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12 January 1956

CURRENT INTELLIGENCE WEEKLY SUMMARY



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CONFIDENTIAL

~~SECRET~~



25X1

Page Denied

~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

CONFIDENTIAL

12 January 1956

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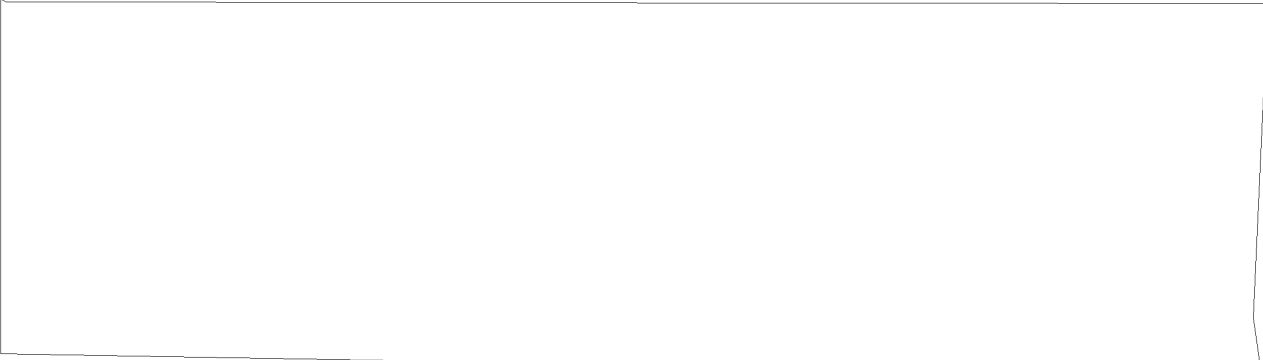
PART I

OF IMMEDIATE INTEREST

FRENCH GOVERNMENT. Page 1

A minority Republican Front government, formed by the forces of Mollet and Mendes-France but dependent on Communist parliamentary support on some domestic issues, seems increasingly likely in France. In any case, the parties sympathetic to the goals of the Atlantic alliance can provide a majority in favor of France's continued adherence to its Western ties.

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ARAB-ISRAELI SITUATION Page 4

No significant military activity on any of the Arab-Israeli borders has been reported over the past week. Israel is concentrating on building up its military strength. The situation is such that war could occur through miscalculation by either side. Top Israeli leaders apparently are opposed to preventive action at this time and are continuing to seek a diplomatic solution, but they do not appear prepared to make substantial concessions.

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PART II

NOTES AND COMMENTS

Japan and USSR to Resume Negotiations in London: The Japanese government is expected to take a firm stand at the outset when the negotiations with the USSR resume in London on 17 January. Should the talks reach a stalemate, however, Tokyo is likely to seek a compromise rather than break off the negotiations. Page 1

25X1

~~SECRET~~

i

CONFIDENTIAL

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Peiping Courts Asian and African Nations: As part of its effort to obtain wider international recognition, the Peiping government is making a number of commercial and cultural approaches to Asian and African nations. For the most part, these are meeting with favorable response. [redacted] Page 2 25X1

Soviet Bloc Approaches in Africa: The Soviet bloc has followed up its activities in the Near East by attempting to expand its diplomatic and economic influence in Africa. The USSR has requested air base privileges in Libya and has offered Liberia a friendship treaty and general economic assistance. Most bloc states have recognized the Sudan, and the USSR and Czechoslovakia have shown an interest in trade with Ethiopia. [redacted] Page 3 25X1

Poland Makes Low Bid on Hejaz Railway Survey: Poland has submitted the low bid for a survey of the Hejaz railway reconstruction project. King Saud of Saudi Arabia, through whose territory most of the line runs, has said Poland will not get the contract, but he will intervene personally only as a last resort. He may find such intervention embarrassing and will probably expect a quid pro quo from the West. [redacted] Page 4 25X1

Tito Concludes Near East Visit: Tito's state visits to Egypt and Ethiopia are part of the effort, begun a year ago, to expand Yugoslavia's influence among the uncommitted states of Asia and Africa and to strengthen its independent position between East and West. The final communiqué signed in Cairo emphasized the independence of Yugoslavia and Egypt in economic and foreign affairs. [redacted] Page 6 25X1

North Africa: Clashes between French and rebel forces in eastern Algeria have taken at least 165 lives since 1 January. In Morocco, Rif fighting has expanded into new areas. French foreign minister Pinay has told the Moroccan Nationalists that it will be 15 February at the earliest before a new government in Paris is in a position to begin talks with them. [redacted] Page 7 25X1

Pre-election Politics in Greece: Prime Minister Karamanlis expects a hard fight in the Greek elections on 19 February and is reported to believe the USSR is lending substantial financial support to his adversaries. Karamanlis' new party--the National Radical Union--appears to be attracting most Greek Rally adherents. [redacted] Page 8 25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Cyprus: Discussions on 9 January between British governor Harding and Cypriot archbishop Makarios on Britain's Cyprus formula have ended inconclusively. Makarios, however, "affirmed positively" his desire for a prompt settlement and agreed to hold further meetings. [redacted] Page 9

25X1

Postponement of Soviet Republic Party Congresses: Several of the Soviet republics evidently have postponed party congresses scheduled for late December and early January, possibly because of policy differences or political maneuvering at the top level in Moscow. These congresses, besides electing top party officials for the individual republics, also are to elect delegates to the forthcoming all-Union 20th Party Congress, scheduled to begin on 14 February. Delay of the republic congresses beyond late January might involve postponement of the all-Union congress. [redacted] Page 10

25X1

East German Armed Forces May Soon Be Formalized: Since last September, there have been indications that early in 1956 the East German government would formalize its armed forces under a defense ministry and possibly institute conscription. Reports from East Germany indicate that final preparations for a change in the status of East German military forces may be under way. [redacted] Page 11

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Communist China Announces Principal Tasks for 1956: Peiping has announced its principal aims for 1956 as the fulfillment of Five-Year Plan goals ahead of schedule and the acceleration of the "transition to socialism." [redacted] . . Page 13 25X1

Cambodia: Prince Sihanouk has resolved the political crisis in Cambodia by announcing that he will resume the premiership after a short vacation abroad and that, in the interim, the cabinet of Oum Chheangsun will continue in a caretaker capacity. [redacted] Page 13

25X1

Burma: The Burmese government is planning to concentrate Soviet economic and technical assistance on agricultural and irrigation projects. Despite Soviet offers of assistance to industry, no such help has been requested, and none is contemplated unless current plans to procure equipment and technical assistance from the West fail. The high honors recently bestowed on Lord Louis Mountbatten and two other British officials, immediately after the visit of Bulganin and Khrushchev to Burma where they denounced British imperialism, appears timed to demonstrate that Burma maintains a friendly attitude toward the West. [redacted] Page 14 25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Indonesia: The Indonesian cabinet is in a precarious position as the result of opposition attacks on its handling of problems in negotiations with the Dutch, particularly the New Guinea issue. The negotiations, which opened on 10 December, are now in recess; and in an effort to preserve his cabinet, Prime Minister Harahap may agree to the demands of two parties in his coalition not to resume the talks. The government faces severe attacks in parliament, which reconvened on 11 January. [redacted] Page 14 25X1

Discussions on Self-Government for Malaya and Singapore: Malayan chief minister Rahman will begin talks with the British on 18 January. The British government evidently has decided to set in motion steps leading to self-government for Malaya and Singapore, in the belief that only the prospect of independence can keep these territories effectively allied with the West. [redacted] Page 15

Afghanistan: While discussing disposition of the \$100,000,000 Soviet credit with Soviet officials in Kabul, the Afghan government [redacted] 25X1

[redacted] has also released \$1,000,000 in foreign exchange for the import via the USSR of trucks. [redacted] 25X1
[redacted] 25X1

Arrangements are reportedly being made for the USSR to undertake oil drilling at Shibarghan, in northern Afghanistan. Pakistani governor general Mirza has decided to accept an invitation to visit Afghan king Zahir Shah in Kabul. [redacted] Page 16

Chile: The general strike called on 9 January by CUTCH, Chile's largest labor confederation, in protest against the Ibanez administration's bill to freeze wages and prices has been an almost complete failure because of strong government countermeasures and general public support of the government's position. Labor unrest will continue, however, until the administration's program to solve Chile's economic problems shows results. [redacted] Page 18

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

PART III

PATTERNS AND PERSPECTIVES

PIERRE POUJADE AND THE ANTITAX MOVEMENT Page 1

The Poujade movement won 11.4 percent of the votes in the 2 January French election and 52 seats in the national assembly largely because it secured much of the vote cast in protest against the established order. A good part of this vote had gone to the Gaullists in 1951 and traditionally makes up much of the Communists' support. The movement will probably continue its violent attacks on the government and parliament for the time being, but its influence will be limited by the difficulty of maintaining discipline among its deputies, who include extreme rightists and ex-Communists. [redacted]

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CHURCH-STATE RELATIONS IN THE USSR Page 5

Faced with the strong religious sentiment of the Soviet people, the Communist leaders in Moscow have reached an accommodation with church leaders, using them as instruments in carrying out foreign and domestic policies when it suits their convenience. By thus publicizing the activities of the church and by promoting and aiding the church in times of crises in return for support, the Soviet regime has undercut its own attempts to eradicate religious feelings among the masses. The church hierarchy is completely controlled by secular bodies which function under MVD/KGB auspices, and most of the top layers of the hierarchy and the majority of the lesser members are pressed into service as police informers. [redacted]

25X1

JAPAN'S DEFENSE INDUSTRY Page 9

Japan's defense industry is geared to produce greater quantities of small arms and ammunition than are required by the Japanese defense forces, while it lacks funds, equipment, and specialized experience to produce modern heavy weapons. For these reasons, extensive government assistance will be required to build up and maintain a defense industry adequate for Japan's needs. [redacted]

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PART IV

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THE WEEK IN BRIEF

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

PART I

OF IMMEDIATE INTEREST

FRENCH GOVERNMENT

A minority Republican Front government, formed by the forces of Mollet and Mendes-France, dependent on Communist parliamentary support on some domestic issues seems increasingly likely in France. There are signs of eventual closer co-operation between the still bitterly divided center blocs. In any case, the parties sympathetic to the goals of the Atlantic alliance can provide a majority in favor of France's continued adherence to its Western ties.

Despite the necessity for the two center blocs to cooperate if a moderate majority government is to be formed, Republican Front leaders have so far rejected all proposals for a coalition with the Faure-Pinay forces. They are banking on the reluctance of the right-center elements to widen the divisions between the two center blocs, and on the eagerness of the Communists to assume an air of respectability as a responsible "French" party. A clear majority of those deputies present and voting is all that is constitutionally required for the investiture of a new cabinet.

The Communists are continuing a steady propaganda barrage for a popular front, pointing out that they could bring the Republican Front absolute control of the assembly. Although they have been consistently rebuffed on the question of participation in the new government, they would almost certainly support a government headed by a Socialist

or a Mendes-France Radical. The Communist domestic platform has been adjusted to conform in most respects to the anticipated Republican Front program. The party would probably avoid obstructionist tactics on the Algerian issue and domestic questions in order to maintain the fiction that a popular front indeed exists.

The Communists' prime objective will be to reorient foreign policy, however, and the necessity for the non-Communists to prevent disruption of the Western alliance will be the possible means of bringing the center blocs together. Socialist leaders, remembering that the party congress of 6 December rejected co-operation with the Communists by only a 55-percent majority, are particularly sensitive to the threat of local party pressure for a popular front. Accordingly, party secretary Guy Mollet is reported favorable to an early rapprochement with the Popular Republicans, despite his categorical rejection of a broad center coalition now. Moreover, the party's elder statesman, ex-president Vincent Auriol, has in a recent press article hinted at his own availability as premier of a government embracing both center blocs.

The right-center parties, for their part, are anxious to co-operate with the Socialists. Even the Independents are willing to support a Socialist-led government now as insurance against a popular front. The Popular Republicans are

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

particularly eager to reverse their drift to the right by working out a close alliance with the Socialists.

Therefore, although the bitterness of the recent electoral campaign is still considered too strong to permit an out-and-out coalition of the

center parties, eventual close co-operation is not ruled out. While extreme bargaining positions will probably be maintained at the various party meetings to be held before the assembly convenes on 19 January, some hints of the initial alignments will probably be clearer then.

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SECRET

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

25X6

ARAB-ISRAELI SITUATION

No significant military activity on any of the Arab-Israeli borders has been reported over the past week.

Following Israel's recent parliamentary debate on foreign policy and its "sober reappraisal" of the Tiberias raid, Tel Aviv appears to be moving more cautiously, but at the same time building up its defenses as rapidly as finances and materiel permit. Israel reportedly plans to increase its petroleum stocks 250 percent by 1 March and to divert immigrant housing funds to meet increased military expenditures.

UN truce supervisor General Burns has said he believes developments are leading toward general hostilities between Israel and Egypt. While he considers Egyptian premier Nasr "too smart" to launch a war against Israel until Egypt

is prepared, probably in two or three years, he fears that certain of Nasr's subordinates may not exercise the same restraint. Burns believes there is a good chance the Israelis will precipitate war in the next several months.

Burns' views may reflect increasing hopelessness in his efforts to bring the Israelis and Egyptians to some sort of agreement. The American embassy in Tel Aviv does not believe Israeli leaders have made any decision for preventive action, and this opinion was reinforced by a meeting between Ben-Gurion, Sharett, and Ambassador Lawson on 9 January. Ben-Gurion made a strong plea for American "understanding" and for arms aid, especially jet interceptor aircraft. Lawson did not feel that Ben-Gurion's appeal, though emotional and strongly worded, carried a threat that Israel would take action even if it received no arms aid.

The Arab-Israeli situation is so tense that war could occur through miscalculation

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

by either side. Top Israeli leaders apparently are opposed to preventive action at this time and are continuing to seek a diplomatic solution, but they do not appear prepared to make substantial concessions.

Should they, for whatever reason, authorize another major "retaliatory" raid, Nasr would be under strong pressure to take counteraction, even though he risked defeat for his country in doing so. 25X1

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SECRET

PART I

OF IMMEDIATE INTEREST

Page 5 of 5

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

PART II

NOTES AND COMMENTSJapan and USSR to Resume
Negotiations in London

The Japanese government is expected initially to take a firm stand when negotiations with the USSR resume in London on 17 January. Should the talks reach a stalemate, however, Tokyo is likely to seek a compromise rather than break off the negotiations.

After the merger in November 1955 of Japan's two conservative parties, the government adopted the former Liberal Party's policy of firmness in negotiating with the USSR. The merger, furthermore, provided the government with strong political support for this position and public opinion also appears to have crystallized in its favor.

Prior to the suspension of the Soviet-Japanese talks last September, the Soviet Union had made concessions by dropping its demand that Japan not participate in military alliances, by furnishing the names of detainees, and by agreeing to return Shikotan and the Habomai Islands if Japan agreed not to militarize them. The major points still at issue include the timing of the return of the detainees, the disposition of the Kurils and Sakhalin, and the Soviet demand that the Sea of Japan be closed to all warships except those of Japan, Korea, and the USSR.

Tokyo probably intends to seek the immediate return of

the detainees and the removal of conditions on the return of the Habomais and Shikotan. The Japanese also plan to make a strong, but possibly expendable, bid for the return of the southern Kurils, leaving the disposition of the northern Kurils and Sakhalin to be determined by international agreement. Questions relative to fisheries will be reserved for settlement after a peace treaty is signed.

The Japanese are not likely to give in on the issue of jurisdiction in the Sea of Japan, since sensitive questions of sovereignty and relations with the United States are involved. Japan's chief negotiator, Ambassador Matsumoto, has said he does not intend to make an issue of Japan's entry into the UN since he and Ambassador Malik have already agreed that Japan's admission will be a by-product of the normalization of relations between their two countries.

Many Japanese leaders believe the Soviet Union is likely to link Japan's admission to the UN to that of Communist China, irrespective of any Japanese concessions at London, and therefore that no concessions should be made.

Prime Minister Hatoyama's desire to achieve a quick settlement with Moscow has for the present been restrained by the Foreign Ministry and the new party. If the talks reach an

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

25X1
25X1

impasse, however, he may instruct Matsumoto to make the necessary compromises. Matsumoto reportedly agrees with the prime minister, but [redacted] he may try to delay the talks until April, by which time he hopes to have become foreign minister and could conduct the negotiations as he pleased.

Foreign Minister Shigemitsu, who is the principal advocate of a firm line toward the USSR, was not present at consultations between Prime Minister Hatoyama and Ambassador Matsumoto prior to the latter's departure for London. While the Foreign Ministry explained that Shigemitsu was "ill," the circumstances sug-

gest that possible compromises with the USSR were discussed by the prime minister and his representative.

Tokyo, in any event, will hold out for a compromise settlement of Japan's demands which can be made acceptable to the Japanese public. One possible compromise would be acceptance of Moscow's proposal to repatriate Japanese detainees after diplomatic relations are restored, provided the USSR will agree to return the southern Kurils to Japan. Alternatively Japan might drop its territorial demands if Moscow would respond by returning all Japanese prisoners prior to the normalization of relations.

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Peiping Courts
Asian and African Nations

As part of its effort to obtain wider international recognition, the Peiping government is making a number of commercial and cultural approaches to Asian and African nations. For the most part, these are meeting with favorable responses.

The Chinese trade fair at Osaka, Japan, which was primarily a propaganda exhibit, drew over a million and a half visitors before it closed last month. Continuing Chinese Communist efforts to woo Japan, which apparently have been favorably received by Tokyo, are reflected in the silencing

of Radio Free Japan broadcasts from Peiping on 30 December and the visit to Japan of a Chinese science delegation headed by Kuo Mo-jo, one of Communist China's highest ranking nonparty officials.

Peiping's progress in normalizing relations with Southeast Asian nations is shown by the increasing willingness of prominent leaders from that area to visit China. Prince Sihanouk of Cambodia has said he is willing to visit China if invited and Peiping has already extended a formal invitation to Thai opposition

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

leader Thep Chotinuchit. The American embassy in Bangkok believes that if Thep makes the trip, the glowing reports of Communist China likely to be brought back by his delegation might make possible a "psychological breakthrough" in Thailand of great value to Peiping.

In the Near East, recent trade agreements with Egypt and Syria were followed on 31 December by a similar pact with Lebanon. A Peiping broadcast on 9 January said that a high-level Chinese Communist delegation, led by a deputy minister of foreign trade, is now in Jidda discussing the development of Sino-Saudi trade.

The Chinese apparently hope, through an increase in commerce and the exchange of trade delegations as specified in the pacts, to pave the way for eventual recognition by several Near Eastern governments. Peiping's approach to

the new Sudanese government was through immediate recognition of its independence on 4 January. Premier Chou En-lai sent a message expressing China's hope "to enter into diplomatic relations" with the Sudanese.

Another Chinese maneuver to win Near Eastern sympathies has been through a campaign directed at Moslems. During the recent visit to Peiping of a delegation representing the International Assembly of Moslem Youth and a group of Egyptian journalists, the Chinese stressed their friendship toward Islam.

A Tunisian good-will delegation recently toured Manchuria and the Chinese dispatched a group of Chinese Moslems on the annual pilgrimage to Mecca last year. Propaganda is directed at Asian and Near Eastern Moslems through Burhan, former chairman of the Sinkiang provincial government; the chief organ of this propaganda is the China Islamic Association. 25X1

Soviet Bloc Approaches In Africa

The Soviet bloc is following up its activities in the Near East by attempting to expand its diplomatic and economic influence in Libya, the Sudan, Ethiopia, and Liberia.

The first Soviet mission accredited to Libya reached Tripoli on 6 January. The American embassy believes that

Moscow is about to embark on a major offensive against the Western position in Libya and North Africa.

If the USSR has made such a request in connection with establishment of its diplomatic mission in Libya, Prime Minister Ben Halim may see an opportunity for further bargaining with the West over base

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SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

arrangements. Ben Halim has indicated that he believes Egypt successfully maneuvered the West into an offer of financial aid for its high dam project.

Within a week after the proclamation of Sudanese independence on 1 January, most states of the Sino-Soviet bloc had recognized the Sudan and expressed the desire to establish commercial, consular, and diplomatic relations. Sudanese prime minister Azhari welcomed the prospect of diplomatic relations with the USSR. Moscow quickly hailed the Sudanese decision to remain aloof from military pacts, and Radio Moscow broadcast to the Sudan a glowing account of trade possibilities. Pravda printed an editorial on 6 January welcoming the "arrival of the Sudan on the road to independent development."

Both the USSR and Czechoslovakia have shown an interest in developing trade with Ethiopia. The USSR is interested in a petroleum market, and Czechoslovakia still has a trade agreement under discussion in Addis Ababa. There has been an unconfirmed report that the Czechs have concluded a trade agreement to sell Soviet petroleum products to Ethiopia.

Soviet overtures to Liberia and the activities of A. P. Volkov, the Soviet representative at President Tubman's inauguration, demonstrate the USSR's

eagerness to develop its initiative in central Africa. In his first interview with Tubman on 5 January, Volkov requested that the president prepare a draft treaty of friendship with a view to establishing diplomatic missions.

Volkov's conduct suggested he was under pressure from Moscow to produce positive results. When rebuffed in regard to the immediate drafting of a treaty, he countered by proposing an interim arrangement of representation until such a treaty could be concluded. At one point he tried to borrow a Liberian code to wire Moscow for increased authorization. He made a general statement that the USSR was prepared to offer economic aid to Liberia and requested that he be allowed to announce an invitation to a Liberian parliamentary delegation to visit Moscow.

Tubman does not propose to allow the USSR to establish a mission in Liberia, and maintains that conclusion of a treaty of friendship must precede regularizing relations with the USSR. He has, in addition, indicated to the American ambassador that Liberia will reject the offers of Soviet aid.

The Soviet ambassador to Belgium is to tour all important centers in the Belgian Congo this month.

[redacted] (Concurred in by ORR)

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Poland Makes Low Bid
On Hejaz Railway Survey

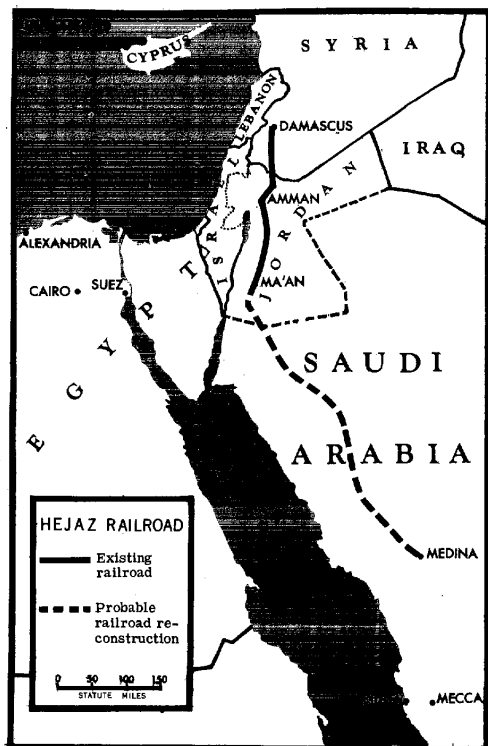
Poland has submitted the low bid for a survey of the Hejaz railway construction project. King Saud of Saudi Arabia, through whose territory most of

the line runs, and who presumably will furnish most of the money, accepted the bid, and the Syrian cabinet reportedly approved it. Saud has told

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956



the American ambassador, however, that Poland will not get the contract, but that he will intervene personally only as a last resort. Should the contract go to the Poles, they will be in good position to win a subsequent contract for the actual construction work.

The Hejaz railway was constructed in 1908 primarily to carry Moslem pilgrims--and Turkish troops--from Damascus to Medina, whence they could proceed to Mecca. The portion of the line between Damascus and Maan in southern Jordan is still intact, but the section from Maan to Medina, about 510 miles, was partially destroyed in World War I and has been inoperative since. The late king Abdul Aziz Ibn Saud opposed reconstruction of the line because he feared it would be a means for his enemies, the

Hashemite rulers of Jordan, to penetrate Saudi Arabia.

In December 1953, following Abdul Aziz's death, King Saud announced his wish to re-establish the railway. A commission of Saudi, Syrian, and Jordanian representatives was formed, and preliminary estimates put the cost of reconstruction, exclusive of rolling stock, at between \$8,000,000 and \$12,000,000. The commission in September 1955 requested bids by 5 December for a study of the project.

The Poles, who had earlier demonstrated interest in establishing commercial relations with Saudi Arabia, submitted a bid of \$440,000 for the survey, while the next lowest bids were \$780,000 by an American firm and \$865,000 by a Japanese firm. The disparity between the Polish bid and Western competition indicates Poland's determination to win this contract and probably the actual reconstruction contract as well.

Although King Saud, who in practice has the final say in the matter, has stated that he would never allow a known Communist inside Saudi Arabia, he approved acceptance of the Polish bid. Saud is said to have believed it safe to admit a Polish survey team, since it would be working in the desert under close supervision.

Saud reversed his stand only after Western representation. The contract reportedly has not yet been considered by the Jordanian cabinet, the last hurdle before final acceptance, although the Warsaw radio on 30 December stated a contract had been signed. Saud has the power, both in terms of his own position and his influence in Jordan, to keep the Poles from getting the work. He is

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

so far committed, however, that he may find it embarrassing to refuse the Polish bid. If he does refuse, he will certainly expect a quid pro quo from the

West, probably in the form of favorable action on his outstanding requests for arms.

25X1

Tito Concludes Near East Visit

Tito's state visits to Egypt and Ethiopia are part of the effort begun a year ago to expand Yugoslavia's influence among the uncommitted states of Asia and Africa and to strengthen its independent position between East and West. The communiqués in general strongly reaffirmed the usual clichés of Yugoslav foreign policy: the advantages of a "nonalignment" policy; the dangers inherent in "blocs"; the need for strengthening the independence of "new countries"; and the importance of solving international problems "in accordance with the UN charter on the basis of full equality and nonintervention in internal affairs."

Tito and Egyptian prime minister Nasr announced that they had particularly reviewed the problems of the Middle East and southern Europe. Tito declared on his departure from Egypt that he had never sought to mediate the Arab-Israeli conflict, but that he "had been persuaded that the Egyptians wanted peace." His strong denunciation of the Baghdad pact, although consistent with longstanding Yugoslav views on military groupings, suggests that Belgrade is sympathetically inclined toward Cairo's Middle East policy. It appears that Tito said nothing to irritate the Egyptians--as he presumably would have done had he followed through on his stated intention to point out that "Israel has become a fact of life" and should be recognized as such.

The special emphasis in the final communiqué on the independence of Yugoslavia and Egypt in foreign affairs and economic programs is undoubtedly intended to be a warning against any attempts by the United States or Britain to interfere in Egypt, as well as against any Soviet efforts to influence the foreign and economic policies of either country. Yugoslav officials have indicated that they feel particularly qualified to alert the Egyptians to the dangers inherent in too close relations with the USSR.

The two leaders apparently made no specific commitments concerning mutual relations. Pointing out the need for increasing co-operation, they preferred to leave the question of expanding economic and cultural relations to technical talks at some later date. Yugoslavia has supplied some military materiel to Egypt as a result of negotiations following Tito's meeting last February with Nasr on the return leg of the Yugoslav leader's Asian trip. Presumably additional supplies will be forthcoming for both Egypt and Ethiopia.

Tito's state visit to Ethiopia returned the visit which Haile Selassie paid to Yugoslavia in July 1954. Although the trip demonstrates the increasing cordiality existing between the two countries, nothing indicates that political, economic or military talks of any significance were held.

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Nasr has accepted the Yugoslav invitation to return Tito's visit, but it is unlikely that a visit will be made before the Egyptian leader's trip to the USSR later this year. Tito also plans to visit the USSR this year, but as yet no date has been announced.

The American embassy in Cairo reports that although

the visit was cordial and received a good press, the general impression was that it was "rather unproductive and a considerable bore to Egyptian officials."

The lack of foreign reaction to the trip, particularly in South Asia, presumably was disappointing to Tito. 25X1

North Africa

ALGERIA

Clashes between French and rebel forces in eastern Algeria have taken at least 165 lives since 1 January. Of these, some 64 were reported killed on 8 January in one of the bloodiest single days since the "Army of Allah" launched its "war of liberation" in November 1954.

Under pressure from extremists, Moslem resignations from municipal councils, the Algerian Assembly, and French parliamentary bodies have accelerated. The "Committee of 61," a group of moderate Algerian legislators, is still trying to avert a complete breakdown in the existing legislative structure. Its members, however, threatened in a communiqué on 4 January to resign and incite remaining Moslem officeholders to do likewise if a new French government does not proclaim, within 30 days of its investiture, France's intention to satisfy the aspirations of the Algerian people.

This communiqué also demanded that the French grant formal recognition of Algerian nationality, hold direct talks with representative Moslems, and immediately release all

political prisoners. The conduct of negotiations with Paris by representatives drawn from French-dominated federations of mayors was specifically ruled out.

This communiqué was interpreted by American officials in Algeria as a move to retain some control of the deteriorating Algerian situation in moderate Moslem hands in the face of extremist threats that moderate elements would be cast aside when a nationalist victory is achieved.

FRENCH MOROCCO

In Morocco, Rif fighting has expanded into new areas, and the largest clash since the Berber tribal revolt began on 1 October has taken place between French troops and rebel guerrillas. French resident general Dubois is pressuring Sultan Mohamed V to issue a public surrender call to the dissident tribes. The sultan, however, is reluctant to engage his personal prestige before the French-Moroccan negotiations get under way, and has refused to issue the call. As a result, his relations with French officials have deteriorated.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

Preparations for the promised negotiations with France dominate the Moroccan political scene. Prospects for their speedy and satisfactory conclusion are waning because of the delay in the formation of a new government in Paris. French foreign minister Pinay has informed Moroccan nationalists that 15 February is the earliest date a new French government will be in a position to commence the talks.

Moroccan interest in the American air bases in the French zone continues. On 5 January the Moroccan minister of public works asked the American consulate general in Rabat to make "nonsecret basic information on the legal status" of the bases available to the Moroccan government for use as background material in preparation for the negotiations with France.

SPANISH MOROCCO

Unrest in Spanish Morocco increased greatly before the 10 January meeting between French resident general Dubois and Spanish high commissioner Garcia-Valino, allegedly to discuss

differences involving the Rif rebellion. Nationalist dissatisfaction was stirred up by recent conflicting statements of General Franco and Garcia-Valino.

On 9 January, the two nationalist ministers in the Tetuan government resigned, reportedly after their party had rejected a proposal by Garcia-Valino to reorganize the zonal administration. Sultan Mohamed V is said to have ordered the nationalists to refuse any plan which did not include a public promise of independence for Morocco, with the present zones united under his reign.

The joint communiqué issued by Dubois and Garcia-Valino stated that Dubois had been informed of Spain's "intention to introduce in the Spanish zone political reforms that should by parallel evolution permit Morocco to achieve independence, while respecting the legitimate interests of both powers."

The American legation in Tangier expects that nationalist pressure, possibly short of a full terrorist campaign, will continue in Spanish Morocco.

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Pre-election Politics in Greece

King Paul's dissolution of the Greek parliament on 10 January and the call for national elections on 19 February will further intensify political maneuvering in Athens. Prime Minister Karamanlis has announced the establishment of his National Radical Union, and the Greek Rally of the late prime minister Papagos has virtually ceased to exist. Karamanlis' party appears to be attracting most Rally adherents, while the remnants are setting up still other new

parties or seeking to associate themselves on favorable terms with established opposition groups.

Karamanlis' announcement of his new party on 4 January was followed the next day by the founding of the Popular Socialist Party by former deputy premier and foreign minister Stephanopoulos, who had long considered himself the rightful heir to the leadership of the Rally.

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

25X1

Meanwhile, maneuvering among the opposition parties is centering on the question of collaboration with the Communist-front EDA. The right-wing Party of Progressives of former co-ordination minister Spyros Markezinis is planning such collaboration. A popular front of all center and leftist parties is being pushed by the neutralist National Democratic Initiative Movement, which appears to be dominated by EDA. In some districts, the Movement has gained the support of Sophocles Venizelos' Liberal Democratic Union and other left-of-center parties.

A popular front is likely to be formed because the new electoral law sponsored by Karamanlis discourages small parties from entering their own candidates. EDA has already offered to co-operate with the center on condition that the center agree in the event of victory to hold new elections under the simple proportional system within six to 12 months. This would probably result in

EDA winning enough seats to hold a balance of power in parliament.

Karamanlis expects a hard election fight

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He may be handicapped by the timing of the election. The relatively conservative rural population traditionally votes in smaller numbers during the winter, while the leftists in the towns and cities are not materially affected by this factor.

The government appears to have been marking time rather than advancing any bold new program. It has had to contend with the questions of Cyprus and relations with Turkey, neither of which is susceptible of solution in any manner satisfactory to Greek national pride. The Greek public remains disillusioned and resentful toward its Western allies over these issues, which can be exploited by the opposition to the government's disadvantage.

Nevertheless, Karamanlis' new party seems likely to win the highest vote. An absolute majority for Karamanlis, however, will probably depend on the effectiveness of opposition co-operation, on developments in outstanding foreign policy issues, and on the weather.

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Cyprus

Discussions on 9 January between British governor Harding and Cypriot archbishop Makarios on Britain's Cyprus formula ended inconclusively. Makarios, however, "affirmed positively" his desire for a prompt settlement and agreed to hold further meetings.

Harding appeared mildly optimistic regarding Makarios'

attitude, according to the American consul. A Foreign Office official told the American embassy in London, however, that Makarios had not moved his position "an inch" since November, despite London's subsequent revision of the formula and American and Greek efforts to facilitate an agreement. This statement suggests London may be unwilling to grant Harding the authority to make any further changes in the formula.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

Harding told the consul that Makarios remains adamant against any reference in the formula to "international treaties," which the archbishop construes as giving Turkey a veto over the eventual application of self-determination to Cyprus. Unlike the Greek government, however, Makarios apparently accepted the double-negative phraseology of the formula's recognition of self-determination. Harding and the consul agree that Makarios is now acting independently of Athens.

Makarios' moderation and desire for an early settlement may be motivated by Turkey's renewed diplomatic campaign against any British concessions tending toward the eventual union of Cyprus with Greece, by the increasing economic distress caused by violence and uncertainty, and by Cypriot

Communist agitation designed to prevent any settlement.

In anticipation of the Harding-Makarios negotiations, violence on Cyprus had decreased, but the assassination of a Turkish Cypriot policeman on 11 January threatens internecine strife between the Turkish and Greek communities. The Turks staged angry demonstrations in Nicosia demanding revenge, and the Turkish Cypriot underground organization VOLKAN recently threatened to kill five Greeks for every Turk who died as a result of Nationalist agitation.

The Turkish mufti of Cyprus on 11 January recommended calm and moderation to the Cypriot Turkish community. Ankara has instituted special police precautions in Istanbul in order to guard against a repetition of the anti-Greek riots of September. 25X1

Postponement of Soviet Republic Party Congresses

Several of the Soviet republics evidently have postponed party congresses scheduled for late December and early January, possibly because of policy differences or political maneuvering at the top level in Moscow. These congresses, besides electing top-party officials for the individual republics, also are to elect delegates to the forthcoming all-Union 20th Party Congress, scheduled to begin on 14 February.

The Armenian Communist Party congress, scheduled for 5 January 1956, has been postponed to 19 January, and the Moldavian and Latvian congresses were apparently not held as scheduled. The Moldavian congress, scheduled for 26 December, conflicted with the USSR

Supreme Soviet session held 26-29 December, and the Latvian congress, scheduled for 5 January, was apparently postponed because a Latvian Supreme Soviet session was held on that day.

The absence of the usual Soviet propaganda build-up and of extensive reporting on the republic congresses by Moscow and regional transmitters probably indicates that the Estonian, Georgian, Kazakh, Turkmen, Lithuanian, Tadzhik, Azerbaidzhan, and Kirgiz Communist Party congresses scheduled to meet from 10 to 12 January have also been postponed.

The party congresses in the remaining republics--Karelo-Finnish, Ukrainian, Belorussian,

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SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

and Uzbek-- are scheduled for later in January and may be held as scheduled. The Ukrainian Party congress may have been changed from the originally scheduled date of 17 January, however, since a Ukrainian Supreme Soviet session was later scheduled to meet on 20 January. Ukrainian party congresses normally have four or five days and the size of the party organization and complexity of the republic's problems would seem to require more than three days for the congress.

The postponement of the Armenian congress to a date later in January suggests that the other postponed congresses will also be held in the immediate future. Scheduling problems, however, appear likely in most of the republics to avoid conflict with Supreme

Soviet sessions now planned in most of the republics for the latter half of January. Holding the republic party congresses and the republic Supreme Soviet sessions so nearly at the same time is almost unprecedented and would sacrifice a great deal of the propaganda potential of these meetings.

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the all-Union 20th Party Congress, originally scheduled for 14 February, has been postponed until the latter part of March or the early part of April. There appears to be no reason why the postponement of the republic congresses until later in January should affect the date for holding the all-Union Congress. However, a more protracted delay might force a postponement since the republic congresses elect the delegates to the all-Union Congress.

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East German Armed Forces
May Soon Be Formalized

Since last September there have been indications that early in 1956 the East German government would formalize its armed forces under a defense ministry and possibly institute conscription. Reports from East Germany indicate that final preparations for a change in the status of East German military forces may be under way.

The Soviet-East German treaty signed in Moscow on 20 September proclaimed East Germany "free to make decisions concerning its domestic and foreign policy...." Although the treaty provided for the continued presence, "for the time being," of Soviet troops in East Germany, Walter Ulbricht,

chief of the East German Socialist Unity Party, declared at the time of its signing that East Germany now would "faithfully carry out its commitments and rights arising out of the Warsaw treaty." The Warsaw treaty of 14 May 1955 provided for mutual Soviet-Satellite defense under a combined military command, but left the question of GDR participation to be "examined later."

On 26 September, the East German Volkskammer passed a constitutional amendment permitting legislation for national defense and stating that "service to protect the fatherland...is an honorable duty of the citizens of the GDR."

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

The amendment also provides that the organization of armed forces will be regulated by decision of the Council of Ministers. Thus the GDR, which already has a functioning military establishment, needs do little but issue a Council of Ministers' decree formally creating a defense ministry to place its armed forces on a legal footing.

"perhaps we shall be compelled to pass a conscription law."

The probable effect of conscription on popular morale in East Germany, already a source of concern to the government, continues to be a deterrent. From the point of view of maintaining its military establishment and conforming to practices elsewhere in Eastern Europe, however, some action on conscription would be desirable for East Germany in the near future.

The East German army has had manpower problems because of the difficulties of voluntary recruitment. In 1955, the KVP suffered especially severe difficulties when large numbers of personnel were demobilized after completing three-year enlistments. The intensive recruitment campaign which followed the first wave of discharges in May probably succeeded in replenishing the depleted ranks, but at the same time caused a wholesale exodus of military-age males to West Germany during the summer and early fall.

In early November the new West German army was formally constituted, with the appointment of two lieutenant generals and 99 other volunteers ranking from NCO to lieutenant colonel. An elaborate ceremony is planned for 20 January formally authorizing the induction of up to 6,000 men. Conscription is not to be instituted, however, until these 6,000 are trained, and probably not until after the West German elections in the fall of 1957.

The absence of reports of a similar recruiting drive following the second wave of discharges in October suggests that the GDR does not wish to force further emigration of potential conscripts, and may indicate that conscription is expected soon to make up for the demobilization.

While the GDR may well use the West German ceremony on 20 January as justification for an announcement legalizing its own defense establishment, conscription may not follow immediately. This would appear to require further legislation and may be put off until after the corresponding West German action.

Registration of the population has been the practice in East Germany for years and conscription machinery already exists. Reports to September and October 1955 alleged that final preparations for instituting conscription were under way and, [redacted]

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In the debate on the GDR constitutional amendment passed in September, Deputy Premier Stoph gave assurances that "adoption of this law does not as yet mean the introduction of conscription." Two months later, however, Premier Grotewohl warned the public that

[redacted] a conscription law would become effective on 1 May 1956. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

Communist China Announces
Principal Tasks for 1956

Peiping has announced its principal aims for 1956 as the fulfillment of Five-Year Plan goals ahead of schedule and the acceleration of the "transition to socialism."

The official party organ, the Peiping People's Daily, notes that the development of agriculture and industry will "inevitably enhance our strength of national defense for the carrying out of the great task of liberating Taiwan and safeguarding peace in the Far East and the whole world."

In a section omitted from the New China News Agency English release, People's Daily reports that the party during the past two years has struggled against "rightist conservatism." The inclusion of this theme may indicate continuing

disagreement over the tempo of socialization.

While a violent peasant reaction to the socialist movement or a sharp drop in agricultural production as a result of the socialization program could precipitate an inner party crisis, the general tone of Mao Tse-tung's July report on agriculture and subsequent propaganda suggests that the party does not anticipate a high-level purge.

In any case, Mao will have an opportunity at the eighth party congress later this year to rid the central leadership of opposition without the fanfare and disruptive reactions of a public purge. One of the chief tasks of the party congress will be the election of a new central committee.

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Cambodia

Prince Sihanouk has resolved the political crisis in Cambodia by announcing that he will resume the premiership after a short vacation abroad and that, in the interim, the cabinet of Oum Chheangsun will continue in a caretaker capacity.

Oum came into office on 4 January as a compromise after more qualified Sangkum leaders had thwarted each other's bid for the premiership. His cabinet submitted its resignation three days later in

response to "spontaneous" demonstrations for Sihanouk's return to office.

This sequence of events demonstrates that the seemingly monolithic Sangkum Party, which monopolizes the Cambodian governmental apparatus, is in fact a heterogeneous grouping of personalities held together only by Sihanouk. Sihanouk readily admits that Oum's cabinet is "not good" and there will presumably be a hiatus in Cambodian government activity until the prince returns.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Burma

The Rangoon government is planning to concentrate Soviet economic and technical assistance on agricultural and irrigation projects. Despite Soviet offers of assistance to industry, the more expensive portion of Burma's development program, no such help has been requested, and none is contemplated unless current plans to procure equipment and technical assistance from the West fail. A Burmese planning official volunteered to the American embassy on 29 December, moreover, that Burma is satisfied with its American and UN economic advisers and is not considering replacing them with Soviet experts.

Burma may find it difficult, however, to limit the participation of the Sino-Soviet bloc in its development program. Unless the proportion of Burma's rice exports sent to non-Communist countries increases over last year, the Burmese may lack the foreign exchange necessary to maintain their present rate of economic development. Rather than cut back, the country's planners would undoubtedly turn to the bloc. The USSR has reportedly offered to take all of Burma's unsold rice at current prices, and Premier Chou En-lai has stated that Communist China is prepared to aid Burma economically "for mutual benefits."

Evidence that Rangoon desires to show that it continues to maintain a friendly attitude toward the West is provided by the inclusion in its Independence Day honors list of three Britons closely connected with the British withdrawal in 1948. Lord Louis Mountbatten was given the highest honor the government can bestow, and the United Kingdom's last colonial governor of Burma, who is currently visiting Rangoon, was also honored. These gestures could well be the Burmese government's way of repudiating Khrushchev's attacks on Britain while he was in Burma.

Premier Nu's public announcement on 10 January that the insurgent Burma Communist Party (BCP) will be permitted to participate in politics if it lays down its arms, strengthens the growing belief that the surrender of the insurgents is imminent. Negotiations to this end are apparently still going on, and it seems only a matter of time before the BCP returns to a status more in line with current international Communist tactics. With greater freedom of action and the opportunity to pursue united-front tactics, the Communists are likely to be more dangerous as a legal party than in insurgency.
(Concurred in by ORR)

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Indonesia

The Indonesian cabinet is in a precarious position as the result of opposition attacks on its handling of problems in negotiations with the Dutch, particularly the New Guinea issue. The negotiations, which opened on 10 December, are now in re-

cess; and in an effort to preserve his cabinet, Prime Minister Harahap may agree to the demands of two parties in his coalition not to resume the talks. The government faces severe attacks in parliament, which reconvened on 11 January.

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

The parliament's draft agenda calls for interpellations by opposition members to begin by 16 January on Prime Minister Harahap's failure to adopt a forceful stand in talks with the Dutch on Indonesia's claim to New Guinea. If a vote is taken, at least two and possibly more government parties may join the opposition in voting against the government.

As party lines in parliament now stand, the opposition--led by the National and Communist Parties--needs 18 votes to defeat the government. Two disaffected cabinet parties--the Islamic League (PSII) and the Nahdlatul Ulama (NU)--together hold only 12 seats in parliament, but their desertion of the government could easily encourage other parties to switch sides.

The Masjumi, however, which heads the cabinet, is eager to stay in office until the newly elected parliament is seated, probably in April. The Dutch talks are now in recess, and

in an effort to preserve the cabinet, Prime Minister Harahap may agree to demands of the PSII and the NU and refuse to resume negotiations.

Should the cabinet survive the present situation, it can expect continued difficulties, chiefly as a result of small-party deviations and maneuvers of the NU. The small parties, as such, have largely lost their identities as a result of the September parliamentary elections, but their leaders hope for new political opportunities. They will watch closely the activities of President Sukarno and the National Party and shape their own tactics accordingly.

The NU, now a major party as a result of the elections and obviously slated as a member of the next coalition government, appears to be playing the Masjumi against the National Party in the hope of extracting maximum concessions from each. 25X1

Discussions on Self-Government
For Malaya and Singapore

Malayan chief minister Rahman will begin talks with the British on 18 January. The British government evidently has decided to set in motion steps leading to self-government for Malaya and Singapore, in the belief that only the prospect of independence can keep these territories effectively allied with the West.

In talks in London last month with Chief Minister Marshall of Singapore, the British made what apparently amounts to a firm commitment to grant full self-government at an early date. Marshall will re-

turn to London in April to negotiate a timetable. A similar commitment evidently will be made to Rahman.

Britain's new policy also envisages intensified security efforts and new educational and propaganda measures. During his forthcoming visit to Washington, Prime Minister Eden is expected to ask for American financial and diplomatic assistance on this phase of the program.

Britain's ability to control the conduct of internal affairs in Malaya and Singapore

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

has greatly diminished. Furthermore, nationalist opposition to both governments, directed by the People's Action Party of Singapore, is expected to be greatly accentuated in the next six months. Since the leaders in both territories are probably as pro-Western as they can afford to be and still retain their influence locally, London believes their status as national leaders can be enhanced only by thoroughgoing political concessions.

The British are evidently aware of the risks of their "new-lock" approach, especially in Singapore, where the stability of the government is already in doubt. To grant Singapore self-government might well assure the ascendancy of pro-Communist elements. Short of

suspension of the constitution, backed possibly by force, the British would have no means with which to meet such a development.

The negotiations with Rahman are expected to result in establishment of a constitutional commission, which would include Malayan leaders, to provide for internal self-government, probably by early 1957. The British apparently intend to relinquish some of their control over matters of finance and internal security before then. They wish to retain some independent responsibility for internal security, however, in connection with agreements they expect to negotiate governing the continuation of military bases in Malaya.

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Afghanistan

While discussing disposition of the promised \$100,000,000 Soviet credit with Soviet officials in Kabul, the Afghan government

has also released \$1,000,000 in foreign exchange for the import via the USSR of trucks, most of which will probably be supplied by an American firm. Arrangements are reportedly being made for the USSR to undertake oil drilling at Shimbarghan in northern Afghanistan.

Although reluctant to appear conciliatory after having

sought Soviet aid to strengthen their position vis-a-vis Pakistan, the Afghans have informally invited Pakistani governor general Mirza to Kabul for a meeting with King Zahir Shah. Their purpose is probably to demonstrate neutrality following the recent Bulganin-Khrushchev visit.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

American embassy in Kabul reports intense social and professional contact between Afghan and Soviet officials.

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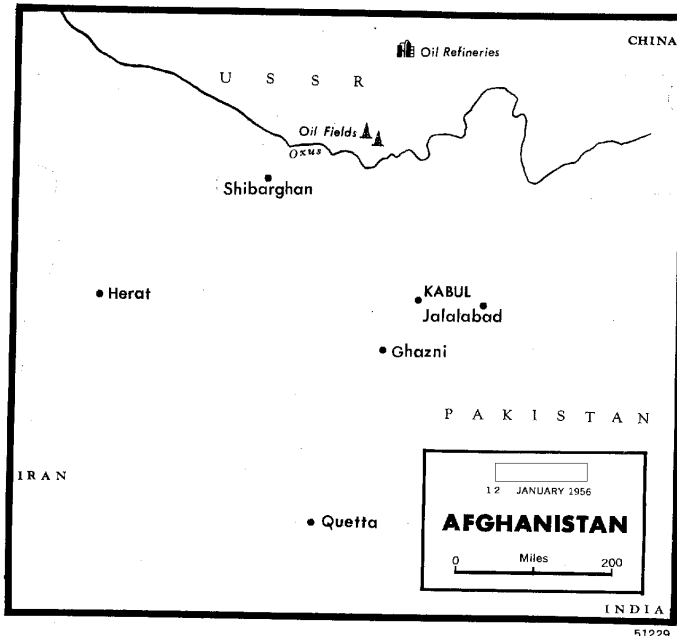
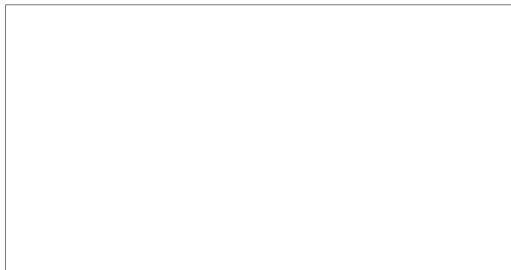


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ar-rangements are being made for the USSR to undertake oil drilling at Shibarghan in northern Afghanistan and to construct two dams and other projects near Ghazni and Jalalabad in the southern and eastern parts of the country. The petroleum supplies, if uncovered, are to be exported to the USSR as part payment on the \$100,000,000 credit. There is an oil-producing field in the USSR across the Oxus River from Shibarghan, and refining facilities are readily accessible nearby. It seems likely that there are also exploitable petroleum deposits on the Afghan side.

Because of the primitive state of the Afghan economy, the Soviet credit will probably be allocated in small amounts over a considerable period of time. A few new aid projects will, however, probably be carried out promptly.

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Release of \$1,000,000 at favorable rates of exchange for the import of trucks by private businessmen indicates that Prime Minister Daud is sensitive to hostile criticism of Finance Minister Malik's efforts to control foreign exchange and regulate imports.

Most of the new trucks, which are badly needed by private transport companies to replace those worn out by six months of heavy usage on the bad roads to the Soviet border, are expected to be American.

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trucks could be imported more cheaply through Pakistan, Afghanistan has shown its intention of remaining independent of the transit route through that country by ordering the shipments to be sent through the USSR. (Continued in by ORR)

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CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

Chile

The general strike called on 9 January by CUTCH, Chile's largest labor confederation, in protest against the Ibanez administration's bill to freeze wages and prices has been an almost complete failure because of strong government counter-measures and general public support for the government's position.

CUTCH announced the strike call on 4 January following the Senate's preliminary approval of the wage-price bill. President Ibanez, acting in accordance with the Chilean constitution, immediately dissolved Congress, alerted the armed forces, and declared a state of siege for six months in those parts of Chile not covered by the state of siege declared in September 1955.

In his state-of-siege proclamation, Ibanez said that this action was necessary to counter "subversive action of

international Communism and of other seditious elements, together with their agents and fellow travelers, designed to disturb social peace and the constitutional regime." Chilean Communists, however, are believed to be opposed to general strikes of indefinite duration, such as this one, fearing repressive action by the government.

Ibanez has since reconvened Congress and asked it to consider his state-of-siege declaration and to give immediate approval to the wage-price bill. Congress is expected to support him on both matters, although the margin of victory in the Senate will be extremely close.

Labor unrest will continue, however, until the administration's program to solve Chile's economic problems, the most immediate of which is inflation, shows results.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

PART III**PATTERNS AND PERSPECTIVES****PIERRE POUJADE AND THE ANTITAX MOVEMENT**

The Poujade movement won 11.4 percent of the votes in the 2 January French election and 52 seats in the national assembly, largely because it secured much of the vote cast in protest against the established order. A good part of this vote had gone to the Gaullists in 1951 and traditionally makes up much of the Communists' support. The movement will probably continue its violent attacks on the government and parliament for the time being, but its influence will be limited by the difficulty of maintaining discipline among its deputies, who include extreme rightists and ex-Communists.

Role of the Shopkeeper

The Poujade movement, the Union for the Defense of Small Shopkeepers and Artisans (UDCA), began as an antitax protest organization in economically depressed south-central France. It had, however, a nationwide appeal in a country where there is one retail outlet for every 48 people--as compared to one for every 87 in Britain--and where the small shopkeeper has survived largely through his ability to evade taxation or to withhold for himself some of the sales tax he collects. To own a shop or café has been the ambition of many French workers, to whom it means not merely economic security but also entry into the middle class.

As a group, the shopkeepers are generally parochial and conservative in outlook and have contributed support largely to the Radical Socialists and Independents, and in some areas to the Gaullists. They suspect the highly organized parties as much as they do the bureaucratic organization of the state.

Commodity shortages during World War II and in the immediate postwar period gave a new importance to small shops and sharply increased their number. More recently, however, small businessmen and shopkeepers have seen their economic position and standing in the community deteriorate, especially in comparison to wage earners and salaried employees. Moreover, migration to industrial areas has accelerated the impoverishment of some rural areas, particularly those in which Poujade first gathered support.

Revolt Against Taxes

Pierre Poujade, now 35, first came to national prominence in the fall of 1954 when the government stepped up efforts to tighten tax collection, and many small shop owners saw ruin in prospect. Himself an owner of a small stationery and book store in an almost completely unproductive region of southwest France, Poujade had earlier blocked tax collection in his own town and rallied the defense against the tax inspectors. Like many other lower middle-class Frenchmen, he dabbled in the 1930's in the activities of a semifascist organization. He appears, however, to have had a good war record. A forceful speaker, he makes effective use of exaggeration and a "salty" vocabulary.

His reputation spread throughout the region south of the Loire. Gathering impressive crowds at his rallies, he soon had half a million followers. By January 1955 the tax collectors, worried over their safety, had become sympathetic to a reconsideration of tax policies and threatened to strike.

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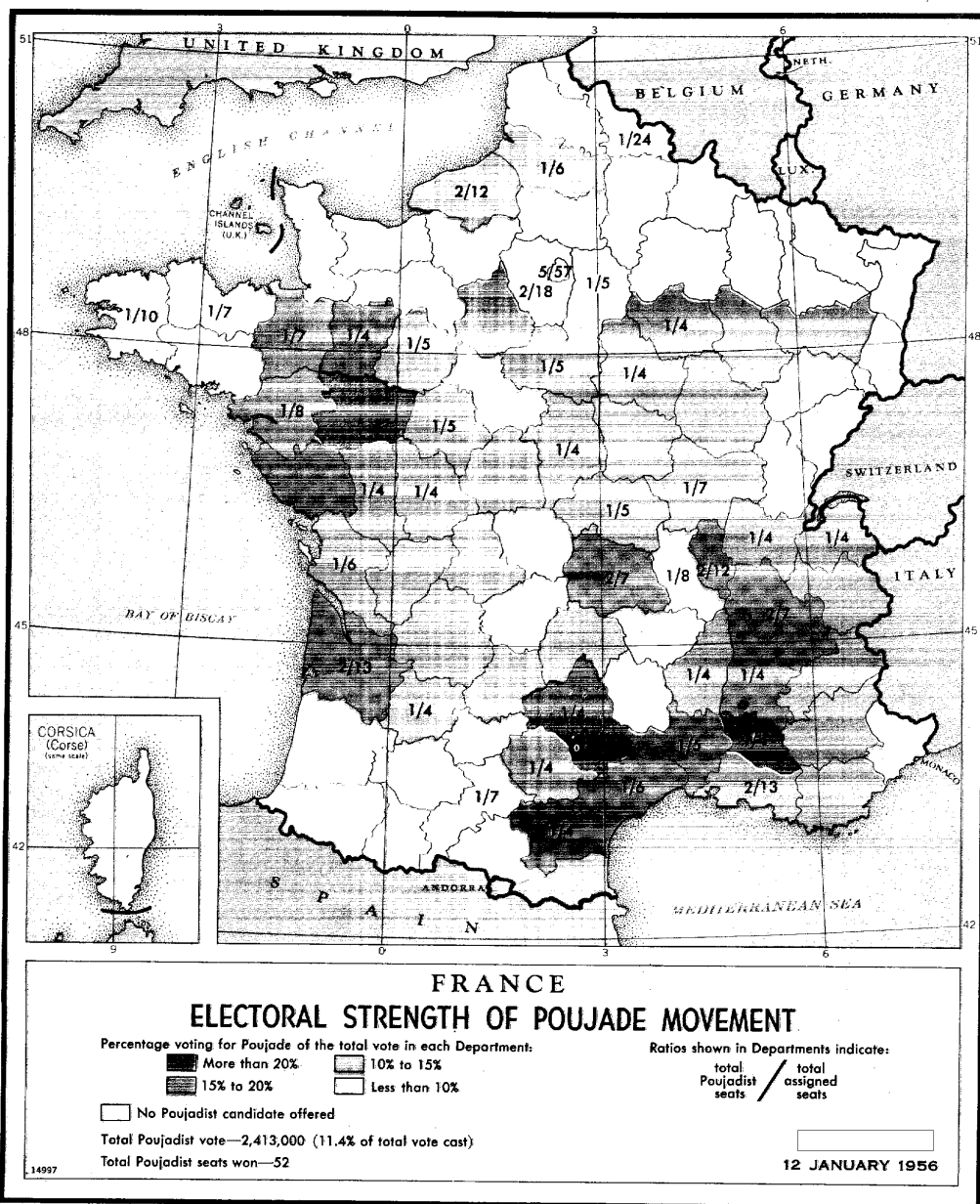
CURRENT INTELLIGENCE WEEKLY SUMMARY

12 January 1956

During the March 1955 tax debate in the National Assembly, Poujadé momentarily endangered the Faure government. Under pressure from Independent, Peasant and Radical deputies, the government, in what was widely regarded as capitulation to Poujadist pressure, proposed

legislation modifying the tax system applied to shopkeepers.

Shortly thereafter the movement lost momentum. Meetings continued to be held over the next two months, but the movement's loss of support appeared to be borne out by the



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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

very poor showing made by its candidates in the local elections in April.

Growth as Political Force

In July 1955, however, an extraordinary congress of the UDCA was held in Paris with 20,000 people attending. Poujade had repeatedly insisted that the UDCA would not present candidates for the national assembly, but this meeting, which was called specifically to draw up a "list of complaints," was evidently aimed at expanding the movement's political influence. A series of regional meetings which followed confirmed the intention to move more directly into politics.

The movement became more active in the fall, particularly in the south, but increasingly in other areas as well. Efforts to attract labor and agricultural support were stepped up and "unity of action" with peasants was increasingly effective. During this period, the UDCA carried out a program to prevent government officials from speaking in public, and its success is believed to have influenced Premier Faure not to open the Marseilles Fair in person. Threats of violence to the interior minister in September and a clash with government security troops by Poujadists and striking metallurgy workers moved the government to open legal proceedings against Poujade. He was indicted "for organization of collective refusal to pay taxes" on 30 September, but has not been brought to trial.

The decision to run candidates in the elections brought a split among his followers in November, and representatives from 15 departments in the Midi met to attack this move. Their position reflected the lower middle-class shopowners' antipathy to a tight political

organization and to the alignment of their interests with those of workers and peasants. Despite this ideological rupture, the Poujadists moved into the election campaign with strong attacks on the Faure government, the "system," and most of the other parties.

Policies

At a Paris meeting in July, the Poujadists are reported to have broadened their platform from one of just fiscal reform to a program of "national renovation." In general, they aimed at strengthening the executive to bring about "less representation and more responsibility." With an eye to cutting expenses, the UDCA reportedly proposed elimination of the Assembly of the French Union and the National Economic Councils. It advocated a reduction in the number of deputies and proposed granting the president of the republic the right of dissolution and veto over certain issues. The UDCA would further reduce the number of ministers to four or five key portfolios and eliminate certain economic agencies.

The Poujadists' economic policy included fiscal reform to eliminate successive taxes on the same item. They would maintain, but reorganize, the nationalized industries. They advocated an over-all wage raise to increase purchasing power, a guarantee of the right to strike, and the maintenance of the excess profits tax on larger business enterprises.

On foreign policy, the July meeting highlighted defense of the territorial integrity of the French Union and protested the "giveaway" in Indochina and India. It called for the defense of French Africa and proposed immediate attention to the situation in "Black Africa." The UDCA reportedly believed the summit conference

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

at Geneva "would better economic relations between the two blocs" and "confirm the return of Germany as the preponderant power in Europe."

During the electoral campaign, the UDCA platform consisted largely of the antitax plank and the call for a States General in the manner of 1789 to air the grievances of shopkeepers, workers, farmers, and artisans. Last September, such a meeting was scheduled for 24 January 1956, but there has been no mention of that date recently.

Political Orientation

The tactics Poujade has used, the movement's nationalist overtones, and its widespread support from essentially conservative elements mark the UDCA as an extreme rightist group. As far as is known, Poujade maintains complete control, and discipline is reportedly very harsh, including a signed oath by parliamentary candidates to submit to physical punishment should they deviate from the program. On occasion, anti-Semitism has figured prominently in UDCA attacks on the regime, and members of the Directing Committee reportedly have to prove French ancestry for three generations.

Nevertheless, the program developed at the July meeting indicated that the UDCA looked also to the left for support. The class struggle theme appeared in the statement that "the enemy common to all the classes is made up of finance and big capital on the one side, and on the other, of certain forms of government in the service of a minority privileged class."

During the movement's early stages, the Communists, particularly in the General Confederation of Labor, were quick to attack it as fascist-inspired. They later dropped

this policy, presumably because they realized Poujade's strength would at least partially accrue to their benefit. Early in 1955, some units in the movement were reported to be Communist-dominated and a number of Poujadist candidates in the 2 January election were former Communists.

Since the election, Poujadist leaders have objected to their deputies being seated on the right of the assembly chamber. While this is probably part of their continuing effort to present themselves as being apart from the established political lines, it is probably intended also to give more leeway to their activity and to avoid a factional split within their group.

Role in the Assembly

The winning of 52 seats in the new National Assembly by the Poujadists did not result directly from their anti-tax program. Little was known of their policies beyond the call for a States General and the broadside attacks on the regime. Their success came rather from their candidates' serving as the rallying point for protest votes from people of quite varied leanings. In addition to the ex-Communists who ran on their ticket, there were a large number of diverse rightists and at least one former Popular Republican.

There is still little indication of what position the Poujadists will take in the new assembly, and their 14 January meeting will probably produce only a broad policy statement. Poujade has himself indicated a willingness to bargain with other parties, but the center will be chary of exposing itself to the loss of needed support on the left if it moves to take in the extreme right. Mendes-France's candidates were major Poujadist targets during the campaign, as

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

were the Socialists. The UDCA will, however, probably be able to find agreement, at any rate in part, with some Peasants, Independents, and ex-Gaullists on the right wing of the Coalition forces.

Whatever the orientation of the next government, the UDCA will--at least initially--be likely to continue its raucous opposition. Against a center government, the Poujadists will

be in alignment with the Communists, and if the government's program is essentially leftist, they may ally with the right wing of the outgoing coalition. Their strength and capabilities will largely depend, however, on how successfully they maintain discipline. Without it, their diverse support and the individual views among their deputies will probably cause the movement to split, as did the Gaullists. 25X1

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CHURCH-STATE RELATIONS IN THE USSR

Faced with the strong religious sentiment of the Soviet people, the Communist leaders in Moscow have reached an accommodation with church leaders, using them as instruments in carrying out foreign and domestic policies when it suits their convenience. By thus publicizing the activities of the church and by promoting and aiding the church in times of crisis in return for support, the regime has undercut its own attempts to eradicate religious feelings among the masses.

From the beginning of the Soviet regime, Lenin and Stalin held that religion was incompatible with Communism and that the demise of religion would come after long, persistent anti-religious propaganda. They never regarded the religious problem as one of great urgency, however. Even in periods when the struggle against the Russian church was most intense, as in the famine of 1921-22, Soviet policy sought to reach a modus vivendi with groups of accommodating churchmen rather than to destroy the church root and branch. Because the question of religion has

been subordinated to more important problems, the regime's policy toward the churches in the USSR has been flexible, leading, in the last decade, to the granting of some limited privileges.

Ideological opposition to religion, however, has never ended. Soviet leaders still firmly maintain that religion must be eliminated, sooner or later, and that above all it must not win over the younger generation. It probably matters little to the leaders in the Kremlin that some millions of middle-aged and elderly people still believe, as long as the rising generations are convinced materialists. Religious bodies can safely be permitted to linger on, for in a generation, they believe, few but atheists will remain.

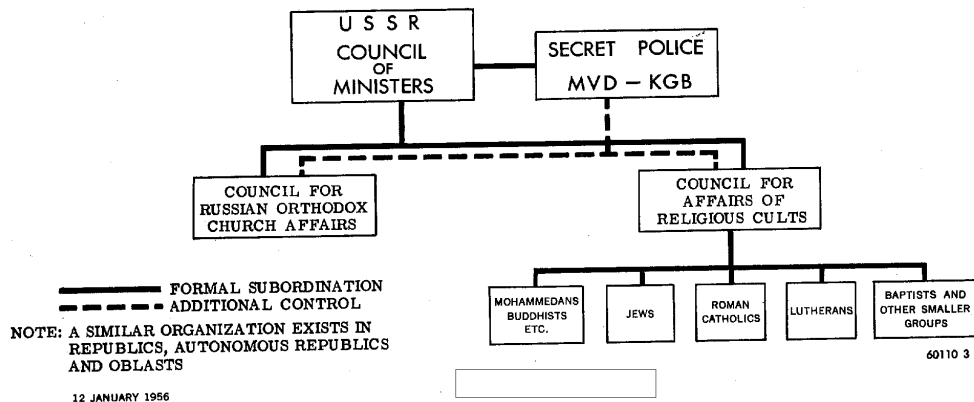
State Control

Soviet leaders maintain a tight state control over religious bodies. All denominations in the USSR are subject to one of two bodies which are themselves subordinate directly

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

**USSR
GOVERNMENT BODIES SUPERVISING CHURCH AFFAIRS**

to the Council of Ministers: the Council for Affairs of Religious Cults, headed by I. V. Polyanskiy; and the Council for Russian Orthodox Church Affairs, headed by G. G. Karpov. Both bodies are composed of secular officials rather than religious leaders.

The Council for Affairs of Religious Cults is divided into five groups--one each to handle all problems of (a) Mohammedans, Buddhists and related sects; (b) Jews; (c) Roman Catholics; (d) Lutherans; and (e) Baptists and other smaller groups. The Council for Russian Orthodox Church Affairs, as its name implies, is concerned with the affairs of the Russian Orthodox Church, and apparently those of the Georgian Orthodox Church as well.

These two councils are charged with ensuring good relations between the churches and the state, arranging for theological education, drafting legislation relating to the churches, and opening new churches. Each religious organization must register with the proper group, and to acquire recognition it must have a meeting place, a pastor, and at least 20 members. All religious groups rent their meeting places

from the state at a nominal charge, but the maintenance of structures is left to the congregation. No congregation can erect a church without authorization from the appropriate council, and the critical shortage of building materials has limited church construction in the USSR since the war.

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

25X1

Vazgan, a 47-year-old Rumanian, was a teacher until the end of World War II. He became a priest after studying theology for only one year, and four years later was elevated to bishop of the small Armenian church in Rumania. With such a background, and with many Armenian archbishops and bishops deserving the honor far more than Vazgan, it is clear that his appointment was a political one. The Soviet Union now has an instrument with which to influence Armenians all over the world in favor of the USSR, and which will probably exert a particularly powerful influence in Armenian communities in the Middle East.

In September and October 1955, Armenian bishops, priests and laymen from many parts of the world congregated in the ancient cathedral of Echmiadzin in Soviet Armenia to elect a new ecclesiastical head. This position carries the title Supreme Patriarch and Katholikos of all Armenians. His name is Vazgan the First. The Katholikate had been vacant for 17 months, while the Soviet regime searched for a candidate in whom it could place trust and confidence. The new Katholikos, Vazgan Balgian, clearly fits that bill.

Soviet Use of Church Leaders

In recent months the Soviet regime has made a number of gestures calculated to enhance the illusion that church bodies are independent. The Roman Catholic Church in the Baltic area was allowed to consecrate two new bishops; orders of the Red Banner of Labor were given to Metropolitan Nikolai of the Russian Orthodox Church and to

25X1

PRINCIPAL FAITHS IN THE USSR: 1955

25X1

RELIGION	Approximate Number of Adherents	Number of Churches, Mosques or Synagogues	Ethnic Group Connected with the Religion
RUSSIAN ORTHODOX	** 80,000,000	* 20,000	Gt. Russians, Ukrainians, & Belorussians
MUSLIM	* 30,000,000	** 1,312	Uzbeks, Tatars, Kazakhs, Azerbaijans, Eshkirs, Kirgiz, Tadjiks, and Turkmen
EVANGELICAL-CHRISTIAN BAPTISTS .	4,000,000	* 5,400	Great Russians and Ukrainians
OLD BELIEVERS.	** 3,000,000	* 1,000	Great Russians and Ukrainians
ROMAN CATHOLICS.	** 2,500,000	* 1,500	Lithuanians and Latvians
JUDAISM.	2,000,000	* 500	Jews
GEORGIAN ORTHODOX.	** 1,250,000	** 100	Georgians and a few Great Russians
ARMENIAN	** 1,200,000	* 100	Armenians
LUTHERAN	** 1,000,000	* 800	Latvians, Estonians, and some Lithuanians
BUDDHIST	** 500,000	* 50 temples	Buryat Mongols, Kalmyks, and Oriots

* Figures from interview with I. V. Polyansky (head of Council for Affairs of Religious Cults)

** 1952 estimate from NIS 26, Chapter IV, Section 43

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SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

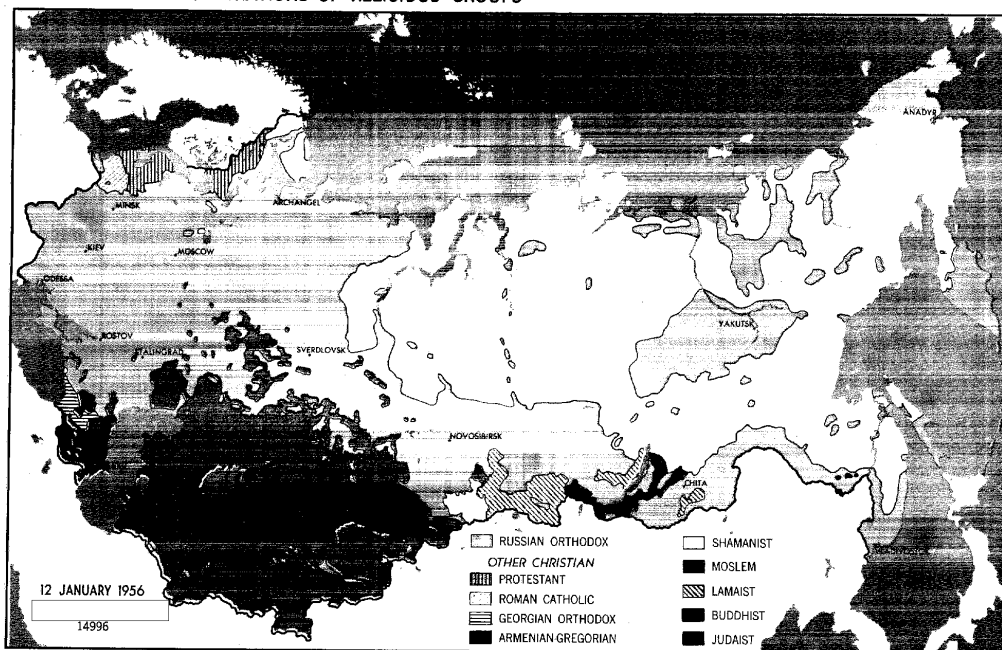
12 January 1956

the chairman of the Moslem Religious Board; and, for the first time since the 1920's, a new printing of the Bible has been planned.

None of these minor adjustments is indicative of a significantly changed role for the churches, however. For many years, leading members of the

church has endorsed Soviet statements and the "Stockholm Appeal" demanding the prohibition of atomic weapons and has joined in the bloc chorus accusing the West of germ warfare in Korea.

The close contact between the state and the Russian Orthodox church was again demonstrated

USSR - MAJOR CONCENTRATIONS OF RELIGIOUS GROUPS

Orthodox Church hierarchy have been used to advance the cause of the moment. During World War II, the Orthodox clergy denounced the Nazi "fascist beasts" from the pulpit, organized collections of money from the church to buy tanks and planes for the Soviet army, and made broadcasts abroad eulogizing Soviet aims.

Metropolitan Nikolai, the most pro-Soviet of the high clergy, was appointed after the war to represent his church on the Soviet Committee for the Defense of Peace and through his activities on that body has proved an active propagandist for the Soviet regime. The

in early February 1955 when the regime noted the tenth anniversary of Patriarch Alexei's election as head of the church by holding a reception in his honor.

A statement of greeting from the government was read, and the event was publicized in Izvestia as well as in the church press. The patriarch and three permanent members of the Holy Synod responded by signing another statement expressing approval of the latest Soviet disarmament proposal, demanding the immediate destruction of all atomic weapons, and blaming existing world tension on Western statesmen, who were

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

described as "stubborn supporters of the policy of strength" and "bellicose politicians."

In June, Soviet use of religious leaders extended into a new field. For the first time, Patriarch Alexei was invited in his ecclesiastical capacity to a dinner in honor of India's Prime Minister Nehru. Metropolitan Nikolai, who had often attended functions of this nature as representative of various peace committees, was also there, as was Khaletdinov, the chairman of the Moslem Ecclesiastic Administration for European Russia and Siberia. The addition of these religious leaders to the usual list of guests served to demonstrate to foreign visitors Moscow's new-found "liberalism." In succeeding months, various religious leaders were asked to attend receptions for visiting foreign dignitaries.

Prospects

Despite the clear control the Soviet regime exercises over the churches and the service it can gain through this control, the Communists relentlessly, though less obviously, continue their attempts to erase religious feelings among their peoples. Khrushchev's celebrated religious decree of November 1954, calling for moderation and abjuring direct attacks that might offend believers, emphasized that the drive was to continue, though in more subtle fashion.

By replacing the frontal attack method with the rapier, Khrushchev apparently hopes to narrow the hard core of religious adherents in the Soviet Union while gaining applause for tolerance both abroad and at home.

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JAPAN'S DEFENSE INDUSTRY

Japan's defense industry is geared to produce greater quantities of small arms and ammunition than are required by the Japanese defense forces, while it lacks funds, equipment, and specialized experience to produce modern heavy weapons. For these reasons, extensive government assistance will be required to build up and maintain a defense industry adequate for Japan's needs.

Peak Japanese output reached three to four billion dollars during World War II, but armaments production today amounts to only about \$65,000,000 annually. National recovery has reached the stage where the maintenance of an expanded

defense industry would not be excessively burdensome. The rate of industrial output in September slightly exceeded the wartime peak, and per capita gross national product and consumption are now 10 percent above prewar levels.

The industry began its rehabilitation in order to meet emergency UN needs arising from the Korean war. From 1950 through 1954, arms contracts totaled \$176,000,000, not including \$115,000,000 in repairs. Because of the nature of American orders and owing to Japan's lack of experience in research and development of modern weapons, the Japanese defense industry became distorted in its

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

development and overextended in terms of anticipated domestic demand, particularly for ammunition.

Present industrial facilities are capable of producing small arms and mortars, ammunition, rockets and grenades to support a ten-division force, and transport and combat vehicles to support four divisions. The Japanese Defense Board is also considering placing orders for antitank gun prototypes and two medium tanks equipped with 90mm guns. In the opinion of the Far East Command, any expansion beyond this level would require many additional facilities and a large increase in technical assistance.

Naval construction has been limited to ships up to and including destroyer types, although Japanese shipyards could build any type of naval vessel required. Construction of a snorkel-type submarine and a midget submarine may start during the next fiscal year beginning in April.

The aircraft industry is beginning to revive and is now at work on an order for 70 F-86F jet fighters and 100 T-33A jet trainers to be delivered to the Japanese air force by June 1957. The first jet aircraft is expected to come off the assembly line this month. The United States has agreed to furnish financial and technical assistance to aircraft makers and, at least initially, the parts for assembly in Japan.

A drastic decline in American offshore procurement for 1955-56 has threatened the Japanese munitions industry with large-scale shutdowns, since offsetting Japanese government orders and assistance under the six-year rearmament plan fall short of what is required to keep plants on a paying basis. Until recently, the government did not consider it

important to preserve a defense base for future emergencies.

Under present circumstances the maintenance of a defense industry in Japan is not economically or politically feasible without large arms sales abroad as a supplement to anticipated domestic requirements. Foreign orders are necessary not only to build up an adequate sales volume, but the industry must also become an important foreign exchange earner to attract popular support and assure government financial assistance. Large raw material imports are required, and many Japanese complain that without compensatory exports, arms production places too great a strain on the nation's balance of payments.

Asian purchases from Japan under the American offshore procurement program have totaled some \$118,000,000 worth of munitions in the last three years. Burma, Indonesia and Thailand have made independent inquiries through commercial channels, and some Latin American countries have expressed interest in Japanese arms and naval vessels.

A Japanese mission to South and Southeast Asia to discuss arms sales, including US-type equipment, is presently under consideration. Prospects appear brightest for Japanese sales to Burma, Pakistan, Thailand; even the Philippines and Indonesia may become buyers. However, the capacity of these countries to absorb arms is small except with American aid.

The Hatoyama cabinet decided on 28 December to seek a \$10,000,000 appropriation during the present Diet session for a plan to nationalize a portion of the Japanese arms industry. This is a step toward ensuring the maintenance of a defense industry base, since private interests can no longer hope

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

12 January 1956

to continue operations profitably on their own. The plan, however, takes into account only ammunition manufacturing equipment and excludes other items, land and equipment. As such, it is inadequate.

Although Japan cannot meet all types of military requirements, its defense industry potential is an important free world asset. A modest research and development program for guided missiles, jet aircraft,

electronics and nuclear energy is under way and Japanese capabilities can be expected to increase over the next several years.

Japanese planners claim they can supply 60 percent of over-all domestic military requirements in fiscal 1955 and 82 percent by 1960. To attain this level, there will be a continuing requirement for government subsidies and foreign technical assistance.

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