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CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

THE SOVIET-YUGOSLAV TALKS Page 1

Discussions now under way in the Crimea between President Tito of Yugoslavia and leaders of the Soviet Union probably are an attempt to find at least a temporary solution to problems in Soviet-Yugoslav relations which have been developing this summer and which stem from fundamentally opposed concepts concerning the doctrine of "independent roads to socialism." Soviet leaders apparently feel that they must either modify their soft line toward the Satellites or risk loss of their hegemony in Eastern Europe. Tito would be reluctant to accept any trend toward tighter controls.

[Redacted]

SUEZ DEVELOPMENTS Page 3

In the UN Security Council debate beginning 5 October, Britain and France hope to obtain substantial backing for a Suez settlement along the lines of the 18-nation plan for international control. Six of the 11 council members, including Iran, support the Suez Canal Users' Association and can be expected to support the international control principle. The position of the other three non-Communist members--China, Peru, and Cuba--remains in doubt. The USSR will probably veto any Western resolution providing for international control.

[Redacted]

ARAB-ISRAELI SITUATION Page 5

Tension has remained high along the Arab-Israeli borders since the Israeli attack on Jordan on 25 September. Iraq thus far has done little in response to Jordan's request for aid. Egypt has made some propaganda gains out of the situation by rushing small arms and ammunition to Jordan.

[Redacted]

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PART II

NOTES AND COMMENTS

**POLISH DRIVE FOR INDEPENDENCE
CONTINUES UNCHECKED Page 1**

Despite indications that the USSR is attempting to slow the pace of liberalization in the Satellites, Poland shows no sign of altering its course of seeking increased internal freedoms and independence from the Kremlin. This policy has been a factor in the conduct of the Poznan trials, which generally have been open and free, partly because of the influence of Western public opinion. [redacted]

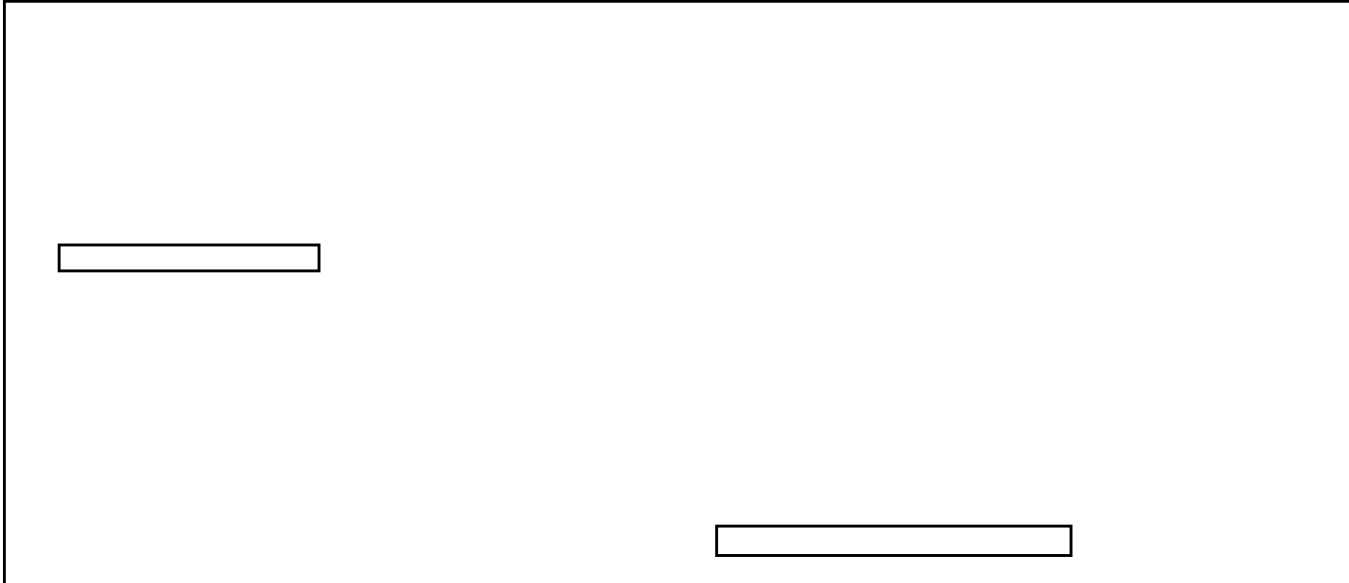
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**PROSPECTS FOR HATOYAMA VISIT
TO MOSCOW Page 2**

Japanese prime minister Hatoyama plans to go to Moscow on 6 October in the hope of restoring diplomatic relations between Japan and the USSR without a formal peace treaty. While the USSR has agreed to continue negotiations for a peace treaty including a territorial settlement after relations are renewed, this is unlikely to placate Hatoyama's opponents, and they may break away from the government party on the grounds that Japan's territorial claims have been sacrificed.

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PORTUGAL STALLS

AZORES BASES AGREEMENT Page 5

Portugal is stalling on negotiations for renewal of the Azores bases agreement, which expires at the end of 1956. Portuguese leaders excuse the delay by expressing concern over a possible change in the American attitude on colonialism, particularly Goa, and by pointing to the shifting defense picture in Western Europe. [redacted]

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THE TANGIER CONFERENCE Page 5

The Moroccan government has called a nine-power conference for 8 October to end the international regime in Tangier. The eight foreign governments which have administered Tangier--France, Spain, Britain, Italy, Portugal, Belgium, the Netherlands, and the United States--seek to retain an international organization of some sort to protect their economic interests in the area. [redacted]

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ALGERIA Page 6

An upsurge of terrorism in Algeria during September has strengthened the hand of those critics of the French military program who feel immediate political action by Paris is necessary to save the French position in Algeria. [redacted]

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DISTURBANCES LIKELY IN CUBA Page 8

The Cuban government is alert to the possibility of revolutionary activity in the near future. President Batista probably no longer enjoys the solid support of the army, but there are as yet no signs of widespread civilian unrest. [redacted]

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SOVIET PLANS FOR AN EARTH SATELLITE Page 9

Soviet representatives at two recent international scientific meetings tended to be noncommittal on the USSR's plans for an earth satellite. This reticence, which contrasts with previous announcements, may mean that the Soviet Union has decided to avoid international commitments which would require it to reveal its techniques in the guided missile field, or merely that a detailed announcement is to be held off until a successful launching is more certain. Estimates give the USSR the capability to launch a small earth satellite successfully by early 1957. [redacted]

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NEW SOVIET YOUTH SQUADS
COMBAT CRIME Page 10

The reactivation of Soviet Communist Youth League (Komsomol) "light cavalry" squads in the Odessa Oblast of the Ukraine, announced on 23 September, highlights the serious problem of law enforcement in the USSR. One of the major functions of these units presumably will be to engage in surprise raids on places of amusement or public assembly to deal with acts of "hooliganism" and crime. [redacted]

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COMMUNIST CHINA
INCREASES UNIVERSITY ENROLLMENT Page 10

In an effort to increase the supply of technical personnel, Peiping has almost doubled new enrollments in institutions of higher learning and prohibited industry and administrative organizations from recruiting middle school graduates capable of university work. The program is a 180-degree turn from the 1955 policy of encouraging students to discontinue their schooling and join the labor force. [redacted]

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TRANSPORT PROBLEMS
IN COMMUNIST CHINA Page 11

Rail congestion and traffic tie-ups in Communist China during the past month have slowed freight movement and in some areas have temporarily reduced industrial output. [redacted]

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EAST GERMAN SHIPPING
TO BY-PASS WEST GERMANY Page 12

A new East German canal under construction since April will link the Elbe River and the Baltic Sea and permit diversion to the East German ports of Wismar and Rostock of shipping which now must pass through West Germany. The new canal will parallel the existing Elbe-Trave canal running from the Elbe to the port of Luebeck in West Germany, and is further evidence that the East German regime envisages a long-term division of Germany. [redacted]

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PART III

PATTERNS AND PERSPECTIVES

COMPOSITION OF THE CHINESE COMMUNIST PARTY'S GOVERNING BODIES Page 1

The composition of the Chinese Communist Party's governing bodies, as revealed at the party's eighth congress, confirms that Mao Tse-tung continues to dominate the party. The proceedings at the congress also provided nearly conclusive evidence that Liu Shao-chi and Chou En-lai have retained the second and third positions, and that Teng Hsiao-ping has joined the top handful of party leaders. [redacted]

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PROBLEMS FACING THE WEST GERMAN GOVERNMENT Page 4

The Bundestag session that opened on 27 September will serve largely as a sounding board for the 1957 national elections in West Germany. Each party will seek to extract the utmost in political benefit from controversies over reunification, rearmament and European integration. Chancellor Adenauer's popularity has waned somewhat, and his Christian Democratic Party is on the defensive. He may feel forced to accept compromises incompatible with his previous strong pro-Western stand. [redacted]

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GREECE AND THE CYPRUS PROBLEM Page 6

The Greek government and the opposition are anticipating a major crisis in November, which they expect to follow a decision by the UN General Assembly on whether or not to consider the Cyprus issue. Prime Minister Karamanlis is believed to be canvassing possible courses of action to meet the test, which is bound to come no matter what the assembly decides, while opposition leaders are co-operating in a campaign to overthrow him and force new elections. [redacted]

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SOVIET BIOLOGICAL WARFARE DEVELOPMENTS Page 7

Recent indications point to intensified Soviet interest in biological warfare. The USSR's defensive capability in this field is restricted by deficiencies in sanitation, public health and crop protection. The Soviet Union is probably attempting to acquire a capability adequate for retaliation in kind against a BW attack. [redacted]

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PART I

OF IMMEDIATE INTEREST

THE SOVIET-YUGOSLAV TALKS

Discussions now under way in the Crimea between President Tito of Yugoslavia and leaders of the Soviet Union probably are an attempt to find at least a temporary solution to problems in Soviet-Yugoslav relations, which stem from fundamentally opposed concepts concerning the doctrine of "independent roads to socialism."

Background of the Dispute

Although Tito's distrust of the USSR was not completely overcome during his visit to Moscow last June, his present suspicions are primarily the result of a series of events which occurred during the summer months.

Despite their initial public concurrence with the Soviet line--a line which has since been reversed--Yugoslav officials apparently were disturbed at the harsh Soviet reaction to the Poznan riots in Poland. The Yugoslavs have been equally concerned over the apparent change since June in Soviet propaganda concerning international Communist relations. Tito's concept of genuinely "independent roads to socialism," ostensibly accepted by the Soviet leaders in June, has, in essence, been contradicted by Moscow's subsequent emphasis on international Communist unity and by its outright criticism of "national Communism."

The related Soviet change in attitude toward the Satellites in general, however, appears to have been the major

area of friction. The USSR this summer warned the Satellites that limits to the liberalization programs--programs which apparently have been actively encouraged by Yugoslavia--had been transgressed. Marshal Bulganin visited Poland in July and cautioned a Warsaw audience that "antiparty" tendencies were afoot and must be halted. The Polish press, Bulganin claimed, exhibited such trends. In addition Bulganin stated--contrary to the official Polish view--that the Poznan riots were instigated by Western imperialist agents to exploit such unhealthy situations.

As an apparent follow-up to this form of warning, the central committee of the Soviet Communist Party on 3 September sent a letter to the Satellites, admonishing them that the USSR, not Yugoslavia, is the correct model to follow in building socialism. According to this letter, the Yugoslav concept of the "independent roads to socialism" thesis is incorrect and is not to be accepted by the Satellites.

Already upset by these developments, the Yugoslavs received an additional jolt in early September from what they considered to be unwarranted Soviet interference in their internal affairs. Yugoslavia this summer had placed on trial for treason a number of former Yugoslav party officials who had defected to the East after the Yugoslav-Cominform break in 1948. Soviet and Satellite press coverage of these trials, considered in

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Belgrade to be unfriendly in tone and misleading in substance, was publicly attacked by the Yugoslavs as being "Cominformist-inspired," and as a direct attack on the Tito regime.

The Soviet Dilemma

There may be differences among the Soviet leaders concerning Khrushchev's over-all liberalization policies, but the hierarchy probably is unanimous in the opinion that some form of action must now be taken to strengthen Soviet control over Poland and Hungary, to halt the trend in those countries toward overdemocratization and independence. It was evidently considered advisable to make these impending changes known to Tito.

Although presumably taken immediately to heart in Czechoslovakia, East Germany, Rumania, Bulgaria and Albania, Soviet warnings to the Satellites this summer were apparently largely ignored in Hungary and actively resisted in Poland, reactions which must have produced profound shock in Moscow. The democratization trend in Hungary has accelerated during the past month and, according to the American legation in Budapest, the situation is dangerously close to getting out of hand. Poland's internal democratization program has gone ahead without visible pause; the regime is apparently encouraging a new and decidedly more independent view of Poland's relations with the USSR and, simultaneously, a closer and more favorable look at both Yugoslav independence and economic practices.

The USSR is faced with a dilemma of major proportions

by these developments in the Satellites. The decision to adopt a tougher attitude toward at least Poland and Hungary will, if it is to be successfully implemented, threaten the efficacy of the USSR's general foreign policy line of relaxation and peaceful coexistence. Failure to act decisively, on the other hand, might inevitably lead to a not-too-distant choice between military intervention or a loss of control over some of the Satellites.

Tito's Trip

Tito's sudden trip to the USSR on 27 September, following eight days of conversations with Soviet party first secretary Khrushchev in Yugoslavia, was reportedly the result of an urgent, last-minute decision. According to Yugoslav officials, Khrushchev's attitude, as revealed during talks at Brioni, was uncompromising and reflected an almost complete reversal of earlier Soviet pronouncements concerning both Yugoslavia and the Satellites. Tito reportedly threatened to make the whole dispute public; this allegedly was countered by Khrushchev with his invitation for Tito to visit the USSR and to hold talks with other Soviet leaders.

Tito's acceptance apparently was predicated on his belief that every feasible effort must be made to preserve the Soviet "new look" toward his own country and the Satellites. Before reaching any kind of agreement with the USSR, Tito, at a minimum, would probably insist that the USSR assure him of its genuine acceptance of the legitimacy of Yugoslavia's independent Communist role and withdraw its recent warnings to the Satellites that Yugoslavia is

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not a model for these countries to follow.

The Soviet leaders, for their part, presumably invited Tito to the Crimea in order to persuade him that a "get-tough" policy toward at least two of the Satellites, Poland and Hungary, is absolutely necessary if Communist power in those countries is to be preserved. Implementation of this new policy would be made doubly difficult if it were actively resisted by Yugoslavia, whose prestige and influence in Poland and Hungary has grown considerably during recent months. Yugoslav support for a somewhat harder policy in

these countries, on the other hand, might soften the appearance of a reversion to Stalinism and might also, by facilitating the Soviet task, reduce the harshness of the new measures.

If the USSR proposes--as some press reports allege--that some new form of international Communist organization be formed with Yugoslavia as a member, Tito would probably resist such a plan. He believes he can exert his ideas and influence most effectively through bilateral relations with other Communist parties, rather than through an organization which the most powerful member, the USSR, would dominate. 25X1

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SUEZ DEVELOPMENTS

In the UN Security Council debate beginning 5 October, Britain and France hope to obtain substantial backing for a Suez settlement along the lines of the 18-nation plan for international control. Six council members, including Iran, support the Suez Canal Users' Association (SCUA) and can be expected to support the principle of international rule. The position of the other three non-Communist members-- China, Peru, and Cuba-- remain in doubt. The USSR will probably veto any Western resolution providing for international control.

Foreign Minister Shepilov, who arrived at the UN on 3 October, told reporters that the West's "hot-headed and impractical projects" were no way to a solution of the Suez dispute. He added that the Security Council debate could achieve "serious progress," if the participants displayed the necessary "realism, mutual understanding and trust."

Moscow will probably rely on the Egyptians to defend their own case effectively. The Soviet delegation will work very closely with the Egyptian

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delegation for a co-ordinated approach, at the same time keeping the door open to other means of negotiation. Moscow's propaganda continues to mention, though with reduced emphasis, a six-power conference and the Egyptian proposal for a 45-nation conference as the best means for a solution to the Suez dispute.

Egyptian Position

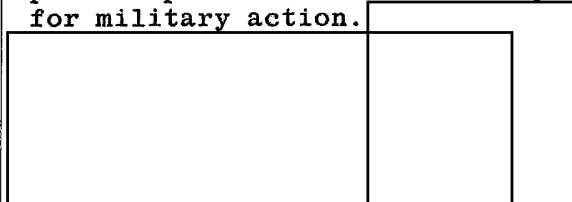
The Egyptians have sent a strong delegation to the UN debate amid many indications that they hope the debate will provide a setting for negotiations leading to an acceptable settlement. This apparent desire for negotiations is not accompanied, however, by any indication that Egypt's position on the canal problem has shifted. Egyptian spokesmen still insist that Egypt must control and operate the canal. Cairo is willing to negotiate on details concerning international rights of canal transit.

Canal operations have generally proceeded smoothly. On 2 October, two British ships had accidents which caused minor traffic delays. Press reports from Port Said state that the first Soviet pilot guided a vessel in the canal on the same day. Seven other Soviet pilots reportedly have passed their qualifying examinations.

Canal authorities now claim to have a force of over 200 pilots either on duty or in training. If this claim is true, the Egyptian administration has about the same number of pilots as the old Suez Canal Company just before nationalization, although not all the present pilots can handle large vessels.

British and French Position

The possibility that force will be employed to resolve the dispute seems to have receded. Prime Minister Eden and Premier Mollet have agreed that military action would be resorted to only in the event of almost total interruption in canal traffic or of developments in Egypt which would convince British public opinion of the necessity for military action.



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While 15 of the 18 nations that backed the earlier Western plan for international control have formally joined SCUA, there is no agreement on how to bring Nasr to accept international control. London evidently has come to believe that the users should send a maximum volume of ships through the canal, while withholding tolls as much as possible, to test Egypt's ability to operate the canal.

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ARAB-ISRAELI SITUATION

Tension has remained high along the Arab-Israeli borders since the Israeli attack on Jordan on 25 September. After much debate and queries to Britain and the United States, Iraq appears to have decided to do little or nothing for the time being about Jordan's request for aid. The Egyptians, however, have made some propaganda gains out of the situation by expediting small arms and ammunition to Jordan by air.

The Jordanian foreign minister's mission to Baghdad appears to have foundered on Iraq's reluctance to risk provoking Israel or to give away any of its own hard-won equipment. Although Iraqi premier Nuri Said rejected at once Jordan's request for a division of Iraqi troops, he did indicate he would like to establish a military supply base in Jordan and possibly to send a "guard force" to look after Iraqi materiel. The Iraqi chief of staff, however, has indicated that no Iraqi troops will be sent to Jordan until there has been an agreement with Amman on joint military planning. This proviso in itself would be likely to postpone any Iraqi troop movement indefinitely.

Cairo was apparently spurred to at least token action by reports of the Jordanian appeal to Iraq. Ambassador Mallory reported that Egyptian transport planes circled Amman ostentatiously before landing their cargoes of arms. Press reports in addition indicated that still another meeting of Arab military chiefs was held in Cairo to consider helping Jordan, and Radio Cairo helped Jordan's King Hussain out by asserting that in the 25 September raid, 200 Israelis had been found dead--shot in the back, because they were fleeing the fury of Jordan's defenders.

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PART II

NOTES AND COMMENTSPOLISH DRIVE FOR INDEPENDENCE
CONTINUES UNCHECKED

Despite indications that the USSR is attempting to slow the pace of liberalization in the Satellites, Poland shows no sign of altering its course of seeking increased internal freedoms and independence of the Kremlin. The Polish press has published blunt criticism of Soviet-Polish relations, the leading Polish party newspaper has reprinted statements hailing Yugoslav independence, and various groups continue to urge the adoption of further reforms.

The Polish drive for independence appears to be supported primarily by a relatively small portion of Polish society consisting of party members, intellectuals and writers; it does not appear to have wide public participation. Continuation of the drive for liberalization at its present pace, however, may serve to spur the generally quiescent Polish public to take an active part in future developments.

Demands for Change

Numerous articles and radio broadcasts have advocated the Yugoslav practice of establishing workers' councils with power to run the factories with a minimum of interference from the authorities. Factories run by such councils would have wide latitude in purchasing raw materials, planning production, and marketing the finished product, particularly as regards sales abroad. One prominent Polish economist has gone so far as to advocate reliance on a market economy to guide the production of locally run factories.

The single-list election system was attacked in a 25 September article in Glos Pracy, organ of the Trade Union Federation, which called for a change in the law to permit the nomination of at least twice as many candidates as there are seats in the Sejm. The trade union paper has not been a leading critic of the regime in the past, which suggests that the idea of election reform may have originated with the government. Such a change would not mean loss of control by the regime, as the candidates would still be selected by the Communist-controlled national front, but it would allow the people to reject those candidates they regarded as least capable of representing their interests.

Poznan Trials

The regime's liberalization policy has influenced the conduct of the Poznan trials, which generally have been open and free, in response in part at least to the pressure of Western public opinion. Show trials in the past have tended to place the necessity for internal security and control above the advantage of creating a favorable impression.

The prosecution has admitted that the confessions of the defendants were secured by means of secret police strong-arm methods, and the court has invalidated them as evidence. Defense counsels have elicited admissions from prosecution witnesses that out of fear of police beatings they told the court what their examiners had told them to say.

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The judges have allowed the accused considerable freedom to describe the background of the riots, including the use of anti-Russian slogans. Several Western newspapermen, lawyers and diplomatic observers have been present at the trials and

have conversed freely with defense attorneys. The defendants are enjoying the fairest trial yet witnessed in a Communist country, although not all the procedural safeguards of Western judicial procedure have been available to them. 25X1

PROSPECTS FOR HATOYAMA VISIT TO MOSCOW

Japanese prime minister Hatoyama now plans to go to Moscow on 6 October in the hope of obtaining a quick agreement to normalize relations between Japan and the USSR.

to Japan of Shikotan and the Habomai Islands, an act the USSR has previously made contingent on the conclusion of a peace treaty.

Some Japanese Foreign Ministry officials believe that Hatoyama's chief lieutenant, Minister of Agriculture and Forestry Kono, who will accompany the prime minister, will agree to this stipulation in Tokyo, but will maneuver as he pleases in Moscow. They do not expect the Japanese mission to succeed in obtaining a concession from Moscow on the territorial dispute, and they believe Kono expects to win credit for normalizing relations while leaving to others the onus of subsequently losing the southern Kurils.

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[Redacted] Moscow removed a major obstacle to the prime minister's trip by agreeing to a renewal of relations without a formal peace treaty on the basis of five points previously advanced by Japan, to which was added the stipulation that negotiations on the territorial problem would continue following the restoration of diplomatic ties.

Under the proposed agreement, the USSR and Japan would end the state of war, exchange ambassadors, and implement the fisheries pact. The USSR would repatriate the Japanese citizens it has held since the end of the war and would support Japan's admission to the UN.

Former prime minister Yoshida feels he could rally a large body of public opinion in opposition to Hatoyama's policies toward the Soviet Union. A Moscow settlement unreasonably adverse to Japan might well cause the Yoshida faction to withdraw from the government party in the hope that the former prime minister's faction would ride to power under a new conservative alignment by exploiting the sacrifice of vital Japanese interests and territorial claims. 25X1

Even opponents of Hatoyama within the ruling Liberal-Democratic Party apparently consider his visit to Moscow inevitable. While they still oppose his mission, their primary tactic now is directed toward obtaining a pledge that the Japanese delegation will insist on the immediate return

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**PORTUGAL STALLS
AZORES BASES AGREEMENT**

Portugal is stalling on negotiations for renewal of the 1951 Azores bases agreement, due to expire at the end of 1956. Portuguese leaders excuse the delay by expressing concern over a possible change in the American attitude on the colonial issue, particularly Goa, and by pointing to the shifting defense picture in Western Europe.

Technical annexes with new provisions for American air transit facilities in the Azores were approved by the Portuguese military in August, following almost a year of negotiation. The major changes include permission to set up and operate an early warning system, to station an American interceptor day-fighter squadron, and to increase the number of American personnel on the islands. These provisions are, however, subject to the approval of Foreign Minister Cunha and Prime Minister Salazar in the course of negotiations for a renewal of the over-all defense agreement.

Ambassador Bonbright believes the Portuguese are holding out on the Azores bases agreement to the last moment as the only weapon at their disposal to "keep the US honest" in relation to Goa. Both Cunha

and Defense Minister Santos Costa have admitted that the government was stalling, but both expressed the hope that an agreement would be reached by mid-November. They cited "the uncertainties of American policy in an election year" and the possibility that the colonial issue may be injected into the election campaign. They are particularly worried about President Eisenhower's renewed invitation to Nehru to visit the US and what the US may do or say on Goa.

Prime Minister Salazar believes the threat of war in Europe is receding. The Portuguese are watching closely the current developments regarding the American base in Iceland and the signs of increasing emphasis on the use of nuclear weapons in the defense of Western Europe.

Lisbon probably will continue to refuse to extend American rights in the Azores for the duration of NATO. Since Portugal succeeded in limiting the 1951 agreement to a five-year period, it is almost certain to insist on a similar limitation in a new agreement.

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THE TANGIER CONFERENCE

The Moroccan government has called a nine-power conference for 8 October to abrogate the international regime installed in Tangier by the 1923 statute. Morocco hopes to end foreign domination of the city's government which has existed since the eighteenth century.

The eight foreign governments involved--France, Spain, Britain, Italy, Portugal, Belgium, the Netherlands, and the United States--seek to retain an international organization of some sort to protect the heavy concentration of foreign population and financial and communications installations

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in Tangier. The most that is hoped for is that the Moroccan government will create a free port and a free trade zone and maintain Tangier's free money market and banking facilities.

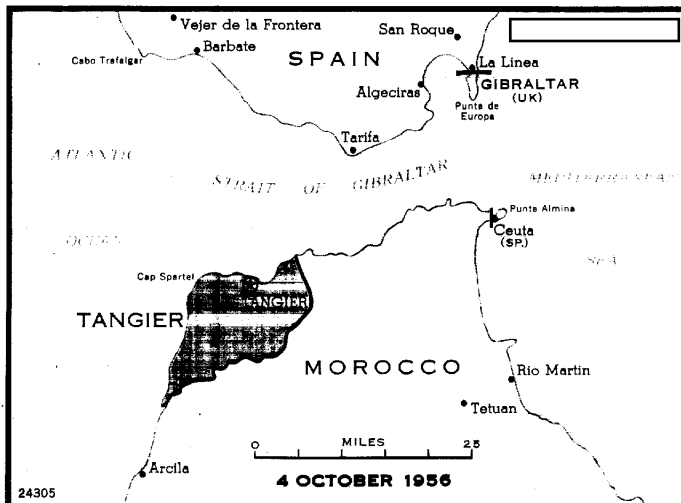
Some powers, particularly Spain, want a Moroccan pledge never to permit any form of military installation in Tangier. The Moroccans would consider such a request a derogation of their sovereignty and might be antagonized by the suggestion.

The greatest boon to Tangier's lagging economy would be to continue the free money market. This, however, is likely to be opposed by France, which considers the free exchange system of Tangier injurious to the stability of the franc. Retention of the free market will depend in large part on French-Moroccan financial negotiations now under way in Paris.

The Moroccan government is apparently unprepared and is totally inexperienced in conducting an international conference. Its bargaining strength will lie primarily in strong nationalist demands for reincorporation of Tangier into Morocco, the desire of the

ALGERIA

An upsurge of terrorism in Algeria during September has strengthened the hand of those critics of the Mollet-Lacoste military program who



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eight powers to retain Moroccan good will, and potential disagreements among the eight.

In spite of recent conciliatory statements by the Moroccan foreign minister, the Moroccans may attempt to abrogate the 1906 Act of Algeciras, which is the basis for the 1923 statute and existing limitations on customs duties. The financially distressed Rabat government would like to increase its revenue.

Such a demand would again invite the attention of the Soviet Union, which as successor to Czarist Russia considers itself a signatory of the 1906 act. The USSR inquired of Paris and Rabat in September why it was not invited to the 8 October conference. [REDACTED]

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feel immediate political action by Paris is necessary to save the French position in Algeria.

Many liberal Frenchmen in Algeria are less optimistic

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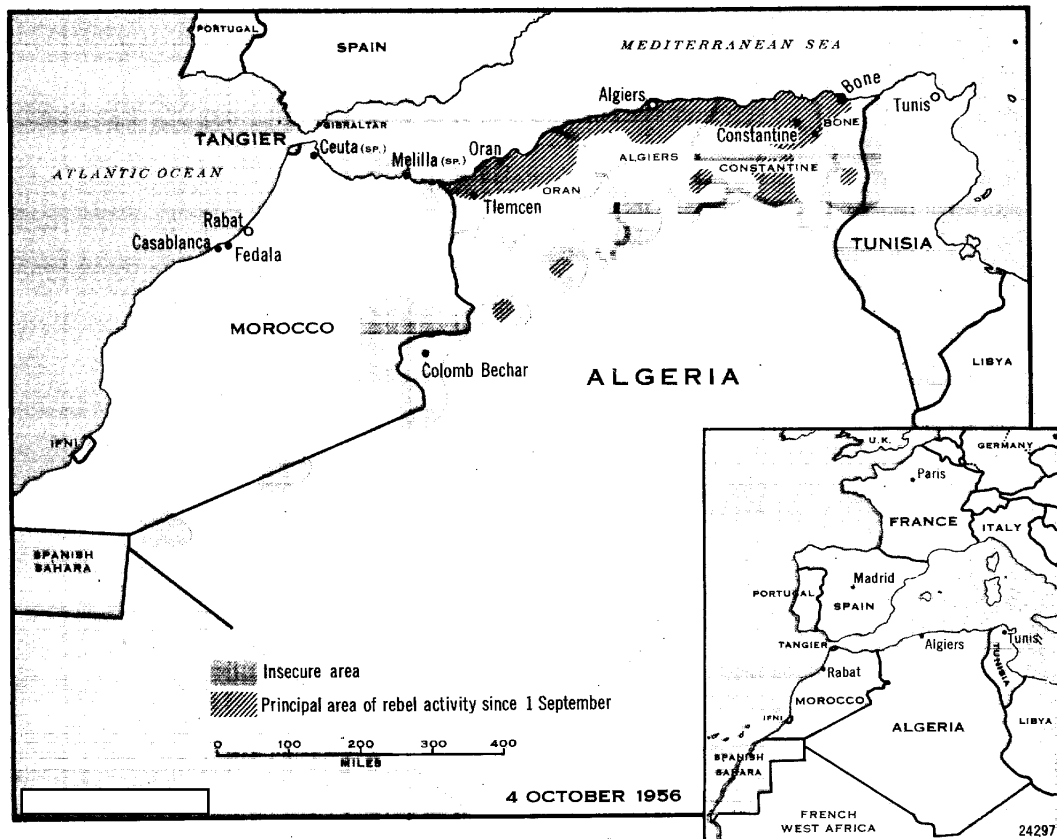
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about the situation than re-siding minister Robert Lacoste. They maintain that the security situation has greatly worsened in the last six months despite the tremendous build-up of French forces. They point to the spread of rebel activity into new areas and the multiplication of attacks against persons and property, especially in urban areas such as Algiers.

Some responsible officials in Paris are also gloomy over the military picture. These officials admitted privately last month that the "pacification" claimed for certain areas was considered temporary and meant only that French control had been re-established for the daylight hours. They acknowledged that reports they

had received indicated that 90 percent of the Moslem population is now infected with the concept of Algerian independence.

Developments in the guerilla conflict during September appear to sustain these more pessimistic appraisals of the situation. Urban and rural terrorism, economic sabotage, and ambushes of small military detachments apparently increased as compared with the two preceding months, while at the same time the total area regarded as "insecure" expanded, especially in the west. Terrorist acts reached a new high in Algiers, the capital, during the last week of the month. On 1 October, Lacoste warned that the rebels had received instructions to



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maintain a "climate of terror" during October and could be expected to step up their effort to widen the breach between the settlers and the Moslems.

On the political front, Lacoste has persuaded the French cabinet to defer definition of a new status for Algeria pending further developments in the Suez crisis. Mollet still expects to propose a new

Algerian regime to the National Assembly sometime before the end of October. This plan is virtually certain to fall short of recognizing Algerian independence and is therefore unlikely either to provide a basis for fruitful negotiations with nationalist leaders or, if imposed, to gain any substantial measure of support from the Moslems of Algeria.

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DISTURBANCES LIKELY IN CUBA

An increasing number of reports have claimed that revolutionary activity in Cuba is planned in the near future; and disturbances therefore seem likely.

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It is possible that current conspiracies in Cuba are related to activities of exiles, including Fidel Castro, whose "26 of July Movement" is also active in Cuba and was purportedly contacted recently by Cuban Communists.

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There are as yet no signs of widespread civilian unrest. The comparatively prosperous population appears generally apathetic toward the political situation, and a movement relying principally on civilian support would probably have little chance of success. Discontent, however, was heightened by the government's decision to hold partial elections in 1957 in the face of opposition demands for general elections as soon as possible. Increasing resistance was indicated by the Barquin conspiracy and an abortive civilian assault on an important military garrison a short time later.

Batista probably no longer enjoys the solid support of the army, which is a determining factor in the situation, and there is some evidence of dissatisfaction, particularly among the younger officers.

[Redacted]

The American embassy states that a movement led by determined military personnel, relying on surprise and general apathy, might be successful.

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SOVIET PLANS
FOR AN EARTH SATELLITE

Soviet representatives at two recent international scientific meetings tended to be noncommittal on the USSR's plans for an earth satellite. This reticence, which contrasts with previous announcements, may mean that the Soviet Union has decided to avoid international commitments which would require it to reveal its techniques in the guided missile field, or merely that a detailed announcement is to be held off until a successful launching is more certain. Estimates give the USSR the capability to launch a small earth satellite successfully by early 1957.

At a meeting of scientists organizing plans for the International Geophysical Year (IGY) at Barcelona from 10 to 15 September, the Soviet representative commented vaguely that "Russia is studying the launching of an artificial satellite by means of rockets." Previous information had indicated that the USSR would discuss its earth satellite plans in detail at Barcelona. At an international astronomical meeting in Rome later last month, the Soviet delegation similarly made no formal announcement of an earth satellite program, although it did propose informally that the USSR and the United States pool their knowledge on the subject. In addition, the leading Soviet scientist in the field, L. I. Sedov, commented at the Rome meeting, "I guess the United States is ahead, on the whole, of all the countries."

The successful launching of an earth satellite requires solving many of the same scientific and engineering problems encountered in the development of a long-range ballistic missile, with the added requirement of a long-life power supply. Because

the Soviet Union has shown a high capability in the guided missile field, earlier announcements of plans to launch a satellite appeared feasible.

On 16 April 1955, the USSR announced the formation of a Permanent Interagency Commission for Interplanetary Communications. This organization, composed of scientists whose competence in such fields as astrophysics and nuclear energy is internationally recognized, was given the task of organizing work on an automatic laboratory for scientific research in cosmic space. In August 1955, shortly after the United States announced plans to launch a satellite, Sedov, the chairman of this commission, revealed that the USSR had similar plans.

A month later, Khrushchev boasted to West Germany's Chancellor Adenauer, who was then in Moscow, that the USSR was ahead of America in the building of space satellites. In January 1956, Professor G. I. Pokrovsky, reportedly a member of the Interplanetary Communications Commission, stated in a Soviet newspaper that the Soviet Union would launch an artificial satellite in 1956 by a method different from the three-stage rocket launching procedure on which American plans are based.

While attending a Jet Propulsion Congress in West Germany in February 1956, Soviet scientists reportedly stated that the USSR planned to launch 12 to 14 satellites in their program. The scientists stated that malfunction of components and errors in calculation were expected and that they would be satisfied if 50 percent of the vehicles launched attained their calculated orbit. Such a program would be comparable to the American program.

[redacted] (Prepared by OSI)
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NEW SOVIET YOUTH SQUADS
COMBAT CRIME

The reactivation of Soviet Communist Youth League (Komsomol) "light cavalry" squads in the Odessa Oblast of the Ukraine, announced on 23 September, highlights the serious problem of law enforcement in the USSR. One of the major functions of these units presumably will be to engage in surprise raids on places of amusement or public assembly to deal with acts of "hooliganism" and crime.

So-called "light cavalry" units of the Komsomol were first formed about 1928 for the purpose of aiding party and state organs in eliminating "bureaucratism" in economic enterprises. Their principal function evidently consisted of flying raids, undertaken jointly with special commissions of the

Workers and Peasants Inspection, designed to expose shortcomings in factories or on collective farms. After having served its purpose as a "major form of mass control and criticism from below," the "light cavalry" was abolished in the mid-1930's.

During the past two years, Soviet youth has been called upon more and more frequently to aid the militia (ordinary police) in the struggle against crime and delinquency. The Odessa campaign is reportedly patterned on the successful one launched in Leningrad two years ago. The organization of the "light cavalry" in Odessa Oblast appears designed to glamorize militia assistance activity and extend it to include rural areas.

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COMMUNIST CHINA
INCREASES UNIVERSITY ENROLLMENT

In an effort to increase the supply of trained technical personnel, Peiping has almost doubled new enrollments in institutions of higher learning. The regime has gone so far as to direct industry and administrative organizations to release employees to study for college entrance examinations and to prohibit them from recruiting middle school graduates eligible for university study.

A need for greater enrollment in institutions of higher learning was first expressed by Chou En-lai at a meeting of the party's central committee in January. Two weeks later, Peiping announced that a 12-year education program was being drawn up to provide

1,000,000 highly trained personnel of college professor, engineer, and medical doctor caliber.

In April, the government announced a goal of 170,000 new college students for this fall, despite the fact that only 140,000 middle school graduates were expected to take college entrance examinations. The deficit was to be made up by government workers, discharged servicemen, overseas Chinese and industrial workers. Candidates for the examinations from industry and government were to be released from their duties three months before the examinations to afford them time for study. Government organizations, furthermore,

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were directed not to hire students who passed the college entrance examinations.

Peiping's announcement on 1 September that 180,000 new students--nearly twice the 1955 figure--began the academic year, showed that these emergency measures achieved their immediate objective. However, the basic problem of a shortage of qualified middle school graduates to fill college enrollment quotas remains to be solved.

The regime itself is partly responsible for this shortage through its past encouragement of students to join the labor force. As recently as July 1955, the minister of education, Chang Hsi-jo, affirmed the government's position that primary and junior middle school graduates should be encouraged to enter the labor force, in

the belief that only a small portion of them could aspire to further education. With this sanction of the government, peasants took their children from school in order to increase family incomes, and "mass discontinuations" of studies reached 50 percent in some areas. At this year's session of the National People's Congress, however, Chang criticized peasants for the practice, saying it would seriously hinder the state's development of higher education and national construction projects.

Continued use of this year's emergency measures will probably be necessary to enable the regime to attain the 1962 enrollment goal of 850,000 set in the recently announced Second Five-Year Plan, a figure more than double this year's total enrollment in institutions of higher learning.

(Concurred by ORR and OSI)

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**TRANSPORT PROBLEMS
IN COMMUNIST CHINA**

Rail congestion and traffic tie-ups in widely separated localities in Communist China in the past month have slowed freight movement and in some areas have temporarily reduced industrial output. In his 18 September speech at the Chinese Communist Party Congress, Chou En-Lai stated that the present transport situation was "tense." Wang Shan-tou, director of the State Council's transport planning office, in his speech before the congress said that Chinese transport in 1956 was being required to carry a freight volume which originally had been planned for 1957 and that "contradictions"

between transport capacity and transport volume were appearing.

China's rail construction and repair program, although extensive, has barely kept pace with the country's general economic growth, and the increasing requirements of industry and mining have periodically resulted in transport bottlenecks. For the past several years official announcements and editorials have repeatedly pointed out that the volume of rail traffic was approaching the capacity of the railway system. During August and September a combination of circumstances produced several bottlenecks.

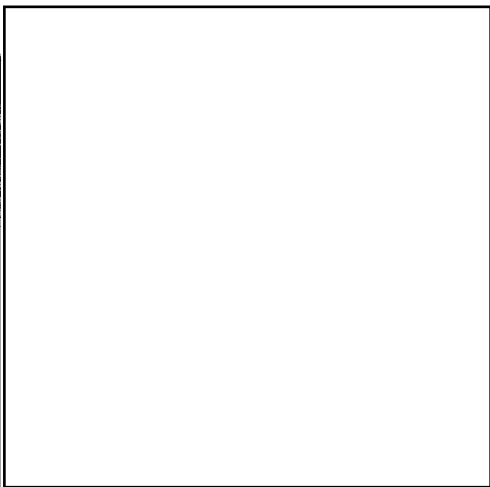
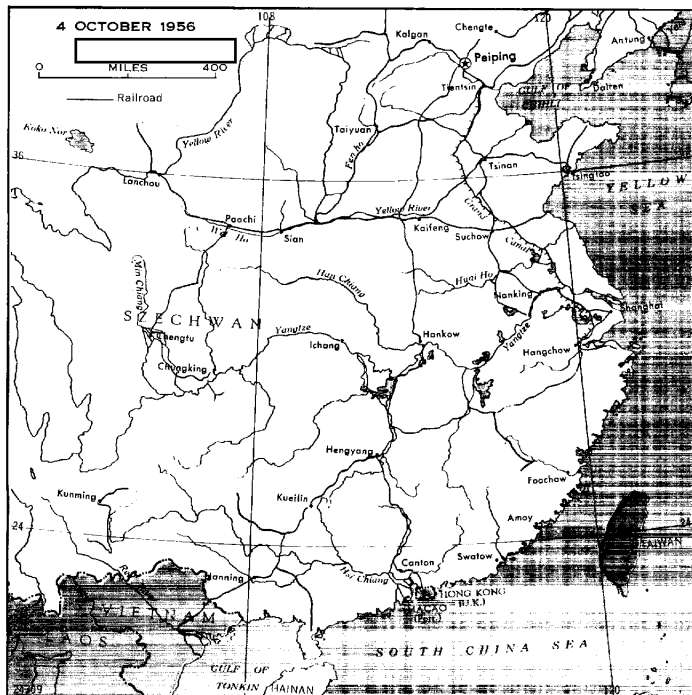
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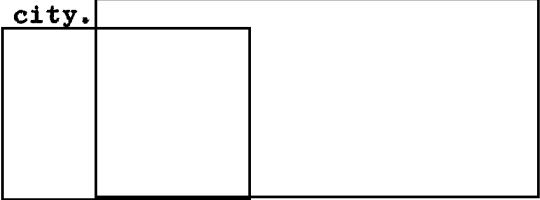


In addition, heavy rains following typhoon Wanda early in August caused numerous washouts and local tie-ups in the North China provinces of Honan, Shantung, Hopeh, and Anhwei.

Since Chinese railroads are operating at a point close to capacity, such local congestion will probably reoccur frequently. In the future a larger proportion of rail investment apparently will have to be devoted to improvement of existing lines and facilities rather than to new construction.

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Extensive repair work on the Lanchou and Chengtu lines west to Pao-chi caused considerable congestion in that city.



EAST GERMAN SHIPPING TO BY-PASS WEST GERMANY

A new East German canal under construction since April will link the Elbe River and Baltic Sea and permit diversion to the East German ports of Wismar and Rostock of shipping which now must pass through West Germany. Since purely economic considerations do not seem to justify construction

of the canal, the project is further evidence that the East German regime envisages a long-term division of Germany. The new canal will parallel the existing Elbe-Trave canal running from the Elbe to the port of Luebeck in West Germany.

Both East German and Czechoslovak shipping will be

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able to by-pass West Germany via the new canal, which is to be completed by 1960. In 1955, about 2,500,000 tons of such trade passed through the West German port of Hamburg, and the possibility of losing this business has caused some consternation in Hamburg commercial circles. Luebeck, another West German port, is also involved in this trade.

The projected canal will be 73 miles long and will be able to accommodate vessels of 1,000 gross tons. It will cost about four percent of the total funds East Germany plans to spend on construction during the current five-year plan. In addition, port facilities at Wismar and Rostock, which handled 4,500,000 tons of freight in 1955 as compared with 1,000,000 tons annually before World War II, are now being expanded to provide for the further increase in freight expected when the canal is finished.

Critically short supplies of construction materials and manpower for construction will



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probably necessitate a substantial diversion of construction material from other sectors of the economy in order to complete the canal within the plan period.

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PART III

PATTERNS AND PERSPECTIVES

COMPOSITION OF THE CHINESE COMMUNIST PARTY'S GOVERNING BODIES

The composition of the Chinese Communist Party's governing bodies, as revealed at the party's eighth congress, confirms that Mao Tse-tung continues to dominate the party. The proceedings at the congress also provided nearly conclusive evidence that Liu Shao-chi and Chou En-lai have retained the second and third positions, and that Teng Hsiao-ping has joined the top handful of party leaders.

Mao has been the undisputed leader of the party since 1935. Liu has been his principal lieutenant and his main spokesman in party affairs since 1945. Chou has been premier of the Peiping regime since 1949 and has been consistently ranked third by Peiping since 1953. Teng, secretary general of the central committee, joined the politburo



CHOU EN-LAI

only in 1954.

Mao is to remain chairman of the central committee and its politburo. Liu is to be the senior vice chairman, with Chou next in line. These three leaders are to be the top three members of the

politburo's new standing committee. Teng is to be a member of the standing committee, and is the new head of the central committee's secretariat.

Standing Committee

The new six-man standing committee, which also includes two party leaders--Chu Te and Chen Yun--who for years have been formally ranked fourth and fifth, will probably come



MAO TSE-TUNG

to be the center of power in the party and regime. The committee is similar in composition to the party's old secretariat, which had evidently been discharging the wide powers of the politburo between meetings. Mao may turn over the direction of the committee to Liu Shao-chi, who apparently directed the party meetings which preceded the congress and part of the congress itself.

The new secretariat, under Teng, probably will be confined to its constitutional role of directing the routine work of the central committee. Teng's post will thus be similar to his previous office of secretary general.

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The central committee also elected a 21-man control commission which will probably retain its predecessor's function of broad supervisory authority over the party. The new body contains no major figures, however, and like the old commission will be unable to take action against members of the central committee.

Politburo

The politburo has been enlarged from 13 members to 17 full and six non-voting members. Eighteen of the 23 occupy key posts in the party and regime. The politburo has retained four of Mao's old comrades who no longer seem to be important figures: Chu Te, Lin Po-chu, Tung Pi-wu, and Lin Piao, who is evidently too ill for any work. One of the ten new members, Liu Po-cheng, appears to owe his politburo post to prestige gained as a military leader many years ago.

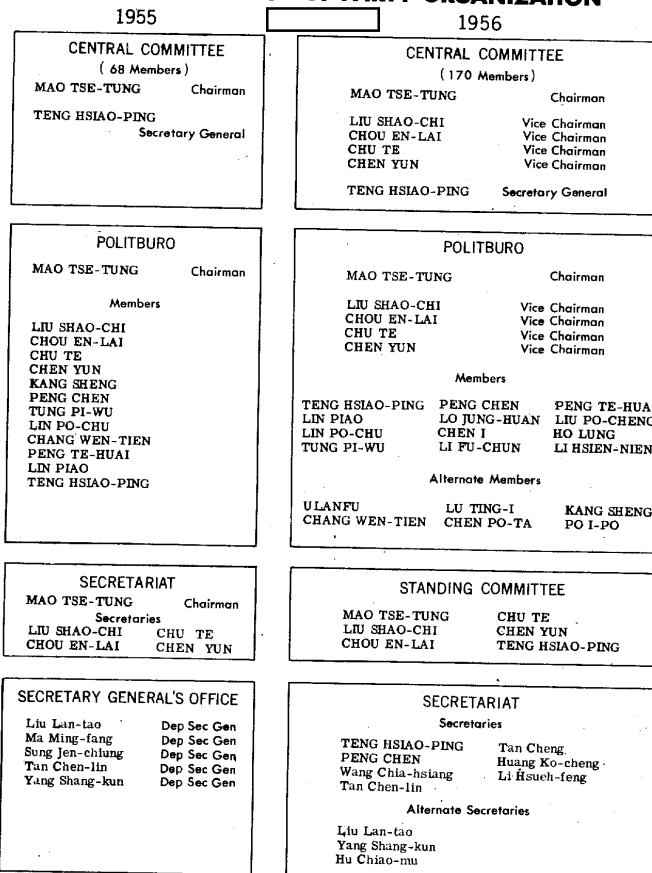
Two of the key figures on the politburo are Liu Shao-chi's deputies on the government body which supervises Chou En-lai's State Council (cabinet). These are Peng Chen, who is also mayor and party boss of Peiping, and Lo Jung-huan, who concurrently directs the political officer system in the armed forces.

Eight important members of the new politburo are vice premiers in the government under Chou En-lai. In addition to Teng Hsiao-ping, they are: senior vice premier Chen Yun,

an economic specialist; Peng Te-huai, minister of defense and the regime's top military man; Ho Lung and Chen I, one-time military leaders who have been utility men for Chou; Li Fu-chun, long-range planning director; Li Hsien-nien, a top economic co-ordinator; and alternate member Ulanfu, boss of Inner Mongolia.

The other alternate members are: Cheng Wen-tien, Chou's senior deputy foreign minister; Lu Ting-i, director of the party's propaganda department; Chen Po-ta, one of Lu's deputies and a longtime spokesman for Mao Tse-tung; Po I-po who directs the regime's annual economic planning; and Kang Sheng, long reported as the party's

CHINESE COMMUNIST PARTY ORGANIZATION



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TENG HSIAO-PING



LIU SHAO-CHI

secret police chief. Kang's decline from sixth to twenty-second place on the politburo may reflect either the recent Soviet practice of excluding the secret police chief from the inner circle, or a failure by Kang's apparatus in the Kao-Jao "conspiracy" against other party leaders in 1954.

Central Committee

The new central committee, which has more than twice the membership of its predecessor, is likely to be little more important as a body. Although the committee will probably meet much more often than in the past, its function will continue to be essentially that of approving the policy decisions taken by a small group of politburo members.

The new central committee includes the great majority of the actual leaders of the party, government and military establishment. Several persons have been left out, however, whose posts would seem to justify their membership, and many have been named simply as a reward for past performances or in deference to ethnic and professional groups.

The composition of the committee is more significant as a reflection of the relative power positions of the

top leaders. Mao's friends and protegés occupy more slots than those of any other leader. However, Liu, Chou, Teng and Peng Te-huai are well represented. Lesser numbers of protegés of most other members of the politburo can also be identified.

Su Yu, the regime's chief of staff who has been out of the news for months, was elected to the new committee but ranks several slots below his deputy, Chen Keng, who has been identified as "acting" chief of staff. Chou Shih-ti, commander of the air defense forces which were slighted in Peng Te-huai's speech on military affairs, was not elected to the committee, and another man has just been identified by a Communist newspaper as holding Chou's post.

Almost all of the politburo members, and most of the 97 full members of the new central committee have records--in terms of residence, journeys, writings or liaison work--which indicate strong bonds with the Soviet Union. Although Mao and his principal lieutenants are not Soviet puppets, as were certain earlier party leaders, they can be expected to view the maintenance of the Sino-Soviet alliance, in Liu Shao-chi's words, as the party's "supreme international duty."

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PROBLEMS FACING THE WEST GERMAN GOVERNMENT

The Bundestag session that opened on 27 September will serve largely as a sounding board for the 1957 national elections in West Germany. Every issue will be debated not so much on its merits as for its effect on the voters, and each party will seek to extract the utmost in political benefit from controversies over reunification, rearmament and European integration.

Chancellor Adenauer's popularity has waned somewhat, as recent public opinion polls have indicated, and his Christian Democratic Party is consequently on the defensive. He will find it increasingly difficult to get his way in legislative matters and may have to accept compromises incompatible with his previous strong pro-Western stand.

The chancellor has already started the fight to retain command of the situation. On the basis of his meeting of 29 September with Premier Mollet, Adenauer is playing up the prospects of a Saar settlement favorable for West Germany, and in a speech in Brussels on 25 September he advocated a new and looser concept of European unity.

Unification

German unification remains the primary concern of the Bonn government. Adenauer is under heavy attack on this issue for inflexibility and inaction. The chancellor hopes to meet the growing criticism on this score, not by any shift of policy, but by a continued exchange of notes with Moscow.

The USSR has not yet replied officially to Bonn's note of 7 September asking for an exchange of ideas and reiterating its demands for free all-German elections and freedom for a united Germany to join any alliance. Over the

coming months Adenauer may find himself more isolated in his own party on the freedom-of-alliance stand.

The Adenauer government must also move to meet opposition charges that it deliberately keeps Bonn-Moscow relations frigid. Bonn officials virtually ignored Soviet ambassador Zorin, who has not been replaced since his recall in July. Bonn's ambassador to Moscow will remain in the Federal Republic for several months undergoing medical treatment. Pressure to improve this state of affairs, and to adopt a more liberal policy on trade and cultural relations with the USSR, is likely in parliament and the press.

As a move in this direction and against Adenauer's wishes, his party has decided to join all other parties in accepting a Soviet invitation to send a Bundestag delegation to Moscow.

The government will meet increasing demands for a more radical change of policy toward the European Satellites. Even coalition members see little merit in Bonn's refusal to establish diplomatic relations because the Satellites have recognized East Germany. Nonetheless, the government is fearful that if it gives in on this score, it will encourage the recognition of the Soviet-zone regime by other free world states.

While all parties agree that ambassadors should not be exchanged with East Germany, the government will have to make some concession to repeated demands for a more positive attitude toward interzonal contacts. Many West Germans are genuinely worried that a formidable cultural gulf is being created which will enormously complicate a future unification.

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Rearmament

Another matter on a par with unification and equally explosive as the election approaches is that of rearmament. Although the build-up of the army, navy and air force is already well launched, the public remains apathetic or skeptical of the utility of the program in an atomic age. Adenauer must convince the West Germans that rearmament as presently planned is necessary, and, at the same time, satisfy NATO that the program is adequate to Western defense needs.

To meet the widespread antipathy to conscription, the government decided on 27 September to make the draft term 12 instead of 18 months. This decision precipitated a special session of the North Atlantic Council, which expressed concern and asked for reconsideration. The government, however, is not likely to consider any change politically possible and is in some doubt about the feasibility of initiating conscription before the September 1957 election.

The shortened draft term has even added to the government's domestic difficulties because the Defense Ministry now plans to recruit 70,000 additional volunteers and provide added pay incentives costing \$190,000,000--a plan likely to be fought by Finance Minister Schaeffer. He is already unhappy over the government's intention to reduce taxes and increase social benefits in an effort to win votes.

Adenauer is particularly critical of the reported intention of the United States and Britain to shift their strategic emphasis from conventional to atomic weapons and reduce their ground forces in Europe. Not only have these reports caused Germans to question Adenauer's plans for a 400,000-man army, but they are giving rise to demand for

an army supplied with atomic weapons.

Despite these complications, the recruiting of volunteers has continued at a high rate in recent weeks, and the Defense Ministry insists that it will meet its goal of 96,000 men in uniform by the end of 1956. The complete build-up, however, seems certain to be stretched out beyond the projected three to four years.

European Co-operation

To divert attention from his inability to do much about German unification, Adenauer intends to push for progress in West European co-operation. A major obstacle to French-German co-operation was removed on 29 September when Adenauer and Mollet agreed on the terms of a Saar settlement which will transfer the area to Germany on 1 January 1957. This will add the votes of the Saarlanders in next year's election. If Luxembourg objections can be met, Adenauer will have an agreement on the canalization of the Moselle to push through a somewhat unwilling parliament this fall.

Adenauer's principal interest in the field of integration now is a mechanism for coordinating the policies of European nations, partly to increase Germany's voice in world affairs. He cites the Suez crisis as illustrating this need. In Brussels on 25 September, the chancellor called for a new political organization open to all European countries and having as broad a field of activity as possible. To make British membership possible, he turned his back on "perfectionism," and said the new organization need not be entirely supranational.

His new approach is an appeal to Europe to stand more squarely on its own feet and for European states to co-ordinate their actions in an organization in which the US is not a member.

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GREECE AND THE CYPRUS PROBLEM

The Greek government and the opposition are anticipating a major crisis in November, which they expect to follow a decision by the UN General Assembly on whether or not to consider the Cyprus issue. Prime Minister Karamanlis is believed to be canvassing possible courses of action to meet the test, which is bound to come no matter what the assembly decides, while opposition leaders are co-operating in a campaign to overthrow him and force new elections.

Possible Government Actions

Karamanlis continues to hope for American support concerning the Cyprus issue in the UN, if not ultimately on a substantive decision, at least on the inscription issue. He believes such support would enable him to surmount the coming challenge even if Greece were eventually defeated and might substantially increase his support in parliament. In anticipation of possible UN rejection of the Cyprus item, opposition circles and the press are speculating on a wide range of courses Karamanlis might adopt: (1) the resignation of his government to permit the formation of an opposition coalition government; (2) a call for new elections to seek a new mandate for his regime; (3) the convocation of a crown council which, under the king's chairmanship, would determine future Greek policy on Cyprus; (4) the severing of diplomatic relations with Britain or Turkey, or both; and (5) the imposition of a personal dictatorship based on palace and army support.

Karamanlis will probably do everything in his power to retain his position by constitutional means. He has out-

lined for the progovernment press a domestic propaganda line regarding the appeal to the UN on Cyprus which assumes that his government need not resign if defeated in the UN. If his government seems in danger of falling, he may take dramatic steps--breaking relations with Britain or Turkey, or both--to appease Greek popular opinion.

Opposition Moves

Opposition leaders are rumored to be rebuilding the Popular Front coalition, which won a plurality of the vote in the February 1956 elections. The Communist-front United Democratic Left, the fellow-traveling Democratic Party of the Working People, the left-of-center National Progressive Union of the Center, and the centrist Liberal Party are widely believed to have agreed to form a new front under the leadership of Liberal Party chief George Papandreou. Presumably, the long-standing rivalry between Papandreou and Liberal Democratic Union head Sophocles Venizelos is responsible for the absence from the front thus far of the latter's party.

In an apparent attempt to neutralize the palace, which has consistently supported Karamanlis, opposition leaders have been co-operating in a press campaign to expose dubious business and political activities among members of the court, and a left-wing opposition deputy has lodged a parliamentary interpellation concerning the palace and secret government funds, which will probably cause difficulties for the government when parliament reconvenes on 15 October.

It is widely believed in government circles that neither the opposition, the

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Communists, nor Britain wants the Cyprus issue solved. The opposition appears convinced that this issue will cause Karamanlis' downfall. Cyprus has also increasingly embittered Greek-British and Greek-Turkish relations, causing the virtual demise of the Balkan alliance and seriously weakening NATO unity in the eastern Mediterranean. Government leaders profess not to understand the British attitude, since they feel any succeeding government in Athens would necessarily be less moderate on the Cyprus question and more inclined to reckless action.

Prospects

Karamanlis' government probably has a better chance than any successor government, under present circumstances, of adhering to a firmly pro-Western stand. Any successor would likely be a weak coalition of conflicting factions which, while nominally nationalist, would be susceptible to Communist influence and might lead eventually to dictatorship of either the right or the left. Karamanlis' position at the moment is relatively secure, although it might be dangerously weakened by any incident involving Britain or Turkey.

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SOVIET BIOLOGICAL WARFARE DEVELOPMENTS

Recent indications point to intensified Soviet interest in biological warfare. The USSR's defensive capability is restricted by deficiencies in sanitation, public health and crop protection. The Soviet Union is probably attempting to acquire a capability adequate for retaliation in kind against a BW attack.

Recent Developments

The USSR in 1955 was for the first time instructing its troops in the defensive problems posed by biological warfare as well as nuclear and chemical warfare weapons.

Soviet references to biological warfare in the past were usually contained in propaganda statements charging other nations with using this "unlawful" means of warfare. However, Soviet defense minister Zhukov in addressing the 20th party congress in February stated: "If a war is unleashed in the future, it will be characterized by a mass use of air power, various types of rocket weapons, and various means of mass destruction such as atomic, thermonuclear, chemical and bacteriological weapons." This is the first known statement by a high-level official to give bacteriological warfare a role in Soviet military planning.

The Geneva Convention of 1924, ratified by the USSR, not only prohibits the use of bacteriological warfare, but does not permit its use in retaliation as it does in the case of chemical warfare. The USSR has declared that it will not be bound by the latter restriction. The tenor of Soviet defensive doctrine is to treat BW as an expected form of attack.

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