known that it was prepared to adopt a new, friendly attitude toward the United States, presumably in return for increased economic assistance. V. K. Krishna Menon startled observers by publicly supporting the United States. Since then, there has been continuous comment from a wide variety of sources about India's need for large quantities of foreign aid and about the

desirability of improved relations with the United States. These sources have since October included Madame Pandit, Indian peasant leader N. G. Ranga, and a series of obviously inspired newspaper articles in both the Indian and American press.

At the same time, India is probably prepared to accept Soviet bloc aid as well. New Delhi has never been opposed to Soviet and Satellite offers of trade and technical help, though politically it is reserved in its attitude toward the bloc. Its reluctance prior to 1954 to deal with the Soviet Union resulted from the latter's failure to follow up economic propaganda with actual deliveries. Moscow, since 1954, has demonstrated a new willingness to make and fulfill commitments, and Soviet bloc offers are certain to receive serious consideration by the Indian government.

Delay or failure by the West to respond to current Indian overtures would probably increase India's willingness to accept substantial Soviet aid, particularly if generous terms were offered. Bulganin and Khrushchev will almost certainly make such offers during their visit to New Delhi. 25X1

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YUGOSLAVIA MAINTAINS BALANCED POSITION BETWEEN EAST AND WEST

Following the rapid improvement in relations with the Soviet bloc during the past summer, Yugoslav leaders are trying to restore balance to their international position.

Belgrade has again adopted a friendlier attitude toward the West as a counterweight to its more favorable comments about and actions toward the Soviet bloc in recent months.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Relations with the West

President Tito's talk with Secretary Dulles on 6 November and the pleasure expressed by the Yugoslav press over the visit constitute the clearest public expression of an improved Yugoslav attitude toward the West. Tito was cordial, and the talks generally friendly and understanding. On the two subjects on which the Yugoslavs have been most clearly anti-West in the past, the German and Middle Eastern problems, Tito expressed moderate views, suggesting increased sympathy for Western policy aims.

Late in September, Belgrade leaders made a number of concessions in negotiations with Deputy Under Secretary of State Murphy. Belgrade agreed to an increase in the size of the American Military Assistance Staff, and top defense officials promised to make themselves more accessible to Americans and to answer requests for information more promptly. It remains to be seen to what extent Yugoslavia will actually follow through on these assurances, some of which involve questions in vigorous dispute for nearly a year.

As a step toward revitalizing Balkan co-operation, Yugoslavia reportedly agreed at a military conference with Greece late in September to joint construction of border fortifications. Belgrade officials have told American representatives that they regard as very unfortunate the deterioration in Balkan pact relations caused by the Cyprus problem and would like to do anything in their power to restore confidence among the three Balkan states.

There are, however, a few unsettled questions which are potential trouble spots in Yugoslav-Western relationships. Yugoslav officials have shown considerable disappointment over the failure to obtain a loan

from the Export-Import Bank for the Majdanpek copper mines, long a pet Yugoslav project. Also, Belgrade's long-standing request for American, British, and French aid in obtaining a re-scheduling of all its medium-term foreign debts has not been formally acted on.

Relations with the Soviet Bloc

Yugoslav relations with the Soviet bloc reached a high point with the signing on 1 September of the fairly comprehensive economic agreements with the USSR. Delegations of all descriptions are being exchanged by Yugoslavia and the bloc countries in increasing numbers. The press on both sides has been replete with stories of progress observed by these visitors and with professions of fraternal friendship and good will, although not all of the Yugoslav stories are uncritical.

While it seems probable that the high-ranking Communists in some of the Yugoslav delegations have taken the opportunities afforded by such visits to discuss theoretical problems with Soviet bloc Communists, there has been no evidence of any formal contact between the Yugoslav party and that of any bloc country. Belgrade continues to call for exchange of ideas and experience among all "socialists," but it apparently remains firmly opposed to any association which would jeopardize its independence.

The major unsettled question in relations between Belgrade and the Soviet bloc is that of economic obligations unfulfilled at the time of the break in 1948. Yugoslavia has made no progress in obtaining satisfaction from the satellites on its debt claims. Yugoslavia may also become disillusioned with the Soviet bloc if there continues to be little evidence of Soviet action to carry out the Belgrade declaration of 2

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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

June which sanctioned independent roads to socialism. Yugoslav leaders still profess hope for eventual liberalization and independence in the Satellites, an idea reaffirmed by Tito in his comments to Dulles.

Yugoslav Motives

Yugoslavia's recent efforts to balance its foreign policy by increased friendliness toward the West appear to be based on the belief that its best interests lie in steering a course of comparative independence of either the East or the West, while seeking whatever ties may be possible with other countries unattached to the two power blocs. Belgrade has carefully sought not to follow any policies which could seriously jeopardize its relations with either the East or the West.

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Soviet requests for strategic goods.

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The theme of the lengthy review of Yugoslav foreign policy given by Yugoslav foreign secretary Popovic before the Federal Assembly on 11 November is that Belgrade was more than satisfied with the success of its foreign policy and anticipated no significant change in present objectives.

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CHINESE COMMUNIST ECONOMIC AGENCIES DEVELOP ON SOVIET PATTERN

The number of agencies for enforcing economic controls continued to increase in Communist China in 1954 and 1955 as various sectors of the economy developed and as China increasingly modeled its economic and political institutions after those of the Soviet Union. Many such Chinese offices closely resemble Soviet prototypes, and the Soviet practice of creating new agencies by subdividing old ones is also being followed.

The large numbers of Soviet advisers assigned at all levels

from the State Council--China's equivalent of the Council of Ministers of the USSR--down to individual plants have contributed greatly to the Soviet cast being given to Chinese manufacturing and productive processes, management and control techniques and planning procedures.

There is no evidence of regular Soviet participation in major economic planning decisions, but the USSR may well have decisive influence on policies dependent on Soviet aid.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

17 November 1955

Organization of the Economy

Communist China's economy is formally controlled by two commissions, four specialized agencies and 26 ministries--all directly responsible to the State Council. There were only 13 economic control agencies in early 1951.

The State Planning Commission is the key economic control body. It must resolve conflicts between other economic agencies over the scarce resources of capital, raw materials and skilled labor. Its Bureau of Technical Co-operation probably administers the vital program of technical aid from the USSR and the European Satellites.

Probably the major reason for the creation in September 1954 of a State Construction Commission was the need for co-ordinating the activities of the numerous construction units of the various industrial and transport ministries, local government enterprises, military units, and the Ministry of

Building. A recent announcement said there were 183 civil engineering construction bureaus, 8 installation bureaus, 50 designing units, and 178 other enterprises engaged in construction work in Communist China.

New Ministries Formed

The new ministries formed in the past year and a half reflect trends toward increasing specialization and centralized control. Future expansion of the economic control mechanism probably will involve the further subdivision of key industrial ministries to reflect the growth of the economic sectors under their control. For example, in June 1955 the Ministry of Fuel Industry was split into three ministries controlling the coal, petroleum and electric power industries.

The new Ministry of Local Industry and the Ministry of the Third Machine Building Industry control industries operated by provincial or local governments. The Ministry of

**CONTROL OF COMMUNIST CHINA'S ECONOMY**Economic Agencies Under the State CouncilCOMMISSIONS

State Planning Commission  
National Construction Commission

SPECIALIZED AGENCIES

State Statistical Bureau  
People's Bank of China  
State Bureau of Measures  
& Standards  
Central Handicrafts Administrative  
Bureau  
Civil Aviation Bureau  
Central Industry & Commerce  
Administrative Bureau

MINISTRIES

Agriculture-Agricultural Procurement-  
Building Construction - Coal Industry-  
Commerce - Communications-  
Electric Power Industry - Finance-  
Food - Foreign Trade - Forestry-  
Geology - Heavy Industry - Labor-  
Light Industry - Local Industry-  
First Machine Building - Second  
Machine Building(Defense Industries)-  
Third Machine Building (Local  
Enterprises)-Petroleum Industry-  
Posts & Telecommunications -  
Public Security-Railways-Supervision-  
Textile Industry - Water Conservancy

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

Agricultural Products Procurement, formed in June 1955, appears to have been set up in response to the urgent need for a more comprehensive control over grain supplies than was provided by the Ministry of Food.

Important economic control functions are handled by the Ministries of Public Security and Supervision which act as watchdogs over the economic agencies to combat inefficiency and mismanagement. The Chinese Communist Party maintains tight control over the economy through the placement of party members in key posts within the government hierarchy and in all important industrial installations.

Administrative Weaknesses

Certain administrative weaknesses are suggested by Chinese press and radio complaints of waste, inefficiency and mismanagement. Accounting and statistical techniques are still deficient, though improving. There appears also to be considerable duplication and an overelaborate hierarchy.

Political reliability rather than technical and administrative ability has often been the criterion for appointment to important posts, with the result that incompetent party members hold many critical positions. With a shortage of trained managerial personnel, the Communists have substituted quantity for quality at executive levels. Much waste and inefficiency can also be traced to wholesale adoption of Soviet techniques, which are often not intelligently adapted to special Chinese conditions.

In spite of these weaknesses, the progress made by the Chinese Communist economy to date in industrial production and construction, the efficiency of taxation policies, and the apparent success in controlling inflation, are evidence that the system is increasingly developing an ability to provide the strong controls required for the ambitious development program set by Communist China's leaders.  (Prepared by ORR)

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MAJOR REVISIONS IN THE SOVIET SCHOOL SYSTEM

The Soviet Union has recently introduced major changes in its educational program in order to adjust the school system--now approaching universal ten-year schooling--to meet the basic needs of the state. Formerly geared to preparing a select few students for higher education, the secondary school program is now being oriented primarily toward preparing students to go directly to work after graduation. Greater stress is being placed on scientific subjects than previously, and extensive practical training has been introduced.

These changes are steps in the gradual transition of the general school system to one capable of providing all Soviet youth with a ten-year polytechnical education which will not only prepare students for university training but will also impart the skills required by workers in a highly industrialized and complex economy.

Rise in Number of Students

The limits of compulsory education have gradually risen in the USSR from four years schooling in the 1930's to seven years since the war, and

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

considerable progress has been made toward the goal of making ten years universal by 1960. The number of graduates from ten-year schools increased from 428,000 students in 1952 to 880,000 in 1954, and apparently over 1,000,000 graduated in 1955.

With the rapid expansion in the number of ten-year school graduates, the existing school curriculum became increasingly less suitable.

In the past, the program had been geared to prepare the most capable students for higher education and therefore offered a basic and thorough academic fare. Since secondary schools including grades eight to ten were then limited in number, there was stiff scholastic competition for entrance into the last three years, and only the most talented students were admitted. Only 9 percent of the children in the RSFSR who entered school in 1942 graduated from complete middle school in 1952. Nearly all of them could enter a higher educational institute. The vast majority of students, on the other hand, were forced to leave school at the end of the seventh grade. They were either directed into the labor force immediately or entered some vocational program, a tekhnikum with courses from two to five years, or factory apprentice courses.

The number of graduates from the ten-year school has now far outstripped university facilities. Two thirds of the graduating class of 1954, though scholastically and psychologically prepared for college, could not be admitted. It was not the intention of the regime, however, to have these students obtain a higher education since the primary need of the government is for a large number of people with practical technical training which can be applied to the immediate needs of the economy.

Curriculum Modified

The regime, therefore, rejected the idea of significantly expanding the higher educational network to accommodate these graduates and instead began to emphasize technical training and preparation for work rather than college.

The previously stringent academic program was modified and a larger proportion of time is being devoted to basic science and manual training, while literature and the humanities receive shorter shrift. The amount of text book material in courses such as literature, history and geography was reduced, in some cases by as much as 25 percent. Biology, physics and chemistry texts, however, were affected to a lesser degree, and the reduction was compensated for to a large extent by increasing the number of hours devoted to these subjects. In the 1955-1956 school curriculum, 561 hours previously allotted to subjects in the humanities group are given over to math, physics and natural sciences. Study of humanities will now comprise only 47 percent of the total ten-year curriculum.

Polytechnic Training

The most radical change in the school program has been the introduction of so-called "polytechnic" training. A modest start was made in 1954, and this year manual training has been extended to all grades. In the last three grades several hours a week are being devoted to on-the-job group training. Students will study agriculture, mechanical science or electrical technology, with the aim of acquiring knowledge of and ability to handle basic machines and instruments used in industry and agriculture.

By combining theoretical training with its practical application to present-day industry, it is hoped that students

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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 November 1955

**CONFIDENTIAL**

will be better equipped to enter the labor force directly upon graduation. According to Soviet educational spokesmen, such changes as have been introduced thus far are only the first step in a long-range program aimed at full-scale conversion to polytechnic education.

Time taken away from classroom study for practical training is made up by extending the school term by periods ranging from nine weeks in the primary grades to two weeks in the upper grades. With the additional hours devoted to science

and the lengthening of the school year, the schools will be able to cover approximately the same ground in this area as before.

Students who graduated last June have had five years of physics, five years of chemistry, four years of biology, one year of astronomy, and ten years of math including algebra, trigonometry, and geometry. This year even more time will be devoted to science and in addition students for the first time will have an elementary knowledge of basic production machinery.

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