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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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### PART I

#### OF IMMEDIATE INTEREST

#### MIDDLE EAST DEVELOPMENTS

##### Jordan

King Hussain, with the support of loyal elements in the army and police, retains control in Jordan. He has approved additional measures to strengthen the administration of martial law by appointing military courts with extraordinary powers in East and West Jordan, and six military governors to administer the several regions.

The military governor general of Jordan has dissolved all National Guidance Committees, which functioned as front organizations for the four left-wing nationalist parties dominating the legislature. Parliamentary immunities were abolished on 27 April, and some leftist deputies are reported to have been among several hundred individuals detained. The curfew has been progressively relaxed during most of the daylight hours in Amman and other cities, permitting the populace to prepare for celebrations from 1 to 3 May observing the end of Ramadan. Military courts will begin trials after the holidays.

The king's suspension of the extraordinary session of the legislature on 28 April will permit the cabinet of Ibrahim Hashim to function without the required vote of confidence until the next ordinary session in November.

The roundup and surveillance of antiregime elements have included efforts to

neutralize centers of Egyptian influence in Jordan. Premises of the Egyptian-controlled Middle East News Agency were entered and searched on 28 April [redacted] 25X1  
[redacted] 25X1

While tightening his hold on Jordan, King Hussain moved to reduce the appearance of discord among the Arabs. Jordan's border with Syria has been reopened, and the communiqué issued following Hussain's meeting with King Saud on 28 April reaffirmed adherence to the principles of Arab solidarity.

[redacted] 25X1

Iraq, in addition to furnishing Hussain some financial assistance, has continued to increase its forces at H-3 pumping station, 40 miles from the Jordan border, to at least 6,000 men, approximately two infantry brigades with artillery and armored supporting units.

[redacted] 25X1

[redacted] The 3,000 Syrian troops in North Jordan have not yet been withdrawn.

##### Soviet Activities

The USSR has continued its propaganda campaign begun on 23

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April to back up "progressive" forces in Jordan and to encourage Syrian and Egyptian attempts to undermine King Hussain. [redacted]

[redacted] Moscow is restricting its activities to the diplomatic and propaganda fields.

On 26 April, Soviet UN delegate Sobolev interrupted the debate on Suez to charge that the Sixth Fleet movement toward the eastern Mediterranean was "an attempt to take vindictive measures against the people of Jordan." He urged Security Council action to prevent it, but evinced no intention of formally introducing his charges to the council.

The Soviet Foreign Ministry statement of 29 April on Jordan was chiefly a call for Arab cohesion against "imperialist intrigues" and an effort to encourage Syrian and Egyptian attempts to undermine King Hussain's position. A comparatively mild recapitulation of recent Soviet propaganda on Jordan, the statement avoided direct personal criticism of Hussain or the Hashim government.

The declaration censured the Western powers, the "United States above all." It also singled out Israel and Iraq for criticism and reflected Moscow's concern over the possible disruption of the Egyptian-Saudi-Syrian pact. The Soviet Foreign Ministry warned of possible "dire consequences" and called the dispatch of the Sixth Fleet an "overt military demonstration against the Arab east which is further aggravating the situation."

Nasr-Saud Split

Relations between Nasr and King Saud, already irritated by the role which Nasr attributes to Saudi influence in Jordan, appear to have deteriorated further. Nasr has repeatedly indicated he would retaliate against Saud, very possibly by using Palestinians who work for Aramco. Saud almost certainly fears such action.

One effect of the growing Egyptian-Saudi rift has been to move Saud toward his traditional bete noire, Iraq. Saud has been scheduled for some time to visit Baghdad on 11 May.

[redacted] Mean- while, Saud has gone as far as to advise that Iraq be urged to extend further help to Hussain and that Western financial aid for Jordan be channeled through Iraq. The Iraqis in turn have indicated they would not move in Jordan militarily unless such a movement had been co-ordinated with Saud in advance.

While these developments mark a considerable advance over previous relations between the Iraqis and Saud, a complete break between Saud and Egypt is still unlikely unless Nasr comes out openly with an attack on Saud.

Suez Canal

Britain is resigned to using the Suez Canal provisionally on Egypt's terms, and the French may be considering abandoning their boycott. London is attempting, via banking channels, to obtain Egyptian

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acquiescence to paying tolls in transferable sterling, and two British-flag vessels have already transited the canal after paying in foreign currencies.

London evidently still believes some gains may be possible in a final settlement, but the British do not believe that any further negotiations with Nasr now would be fruitful. Nevertheless, Britain takes the attitude it should "keep up the pressure" on Egypt to improve the offered terms, and Foreign Secretary Lloyd, at the Suez Canal Users' Association meetings this week, recommended that another UN Security Council session be called promptly to try to get Egypt to say it does not intend to modify its declaration unilaterally. London also said this proposal is a holding action while negotiations with Egypt regarding transferable sterling payments are proceeding.

The association adjourned without endorsing any substantive resolution, however, and seems to be disintegrating because of a divergence of views among the various members. Administrator Bartels has already tendered his resignation.

The French UN delegate, who has sharply criticized the Egyptian declaration, on 27 April suggested that negotiations for the surcharge favored by a majority of Hammarskjold's advisory committee to cover costs of canal clearance might be a device to begin co-operation between the Egyptian canal authority and the representatives of shipping and trade referred to in the Egyptian canal declaration.

Britain has so far denied planning any initiative to re-establish diplomatic relations with Egypt, and continues to block Egyptian sterling balances valued at \$280,000,000. Relations are more likely to be re-established with Saudi Arabia before either Egypt or Syria. London remains suspicious of Saudi designs on Aden and the British-protected states in the Persian Gulf. There are no indications of any French plan to re-establish diplomatic relations with Syria, Jordan, Egypt or Saudi Arabia.

Israel

Israeli prime minister Ben-Gurion has in effect rejected a bid by UN Secretary General Hammarskjold to visit Israel to discuss further steps toward using the UNEF on the Israeli as well as the Egyptian side of the armistice line. In a letter to the secretary general, Ben-Gurion said this question could not be discussed, although he would "welcome" Hammarskjold's coming to talk about Israeli complaints. Hammarskjold fears that unless Israel's attitude toward the UNEF changes, the contributing governments may begin to withdraw their contingents from the force, and the whole UN program for maintaining the armistice would be threatened.

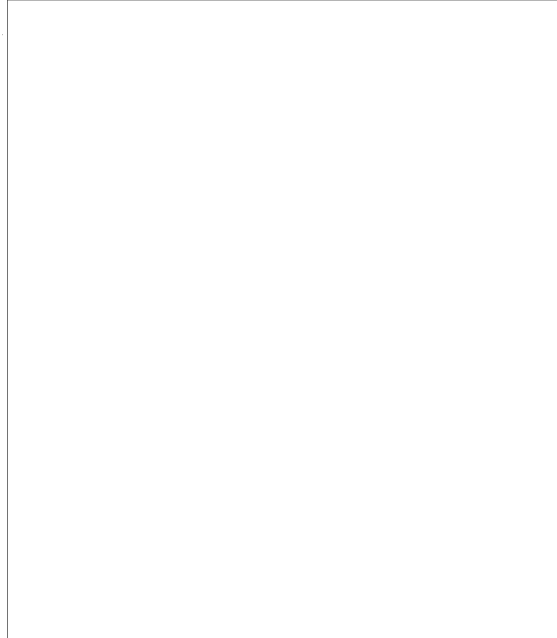
The Israelis have repeatedly indicated they have no interest in maintaining an armistice which they officially regard as having lapsed, and the UNEF commander, General Burns, has stated he believes the Israelis are seeking to discredit the force despite the fact that there has been no

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fedayeen terrorist activity along the Gaza strip border since the UNEF began participating in patrols there.

The Israelis' hostile attitude toward UN "interference" has also been demonstrated recently on the Syrian border, where three successive serious shooting incidents occurred last week. UN truce observers were brought under fire from both sides. The Israelis held off UN personnel from their positions at gun point, and refused to accept a message from the chief of the Israeli-Syrian mixed armistice commission calling on them to halt provocative tactics along the border.



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## PART II

NOTES AND COMMENTS

## NEW SOVIET PROPOSALS FOR A LIMITED DISARMAMENT AGREEMENT

Following his return from consultations in Moscow during the Easter recess, Soviet disarmament delegate Zorin presented new proposals for a partial agreement to the American delegation in London on 26 April. These proposals contain a number of features apparently intended primarily for bargaining in the next phase of negotiations for a limited agreement. In a meeting with the American delegate the next day, Zorin indicated that if his latest proposals were unacceptable, further negotiation might produce a compromise formula.

The USSR declared itself willing to consider a partial agreement which would include three features: reductions in conventional forces and arms, a ban on the use and testing of nuclear weapons, and a limited system of inspection and control. Zorin included under these headings, however, a number of controversial suggestions that would be almost as difficult to agree on as the original comprehensive Soviet plan.

In the field of conventional weapons, the new Soviet proposals called for a 15-percent reduction in armaments and defense budgets instead of the 10 percent proposed by the United States, and a commitment to undertake an additional reduction after reaching the force levels proposed by the Western nations (2,500,000 for the US, the USSR and Communist China and 750,000 for the UK and France). This second stage would bring force levels down to 1,500,000 for the US, the USSR and China and 650,000 for the UK and France.

Zorin commented that the American proposal of 2,500,000 for the US and the USSR, without a commitment to a further reduction, "does not display a realistic approach" because their geographical and strategic positions are not equal. He stressed that the American plan is "proposed in isolation from further reductions" and from steps toward prohibition of nuclear weapons. In addition, the USSR introduced a new proviso that the "strength of armed forces must include the personnel employed in the armed forces on a civil status, but attending in fact to military equipment and installations."

While Soviet spokesmen have previously stated that agreement on a second-stage force level of 1,500,000 for the US, the USSR, and Communist China must be an essential part of a limited agreement, Zorin told the American delegate on 27 April that the amount of force reductions was "negotiable."

The new Soviet proposals continue to stress the nuclear test ban issue, which Moscow apparently believes is the point of greatest vulnerability in the West's position. Zorin declared that cessation or suspension of nuclear tests and a pledge by the great powers not to use atomic and hydrogen weapons of any type are the minimum requirements for a partial agreement. He suggested that a test ban should be put into effect as a separate measure before the first stage of a partial agreement.

Zorin had made clear before the Easter recess that the USSR

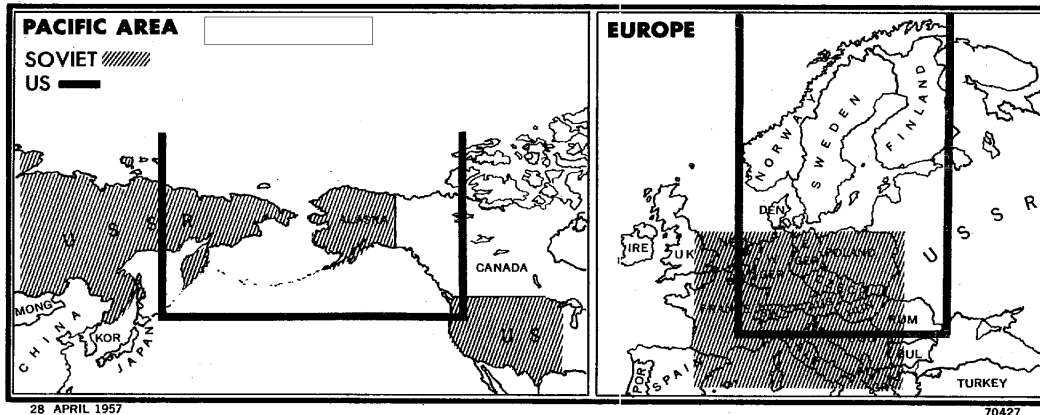
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**SOVIET AND US AERIAL INSPECTION PROPOSALS**

considers a cessation or suspension of nuclear tests to be an essential part of a limited agreement. However, the pledge to renounce use of nuclear weapons probably was added to the list of "indispensable" requirements primarily for bargaining purposes. The Soviet delegate attempted to convey an impression of considerable flexibility on the question of nuclear controls, stating that he would be glad to examine any American proposals for preventing "fourth countries" from obtaining such weapons. He also indicated willingness to reconsider the whole question of nuclear controls in a partial agreement.

On the question of inspection and control, the new Soviet plan proposed that a control organ be established within the framework of the UN Security Council. During the first stage of force reductions, its functions would be limited to "receiving and examining the information provided by the states on the implementation of the partial measures."

Further, the control posts, originally proposed by Premier Bulganin, would be established only in the western "border

regions" of the USSR, in France, Britain and other countries belonging to the NATO and Warsaw alliances, and in the "eastern part of the United States." Establishment of control posts at airfields would be deferred until the second stage of force reductions and must be related to "appropriate measures" for banning and destroying stockpiles and nuclear weapons. These new provisions on international control represent a sharp curtailment in the authority and functions of the control organ as previously defined in Soviet proposals.

Responding to the American proposals for aerial inspection, the new Soviet plan modified the zones suggested by the United States both in Europe and the Far East. In Europe, the Soviet proposal includes a much smaller section of Soviet territory than the US had proposed. In the Far East, the Soviet proposal substantially expanded the area suggested so as to include approximately equal areas of each country, including better than two thirds of the continental United States. Zorin indicated on 27 April that the exact definition of zones for aerial inspection could be subject to further negotiations.

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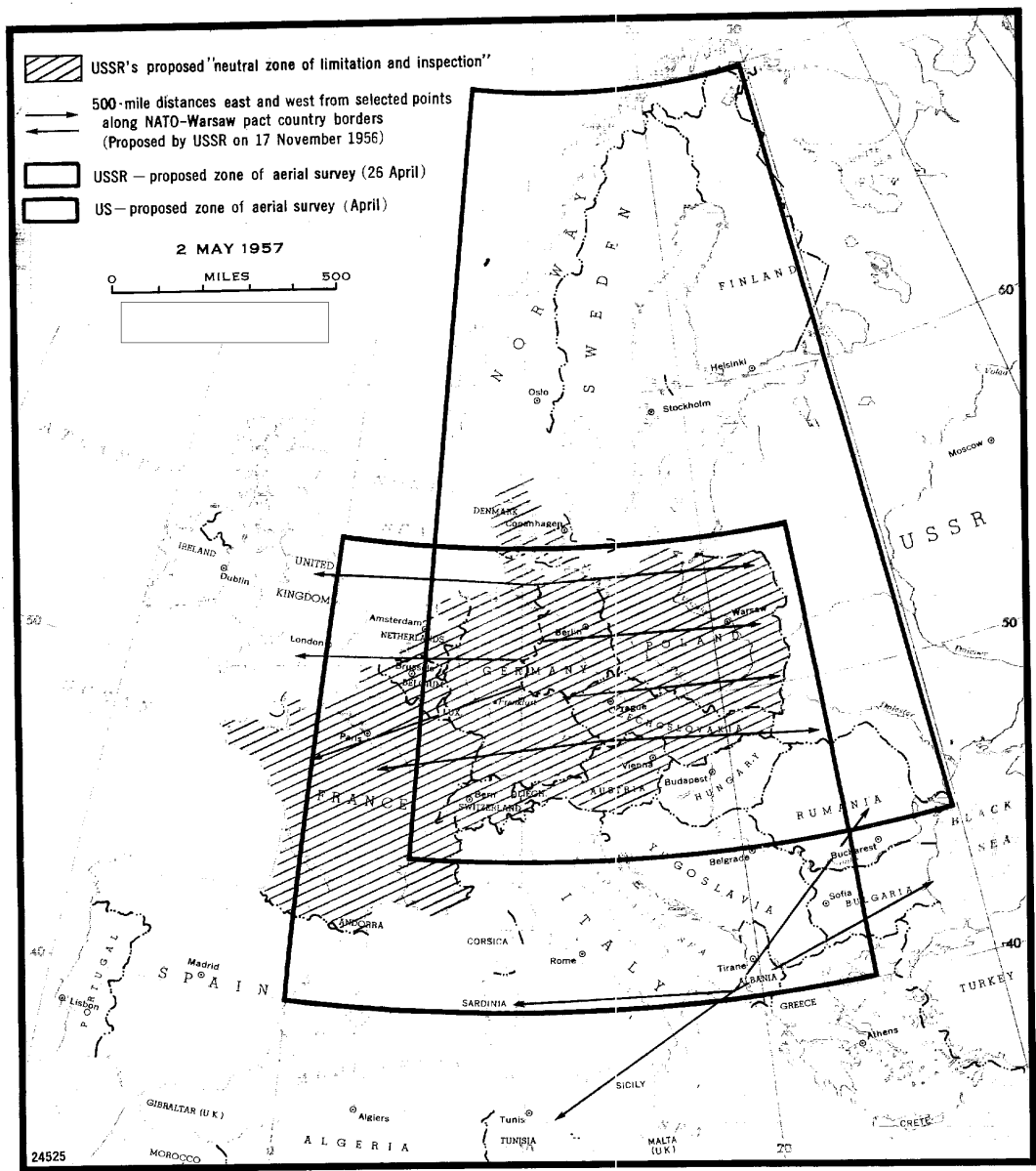
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**SOVIET INTEREST IN DEMILITARIZED NEUTRAL ZONE IN EUROPE**

The USSR is showing increasing interest in a neutral, demilitarized zone in Europe and is hinting that this might be an appropriate topic for discussion at a great-power conference. Moscow probably intends to exploit increasing West European interest in a

neutral belt to counter the trend toward an integrated non-Communist Europe which Soviet leaders believe would be dominated by West Germany.

Soviet deputy premier Mikoyan told Austrian officials on 24 April that a detente with



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the West "will simply have to be found," and suggested in this connection the possibility of a wide demilitarized zone in Europe. In his 20 April letter to Prime Minister Macmillan, Bulganin said the Soviet Union was ready "to resume discussion" of the Eden plan as a first step toward a European security system if the Soviet plan would also be discussed. Soviet delegate Zorin told the American representative at the London disarmament talks on 16 April that the establishment of a "zone of limitation and inspection" would set the stage for a collective security agreement and political settlement in Europe.

Soviet delegate Zorin restated Moscow's concept of such a zone on 29 April. It would include both parts of Germany and adjacent states. Ceilings would be placed on the forces of the United States, Great Britain, France and the USSR stationed in the zone. Nuclear military formations and the location of nuclear weapons in the zone would be prohibited, and the states included would assume an obligation not to use force to settle disputes. A joint inspection plan would

be instituted to ensure that the obligations of the agreement were fulfilled. In future negotiations, the USSR may propose that its plan for aerial inspection over a zone 500 miles on either side of the East-West line in Europe be applied as a concomitant to a neutralized zone in Europe.

Moscow sent a threatening note to West Germany on 27 April offering the Bonn government the choice of keeping open the possibility of reunification by supporting the Soviet position on a demilitarized neutral zone or maintaining its ties with NATO and running the risk of nuclear devastation in the event of war. The note, the latest in a series to NATO countries warning them against allowing nuclear bases to be established on their territories, was delivered on the eve of the first meeting of the NATO foreign ministers to be held on German soil.

During the London disarmament talks, Soviet delegate Zorin has shown a special interest in a reciprocal reduction of forces in Europe, especially in Germany. The USSR's 26 April proposal for a partial agreement on disarmament calls for a one-third reduction of forces in Germany.

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## REACTIONS TO BRITAIN'S "GRAND DESIGN" FOR EUROPEAN CO-OPERATION

The Council of Europe meeting just concluded in Strasbourg highlighted differences between Britain and the six Coal-Steel Community (CSC) countries over closer relations among the Western European nations. Britain's "grand design" for a single consultative European assembly seems too sweeping to most Continental countries, and the six CSC countries appear united in the be-

lief that this plan may actually retard their own integration along the institutional lines typified by EURATOM and the Common Market.

Pressure for a consolidation of the various parliamentary assemblies for European co-operation has been mounting for some time because of the increasing time demands and travel burdens placed on the members. At present,

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the Council of Europe Consultative Assembly and the Western European Union (WEU) Assembly meet in Strasbourg, the Conference of NATO Parliamentarians in Paris, and the CSC Common Assembly in Luxembourg. The assemblies to be established for EURATOM and the Common Market under the two still unratified treaties are expected to merge with the CSC Assembly at a site as yet undetermined.

Britain's "grand design" presented to the WEU council in March proposed that a single consultative assembly with a common location and secretariat be created, with the functional commissions of this assembly then replacing the several existing parliamentary groups. While the WEU council generally agreed on the desirability of a common location, the CSC countries insisted on a separate assembly to control the CSC, Common Market and EURATOM.

West Germany is particularly fearful that Britain,

which has traditionally tried to keep its relations with Continental powers on a loose "functional" basis, may try to dilute the envisaged operational authority of the six-nation assembly by submerging it in an over-all body with only advisory powers. Bonn is therefore reportedly drafting a plan of its own to prevent any "watering down" of the supranational aspects of the Continental community.

Meanwhile, a report from Stockholm indicates further opposition to the "grand design" on the part of the "neutral" members of the Council of Europe--Sweden, Austria and Ireland--who are unwilling to sit in any assembly which might consider military problems. Neither the British proposal nor any present alternative plan meets this objection, since it would presumably mean dissociating the WEU and NATO assemblies from the single assembly.

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## THE MACMILLAN-ADENAUER MEETING

British prime minister Macmillan, on his own initiative, is going to Bonn for talks with Chancellor Adenauer from 7 to 9 May. Besides trying to reassure Adenauer of the firmness of Britain's military commitment on the Continent, Macmillan may use the occasion to sound out Adenauer on British ideas for new moves on East-West issues.

A strain in Anglo-German relations has developed this year from a German feeling that London is unilaterally undertaking major changes in military plans that directly affect Germany--first, by the plan to withdraw about one third of Britain's forces from Germany,

and later by the announcement in its defense white paper of the intention to end conscription while concentrating on the nuclear deterrent.

Macmillan hopes to temper Adenauer's opposition to the full reductions, which the Western European Union (WEU) will consider again in October, presumably by underlining Britain's determination to honor its commitment to the ground defense of West Germany. The prime minister is also aware that British defense plans have stimulated further controversy in West Germany on the question of nuclear weapons for the German army.

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Many British officials fear Germany's present demand for equality with other allies in the possession of nuclear weapons may grow into insistence on manufacturing its own. Foreign Secretary Lloyd told American disarmament delegate Stassen on 26 April that he believes Germany would be quite certain to follow France in any decision to go ahead with a nuclear weapons program. Lloyd also believes the French decision is only a few months away. Macmillan will want to probe Adenauer's thinking on this.

In general, Britain's plan to emphasize its role as a European power will be at issue. In apparent recognition of the widespread Continental belief that London is still trying to water down the integration

effort, a high British official has said that any further British efforts to push the "grand design" for centralizing the various bodies for European cooperation are awaiting the Macmillan-Adenauer meeting.

Macmillan will also probably try to reassure Adenauer that London will steadfastly support German reunification in any forum where Germany does not sit--such as in the UN Disarmament Subcommittee meeting--or in any future Macmillan visit to Moscow. In the same vein, Adenauer may be expected to press for assurance that Macmillan is totally unsympathetic to opposition leader Gaitskell's proposal for a central European neutral belt, which assumes that a reunified Germany would leave NATO.

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**LABOR UNREST AND BUDGET PROBLEMS THREATEN MOLLET**

Mid-April strikes of transportation workers and spreading labor unrest in the metallurgical industry point up French premier Mollet's weakening domestic political position. Mollet's request for more than \$428,000,000 in new taxes will lead to his most difficult test to date when the National Assembly returns on 14 May, and he may try to meet it by broadening his coalition.

Mollet was spared labor agitation in his first year as premier, but in the past three months it has become a major problem. Workers in nationalized industry are becoming increasingly restive over the wage-price freeze of last July and government manipulation of

the official price index. In private enterprise, where small raises had followed productivity increases, wage demands are also growing.

This is an embarrassing problem for a Socialist government, particularly since Mollet's Algerian policy has had more appeal to rightist parties than to his own. Some Socialists have already been alienated and new discontent can be expected over the wage question. Socialist leaders are also concerned because Mollet's social program has won little new labor support, despite the Communist Party's isolation as a result of the Hungarian and Suez issues.

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The pressure for wage increases is a direct threat to Mollet's economic policy of "expansion without inflation," which is already shaken by France's worsening dollar and gold position. The premier's inability to reduce government spending sufficiently is forcing him to ask the assembly for more than \$428,000,000 in new taxes. Such a request will be fought by the right center, which in the general policy debate on 28 March clearly indicated its discontent over his economic policies.

These social and economic problems may lead to a reshuffle of the coalition to include the

Popular Republicans and former premier René Pleven, who is a possible interim successor to Mollet. The Popular Republicans are close to the Socialists on social policy, but differ on the church-school issue. Any move by the Socialists to bury differences with the Catholics would be played up by the Communists to subvert Mollet's own rank and file. It would also raise the possibility of a withdrawal of the 14 Radical ministers and secretaries from the present cabinet. Nevertheless, the mounting economic and financial pressures may force Mollet to grant political concessions to the center and right.

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## GREECE SEEKING INDEPENDENT STATUS FOR CYPRUS

Athens is now pushing for a Cyprus settlement providing for independence under some kind of trusteeship after an interim period of self-government under continued British sovereignty. Ankara, however, is suspicious of Greek intentions and is forcefully reiterating its demand for the partition of the island, despite Greek moves to placate Turkey and Archbishop Makarios' recent effort to reassure the Cypriot Turks.

A recent official Greek statement chiding Turkish prime minister Menderes for "unneighborly" public comments, and recent meetings between Greek foreign minister Averoff and the Turkish ambassador have soothed emotions in Greece.

Menderes, however, has told the American ambassador that he had already postponed a statement to the Grand National

Assembly on Cyprus but must now "face up to political requirements in Turkey." The Turks handed Ambassador Warren a new aide-memoire on Cyprus on 27 April which Warren says adds up to a "flat, unequivocal, exclusive Turkish decision for partition."

The Turkish press has become less inflammatory in the last week although press attacks on the patriarchate and on the Istanbul Hellenic Association continue. Ambassador Warren is "much concerned" over a published report that the United States will propose an independent Cyprus under NATO auspices at the current North Atlantic Council meeting at Bonn. The ambassador fears that further publicizing of this line will make the Turkish reaction to Governor Harriman's invitation to Makarios "seem like a tea party." A Turkish Foreign Ministry official complained to the

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ambassador on 27 April that the views of Averoff were "strikingly similar" to American views.

The Greek government and Makarios probably will eventually agree on a moderate policy, although Makarios is un-

likely to abandon his goal of eventual enosis. Athens, eager to gain credit for moderation among its NATO allies, appears determined to avoid any further worsening of relations with Ankara, which would almost certainly lead to a diplomatic break.

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## THE SYRIAN BY-ELECTIONS

By-elections in Syria for the four parliamentary seats of deputies convicted of having plotted with Iraq against Syria last year are to be held on 4 May. These elections will be a trial of strength between conservative and leftist elements. Balloting will take place in Damascus, Homs, Suwayda, and the Jebel Druze area. Martial law, which still prevails throughout Syria, has been lifted in these districts until the elections are held.

The contest for these seats, formerly held by conservative deputies, will be between a coalition of rightist groups--Populists, Arab Liberation Movement, the Moslem Brotherhood, and rightist independents--and a coalition of the leftist National Front--Communists, Arab Socialist Resurrection, and leftist independents.

The most significant election will be held in Damascus, where the lines between right and left are most clearly drawn.

Mustafa Sibai, leader of the Moslem Brotherhood, is the rightist coalition candidate. The leftists are supporting Riad Mulki, a lawyer and the brother of the assassinated leftist "martyr" Colonel Adnan Mulki. The Communist candidate withdrew in favor of Mulki

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Syrian elections normally are contests between rivals within the ruling group itself. While this week's elections are unique in that ideological issues are being stressed for the first time, they are really contests between local political figures and those supported by the machinery of the central government.

The outcome will depend on the amount of pressure the government can or is willing to exert in support of its

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candidates.

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An outbreak of local violence is a strong likelihood.

Considering the conditions under which these elections are

being held, the outcome is highly uncertain. The leftists have an advantage, since they dominate the Interior Ministry which carries out the elections. They also are willing to use force wherever an excuse can be found. The rightists are less well organized, however, and, until the recent developments in Jordan, were thoroughly discouraged. Improved morale, plus local influence, may give them a better chance than they otherwise would have had.

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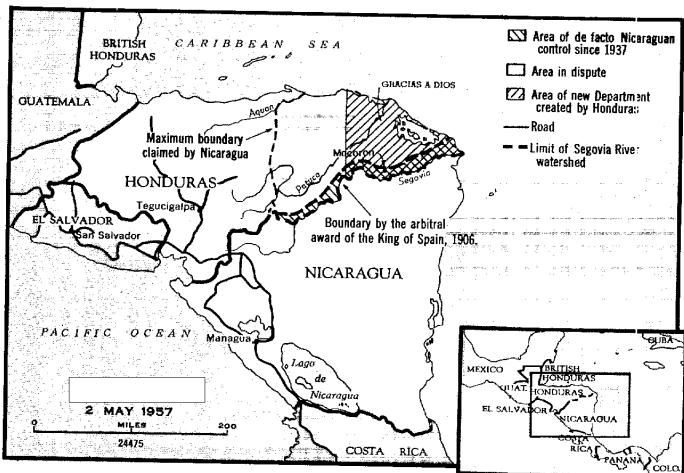
**HONDURAN-NICARAGUAN BORDER DISPUTE**

The Honduran military junta, under heavy domestic pressure, appears willing to risk war in the current flare-up of the century-old border dispute with Nicaragua. A clash occurred on 1 May when Honduran troops, which had been ordered to occupy all territory claimed by Honduras, seized the town of Mocoron, located in that portion of the disputed area under de facto Nicaraguan jurisdiction for 20 years. Nicaragua, whose armed forces are generally considered superior to those of

Honduras, mobilized early on 2 May.

President Somoza told the American ambassador in early March that if Nicaraguan forces were attacked, he would order an immediate march on the Honduran capital. The Council of the Organization of American States met on 1 May and again on 2 May to decide on methods of settling the dispute.

The belligerent Honduran stance seems due, at least in part, to the intriguing of a military clique desirous of obtaining more control in the government, possibly to the extent of ousting moderate leaders such as Major Roberto Galvez, a member of the governing junta. Galvez has been the chief proponent of a quick return to constitutional civilian government, an attitude not to the liking of many officers who have come to enjoy the authority



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and personal benefits which they have gained since the military coup last October.

Nicaragua flatly rejected the Honduran note of 24 April protesting alleged depredations by Nicaraguan troops in the disputed area. On 28 April the Honduran foreign minister declared that there is no longer any point in negotiations, and that Honduras must defend itself. Elements of the Honduran army sent to the frontier include 200 soldiers of the battalion trained and armed by the United States which, under terms of the defense agreement, is to be used only for defense of the hemisphere. The air force has been alerted.

The area in dispute, though large, is mostly jungle and

swamps, sparsely populated and almost completely lacking in transportation facilities. The entire area was awarded to Honduras by the arbitral award of the king of Spain in 1906. Nicaragua later rejected the award and, since 1937, has been in de facto control of a portion of it.

Realizing that Honduras was losing its claim by default and anxious to unify the country politically with a popular issue, the Honduran government last February established the new department of Gracias a Dios in the area, and announced an ambitious plan for colonizing it, with the goal of winning it for Honduras. These actions were taken with considerable fanfare, which was provocative to Nicaragua and led to the present crisis.

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## INDONESIA

Relations between the Djakarta government and the non-Javanese provinces entered a new critical phase on 27 April when territorial army commanders at an army conference in Djakarta threatened a final break which could lead to civil war. Previously, Lt. Col. Hussein of Central Sumatra had presented Prime Minister Djuanda 11 specific conditions--bluntly reiterated in essence at the conference--as the only basis for a settlement of differences. Although Djakarta is quite unlikely to accept the conditions or even to use them as a broad basis for compromise, Hussein has clearly and publicly outlined the differences between provincial and centralist leaders.

Included among Hussein's demands are the "immediate abolition of centralism,"

recognition of the Central Sumatran governing council and the legalization of actions it has taken since December, the return of former vice president Hatta to a position of joint national leadership with President Sukarno, a "proper financial understanding" between Djakarta and the provinces, the elimination of "nonreligious" parties from the government and the organization of Sukarno's national advisory council into a senate which would represent the provinces. Hussein also demanded that army chief of staff General Nasution undertake army reorganization only with the consent of the territorial commanders.

Hussein was supported at the army conference by the commanders of South Sumatra and East Indonesia and by the chief of staff of the Borneo command.

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Hussein stated that Sumatrans do not wish a final break with Djakarta, but that every recent government move appeared specifically designed to this end. Hussein stated on 30 April as he was leaving Djakarta that, as a result of the army conference, he was now convinced there was no possibility for a settlement.

The cabinet has completed a draft bill for the formation of a national council as proposed by President Sukarno. It will be headed by Sukarno and empowered to "advise" the cabinet, regardless of whether advice is solicited or not. It will include "functional" representatives of all significant groups of Indonesian society and at least seven specific regional representatives. As set forth in the draft law, it in no way fulfills provincial demands that it function as a senate representing regional areas.

Despite the country's critical situation, elaborate

plans are under way for a 19-day reception and tour, beginning 6 May, for Kliment Voroshilov, titular head of the Soviet state. His tour will be limited to those areas of Indonesia which are under Djakarta control--Java, Bali and North Sumatra. Sukarno probably hopes Voroshilov's visit will popularize the Soviet Union in Indonesia and prepare the way for implementation of the \$100,000,000 Soviet technical aid agreement, which was signed in September 1956 but never submitted to the Indonesian parliament for ratification.

The government had wished to avoid an acrimonious parliamentary debate and also has been unsure as to how to fit the \$100,000,000 into its development program or how to control Soviet administration of aid. Sukarno and the central government, however, are now eager for additional funds to finance projects in the disaffected provinces and are therefore likely to be less wary about the terms on which they accept Soviet assistance. 25X1

## POLITICAL DEVELOPMENTS IN PAKISTAN

Actions by Pakistan's National Assembly during its April session have improved Prime Minister Suhrawardy's position in West Pakistan and advanced his objective of holding general elections in 1958. Suhrawardy's efforts during the same period to strengthen his position in East Pakistan, however, were not successful and pro-Communist Maulana Bhashani's influence over the East Pakistan Awami League apparently remains strong.

Following its approval of the government's move to extend President's Rule in West Pakistan until 20 September, the

National Assembly passed a bill on 24 April establishing a joint electorate system throughout Pakistan. The bill amended the electorate act of October 1956 which provided that East Pakistan was to have a joint electorate in which the minority communities are given equality of franchise with the Moslem majority, while West Pakistan was to vote under a separate electorate system in which each minority elects its own representatives to a fixed number of seats.

The question of joint versus separate electorates has long been a bitter political issue

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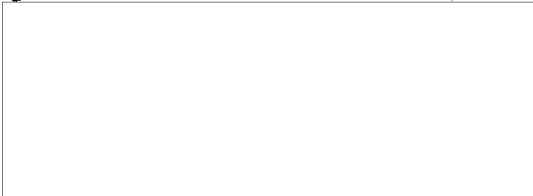
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in Pakistan, and Suhrawardy's success in establishing the principle of joint voting by all communities in West Pakistan as well as East Pakistan probably will add to his prestige as a national leader and bolster the position of his Awami League.

The Moslem League, which vehemently opposed the government proposal as contrary to the injunctions of Islam and as a threat to Pakistani nationalism, attempted to incite the people of Karachi to protest the action by strikes and demonstrations but evidently failed to get more than a token response.

Members of the Republican Party had opposed joint electorates last fall. Their support of Suhrawardy's policy now, which enabled the prime minister to raise the issue again without risking defeat, may have resulted from a promise by Suhrawardy to support restoration of the suspended Republican government in West Pakistan.



Suhrawardy's attempt to establish his control over the East Pakistan Awami League by securing the support of the moderate Krishak Sramik Party in East Pakistan and breaking with

the left wing of the Awami League led by Bhashani has failed, at least temporarily. Negotiations in Karachi with a section of Krishak Sramik leaders broke down, apparently over the latter's main demand for a clear-cut commitment by Awami leaders to cleanse the East Pakistan government of pro-Communist and pro-Indian elements.

Suhrawardy was evidently persuaded by his colleagues in Dacca that it would be unwise to force a showdown with Bhashani at this time. Action has still not been taken on the latter's proffered resignation as president of the East Pakistan Awami League, and has been deferred until the prime minister's return from his trip to Japan and Southeast Asia.

The setback suffered by Suhrawardy and his allies in the party was pointed up by Bhashani's increased agitation for provincial autonomy and his reported demand that the party decide whether it wants him or Suhrawardy. Bhashani's statement to the press that elections within the year would bring the victory "of all our brothers in both wings of Pakistan against our enemies, the reactionaries," is another indication he plans to divorce the East Pakistan Awami League from Suhrawardy's nominal leadership, and, by seeking leftist allies in West Pakistan, to establish his organization on a national basis.

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SOVIET MILITARY ASSISTANCE PROGRAM IN AFGHANISTAN

Under the Soviet bloc military assistance program for Afghanistan, shipments of light and heavy arms to depots in Kabul, Mazar-i-Sharif and elsewhere are being made in quantity. The deliveries presumably are

being made under terms of agreements negotiated with Czechoslovakia and the USSR since 1955. Increasing numbers of Soviet military advisers and technicians have been reported in Afghanistan.

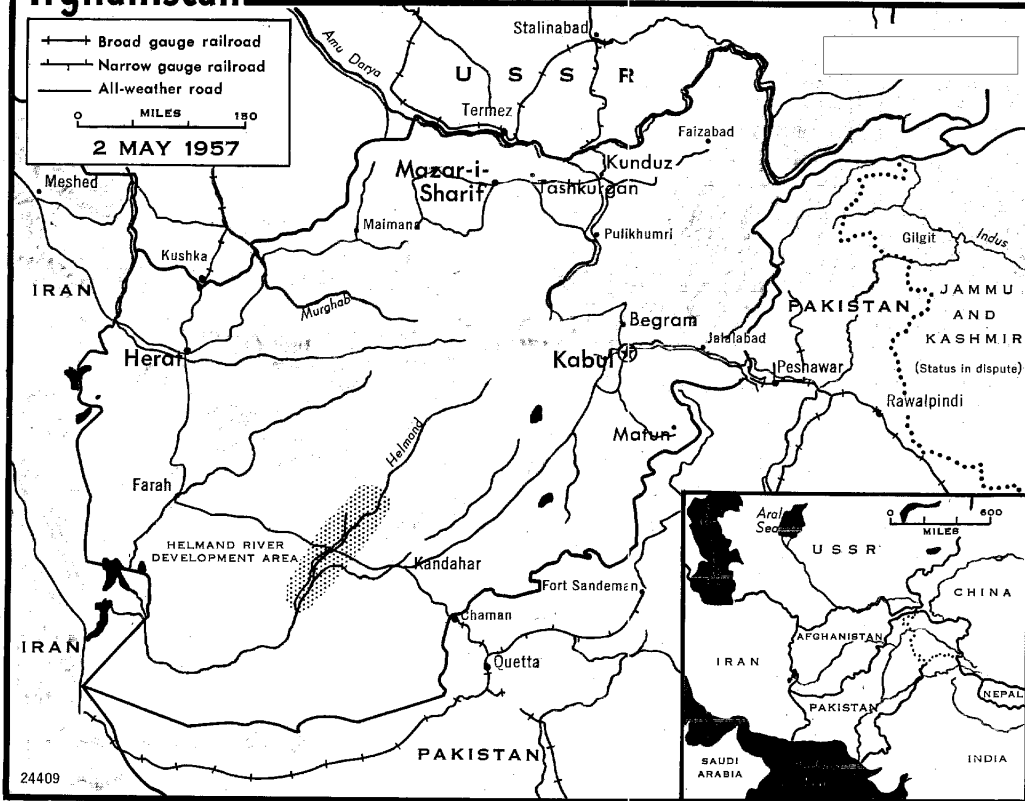
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# Afghanistan



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## SUPREME SOVIET TO CONVENE

The meeting of the Supreme Soviet scheduled to open in Moscow on 7 May is to give formal consideration and approval to the sweeping reorganization of Soviet industrial administration outlined by Khrushchev last March (see Part III). The Supreme Soviet may also be called on to formalize important personnel changes necessitated by the reorganization. These changes may provide new clues to the relative strengths of the various members of the hierarchy.

One of the current political questions which may be clarified at the session involves the reassignment of day-to-day government responsibilities which are parceled out to several members of the top leadership. The jobs of at least three--Malenkov (minister of electric power stations), Kaganovich (minister of building materials industry), and Pervukhin (chairman of the short-term planning commission)--are being abolished as a result of the reorganization.

There may also be a reassignment to provide stronger

leadership for the new planning apparatus, since N. K. Baybakov, the present head of Gosplan, has not given the impression of being able to carry enough political weight for the task involved. Pervukhin is a likely candidate for this post unless he has fallen into disfavor as a result of his role in the recent reduction of 1957 economic goals.

At the same time, the reorganization may bring a few new faces close to the top as understudies for some of the choice spots in the central party and government apparatuses. It provides a good opportunity to use patronage on a grand scale and facilitates moving the foot-draggers and the sul- len "old school" bureaucrats to jobs where they can do the least harm.

Khrushchev may try to manipulate the shifts to enhance his personal control. The speed with which Soviet leaders are proceeding with the reorganization, however, suggests that they believe it can be carried out without undue strain.

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## SOVIET WORKERS DEMAND VOICE IN FACTORY MANAGEMENT

Technical personnel and party members employed in Soviet industry have recently demanded workers' control of industry at the factory level, including the election of managers, according to an editorial in the 15 March issue of the authoritative party journal, Kommunist, which deplored the development. These demands indicate widespread resentment among workers, and even among party members, over the effects of extreme centralization and ruthless management of the Soviet economy.

The publication on 22 April of a previously unpublished article by Lenin against workers' control, and the continuing sharp criticism of worker councils in Poland and Yugoslavia also lend substance to reports that metallurgical workers in Leningrad had demanded certain reforms late last year, including the establishment of some form of workers' control.

The Kommunist editorial, in line with current propaganda, sharply attacked the arbitrary

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practices of factory managers toward employees, but strongly reaffirmed the quarter-century-old principle of party-controlled "one-man management" of Soviet industrial plants, as necessitated by the complexity of Soviet industrial development.

The editorial observed that Lenin had checked the attempts by the "workers' opposition" in the party during 1920-22 to replace centralized control over industry with a "congress of producers" under the then relatively autonomous Soviet trade union movement. At the 10th party congress in 1921, he bludgeoned the "workers' opposition" by gaining the power to expel from the party those

who failed to comply with high-level decisions.

Like the "workers' opposition" of the 20's, the present-day dissidents within the Soviet party and working class are probably stronger in numbers than in leadership or program. By invoking the authority of Lenin, the Soviet leaders are attempting to set the limits of the impending "decentralization" in the economy and to silence any opposition within the party. Like Lenin, the present Soviet leaders recognize that freedom of criticism in the party can degenerate from a "luxury" to a "disease," but unlike Stalin, they seem to prefer to resolve rather than repress differences within the party.

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## USSR DEPLOYS SUBMARINE TENDERS TO NORTHERN FLEET AREA

The USSR transferred five submarine tenders from the Baltic to the Northern Fleet area

Two tenders were similarly deployed last year. These vessels may be destined for either the Northern or Pacific Fleets, where additional submarine tenders are needed to support rapidly expanding submarine forces.

In addition to the support mission, these submarine tenders will also permit dispersing submarines as a defensive measure. Each of these tenders could furnish routine supplies for approximately 10 submarines in anchorages away from main naval bases. These vessels, small by Western standards, are apparently designed to provide submarines with diesel fuel, torpedoes and mines. They also have berthing facilities which could be used by submarine crews when in port.

Sometime ago the official naval newspaper, Soviet Fleet, carried an article titled "Anti-

atomic Defense of Coastal Objectives" which concluded that a reduction in size and the dispersion of units were among the best methods for protecting or reducing damage to coastal installations.

The most important bases for Soviet submarine operations are in the Northern and Pacific Fleet areas, where the USSR has relatively unrestricted access to the open seas.

The USSR now has 24 submarine tenders: six in the Baltic, four in the Black Sea, five in the Pacific, and will have nine in the Northern Fleet area with the arrival of the vessels now en route. Some of the Northern Fleet units may, however, be transferred to the Pacific this summer across the Northern Sea Route. Two years ago, the USSR's largest submarine tender, the Neva, was transferred from the Black Sea via the Northern Sea Route to the Pacific.

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## PEIPING INCREASES PRICES OF CONSUMER GOODS

The Chinese Communists have been forced to permit a consumer goods price rise averaging 2 percent because of inflationary pressures built up by the increases last year in their investment program and in worker and peasant incomes. Peiping has admitted that the sharply increased investment program and wage bill, coupled with last year's disappointing harvest, resulted in critical market shortages of raw materials and consumer goods.

The goods affected by the increases include pork, some edible oils, the more expensive cigarettes, some handicraft products, woolen textiles and salt. The actual increases on these goods are higher than 2 percent since the average includes the entire range of consumer goods, and prices of consumer staples like food grains and cotton cloth have not changed.

Rations on these staples have, however, been cut and the rationing system tightened. For example, the cotton textile ration was recently cut by 50 percent for the May-August period of this year. Chen Yun and other economic leaders have been advocating such rises not only to check inflation by reducing demand, but also as incentives

to increased production and better quality, arguing that rigid controls in the past had caused production slumps and a general decline in quality.

Peiping probably intends to pass along part of these price increases to the peasants who raise and deal in the affected products, although it has clearly indicated that the state treasury will be a primary gainer.

The Chinese Communists suffered a marked loss of popularity last year as a result of shortages of food and consumer goods brought about by disappointing harvests and inept planning. They have admitted they are inexperienced as economic planners and inevitably make mistakes, large and small. It has become apparent to them that they overreached themselves in their economic program last year. The present price alterations are part of a recent trend to economic realism. To assist the Chinese Communists over their present difficulties, the Soviet Union has agreed to a reduction in 1957 Chinese exports of pork, edible oil, pig iron, and other goods in short supply. Peiping's 1957 deficit in trade with the Soviet Union will be made up next year.

(Prepared by ORR)

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## CHINESE COMMUNIST UNIVERSITY ADMISSIONS CUT BACK SHARPLY

A shortage of educational facilities is forcing Peiping to cut back sharply the number of young people admitted to Chinese universities in the coming school year. The regime feels that the urgent need for investment funds in industry

precludes for the time being necessary enlargements in the physical plants of the universities. Middle and primary school students have been told to accept the fact that, because of crowded conditions, "for a rather long time to come" only

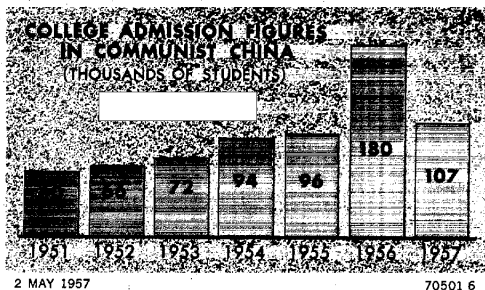
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part of them can aspire to a university education. The disappointment to Chinese students is being compounded by official exhortations urging them to return to peasant status rather than take up urban jobs in keeping with their educational attainments.



This development is in marked contrast to Peiping's vigorous efforts in 1956 to increase university enrollments. Last year's enrollment target of 180,000, almost twice the 1955 quota, exceeded the number of middle-school graduates, and it was necessary to recruit new students from the government, armed forces and industry to realize the goal.

The enrollment upsurge in 1956 proved to be a serious tax on existing facilities. Less than one fifth of the new floor space and equipment necessary to accommodate the large influx of new students was on hand at the beginning of the school year. Classroom space was inadequate, and intolerable overcrowding in dormitories was reported. Difficult study conditions may have been a con-

tributing factor in bringing on the discipline problems reflected in the Chinese press last fall and winter. Faculties were enlarged to cope with the increased load, but the quality of instruction suffered from the necessity of using inexperienced teachers.

The increase in school enrollment last year came at a time when the regime was overreaching itself generally in its investment program. The effort to meet investment goals built up strong inflationary pressures in the economy, and Peiping apparently now feels that a breather is necessary, during which it must de-emphasize investments in fields like education which do not yield an early return.

A recent People's Daily editorial urged students who cannot continue their education to take up work in rural areas where their help is urgently needed. They were called on to rid themselves of the attitude that physical labor is degrading and to accept the challenge to be among the first generation of "modern and literate" peasants. As in the Soviet Union, graduates have already been expressing dissatisfaction with jobs assigned them, and the call for some students to discontinue their studies to engage in farm work will bring serious morale problems to those who sought schooling in the first place as a means to escape the rigors of rural life. (Continued in by ORR)

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PART III

PATTERNS AND PERSPECTIVES

PROBLEMS OF SOVIET INDUSTRY

The Soviet government is preparing to consider Khrushchev's proposals for a basic reorganization of economic administration. Although the December central committee plenum directed that 1960 production goals be "revised" and although fundamental economic weaknesses would seem to dictate some downward revisions, there is no indication such changes are now envisaged. The leadership apparently feels that the reorganization, along with other correctives, should restore the momentum of Soviet economic growth. It is no cure, however, for the weaknesses revealed during the past year, and even carries the long-run possibility of changing the system itself, although no change in basic policy is intended by the Soviet leaders. Economic growth will continue to be very rapid by Western standards.

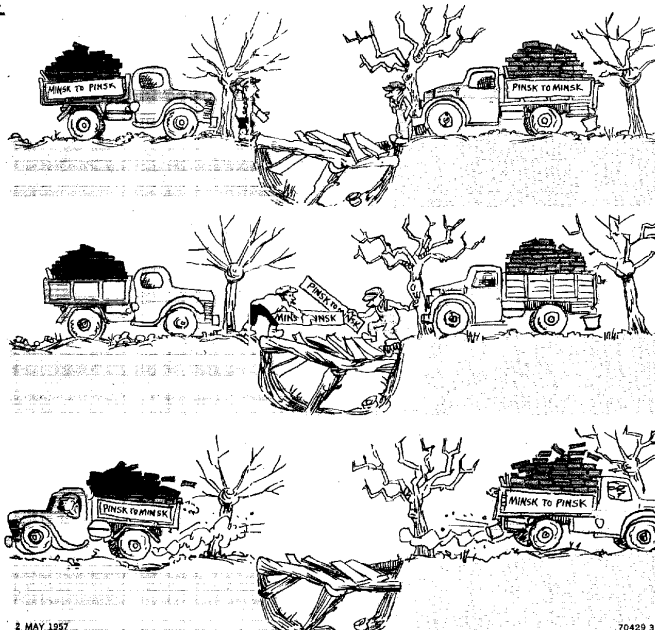
of specialization in industry, and wasteful transport practices, such as "cross-hauling." The criticisms leveled at the existing system appear valid-- they have been made repeatedly by Western and Soviet observers alike.

The cumulative effects of such shortcomings have further complicated an already unsatisfactory economic situation, threatening the goals of the Sixth Five-Year Plan. While Khrushchev has disclaimed any connection between his proposals for reorganization and this situation, they followed hard on the heels of the 1956 plan fulfillment announcement which reflected serious difficulties in raw material supply and construction, and the announcement of an unexpected modest 1957 plan.

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Economic Reorganization

Khrushchev contends that an "absolutely fundamental" reorganization is required because of shortcomings in the existing system at the present stage of "socialist construction." Yet he asserts that these shortcomings do not involve "failures" within the economy-- citing the high rate of Soviet economic growth. Most of them, he points out, have been developing for a long time: excessive red tape, disproportionate economic development of certain geographic areas, widespread lack



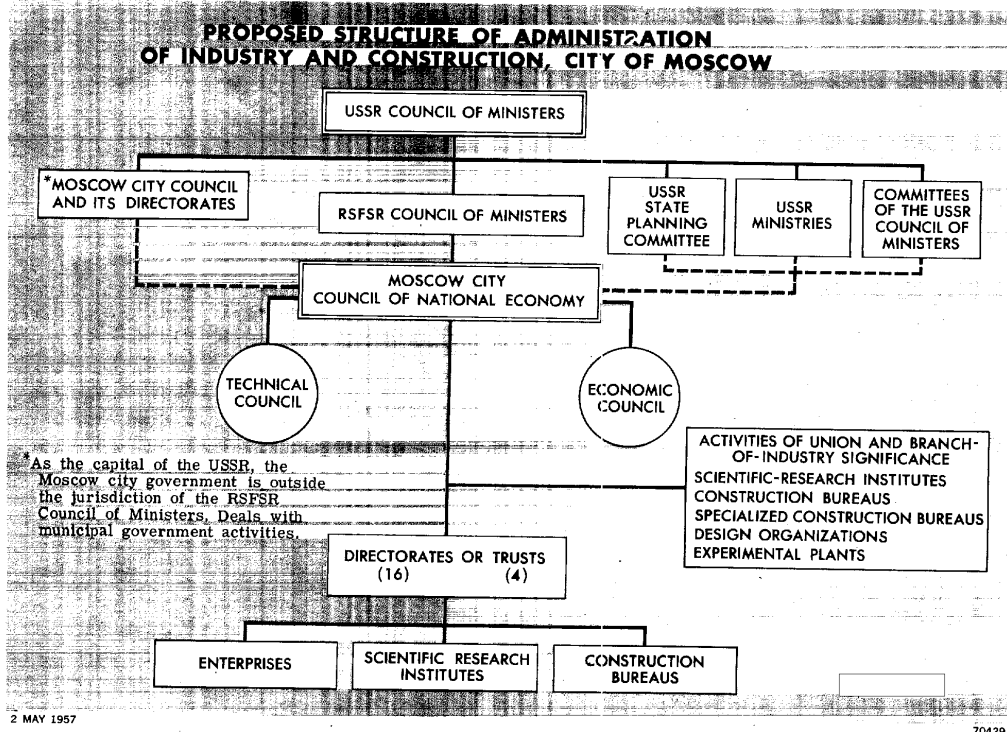
SOVIET CARTOON MOCKING "CROSS-HAULING" AND CONSTRUCTION FAILURES

--FROM KROKODIL, 30 MARCH 1957

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While strengthening central economic planning, Khrushchev proposed that operational efficiency be enhanced by increasing the responsibility and authority of local managers by expanding their scope of action for detailed, on-the-spot administration of policies. He proposed, further, to replace the present ministerial structure with economic regions under local Councils of National Economy. An authoritative preview of the organizational structure of a region was provided by Madame Furtseva, Moscow committee chairwoman, in her announcement of the proposed structure for the city of Moscow, which is itself to comprise a single "region."

The administrative reorganization is apparently to proceed swiftly. There is some evidence that the Soviet leaders hope to benefit from some of the anticipated economies as early as 1958. Such speed could involve a drastic upheaval in 1957 operations, but may be considered necessary to the timely recovery of

momentum essential to achievement of the 1960 planned goals.

Certainly the reorganization will be less than the panacea Khrushchev makes it appear. Transport problems probably can be solved under the regional structure, but reorganization alone probably will not effectively improve specialization of production by individual plants. Moreover, realization of the possible advantages of the new system will be limited for some time to come both by the mechanics of central planning and by the inertia in Soviet public life. Central authorities will be loath to give up their old powers and prerogatives, and local officials will tend to be timid and lethargic in asserting their new rights.

The proposed changes could, however, in the long run, drastically alter Soviet economic development and affect the strategic capabilities and vulnerabilities of the USSR. If through reorganization a crystallization of local and republic

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interests should eventually develop, the primacy of all-Union interests and the monolithic nature of the Soviet national economy would be endangered. Fragmentation of economic decision-making might then dilute the effectiveness of central planning. Ultimately these centrifugal forces might be even more responsible than the present inefficiency for slowing down the rate of Soviet growth. On the other hand, tendencies toward "localism" may be met by strengthening central control organs or even by the development of new central administrative bodies with much the same powers as those now condemned.

reiterations of a number of the original plan figures indicate that a major revision is not likely. Since establishment of the original targets by the 20th party congress, weaknesses in the economy have become so acute, however, as to make achievement of these targets highly unlikely. Behind a shortage of essential materials-- iron and steel, coal and cement-- are shortfalls in the construction of new production capacity, obsolescence of machinery, the depletion of better grade raw material deposits, and growing labor difficulties.




The construction of new production facilities has lagged since 1951, but the ministries and plant managers had been able to overcome this lag by drawing intensively on existing capacity. By 1956, however, such opportunities had been reduced to a minimum. These construction lags stem from policy decisions on the part of the leadership to divert resources from basic

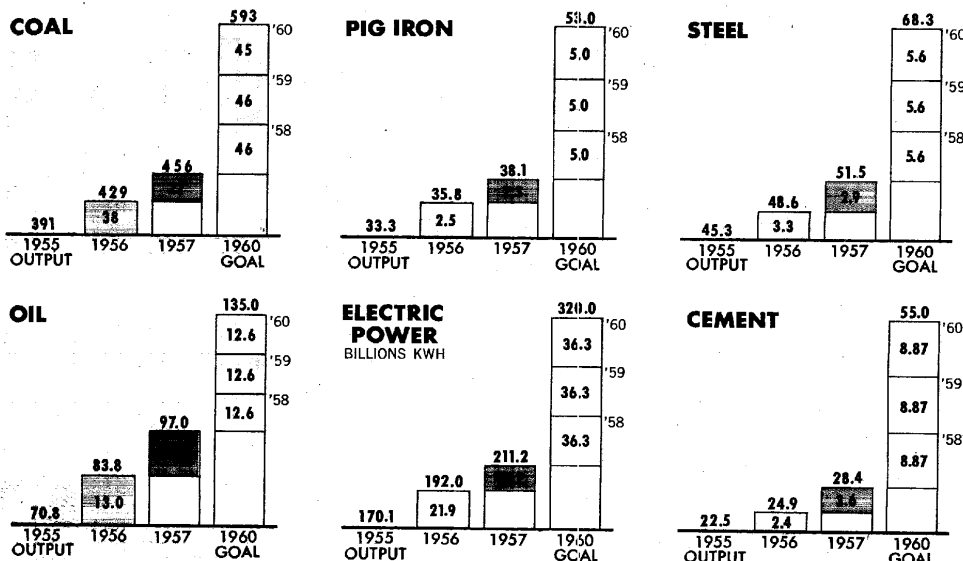
Industrial Problems

A resolution of the December party plenum specified that the Sixth Plan goals were to be refined by the middle of the year, and presented to the Supreme Soviet. Since then they have been under active consideration by the leadership. Recent

**USSR 1957 PLAN REVISIONS  
GOALS FOR KEY COMMODITIES**

MILLION METRIC TONS EXCEPT WHERE NOTED

-  1956 PRODUCTION INCREASE ACHIEVED
-  1957 PLANNED INCREASE (PERVUKHIN COMMITTEE REVISION)
-  ANNUAL INCREASE REQUIRED IN 1958-'60 TO MEET 1960 GOAL (SABUROV 6th PLAN GOALS)

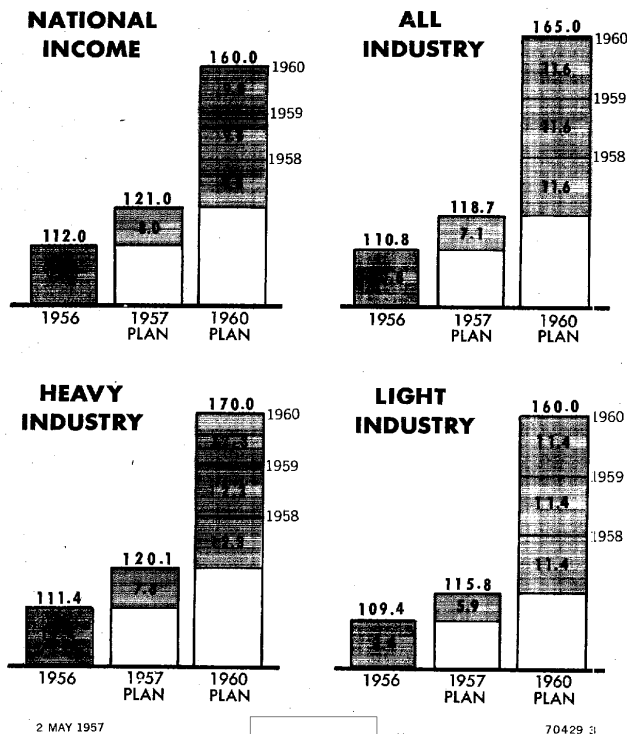
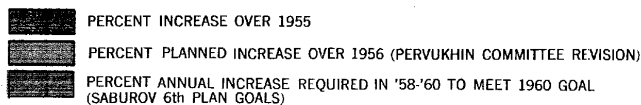


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**USSR 1957 PLAN REVISIONS****SUMMARY INDICES 1955=100**

Finally, labor is posing serious problems. Although over-all supply is probably adequate for this year, it may not be adequate in the latter years of the Sixth Plan. Furthermore it is difficult to attract labor to certain key places, such as the coal mines and eastern areas, a problem which has assumed new importance with the decision to abate the extreme coercive measures of the Stalinist era.

The disturbances in the European Satellites last fall placed additional pressure on domestic output of certain commodities, notably coal. Imports of coal from Poland had to be reduced and exports to Czechoslovakia and Hungary increased. The uprisings also made less feasible reliance on armed forces to supplement the labor force, and probably also have indirectly increased pressures for diverting more re-

investment and maintenance to production..

Other factors affecting production shortfalls include the continued use of a considerable amount of outdated equipment, partly because, for many years, Communists refused to accept the principle of obsolescence, and partly because of poor performance in producing new models. Moreover, the richer and more accessible sources of metals and fuels are being exploited to their fullest, making exploitation of the poorer, less accessible sources increasingly necessary.

sources to production of consumer goods.

The 1957 Plan

The 1957 plan and budget contain a program designed, with the reorganization proposals outlined above, to meet the problems presented by the country's economic weaknesses. To relieve economic strains, production increases for industry and for most of its key commodities have been placed at levels appreciably below 1956 achievement. To build essential new capacity where it is most needed, 30 percent of the increase in capital

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outlays is to be directed toward the coal and metallurgical industries.

The large increase in equipment outlays embodied in the 1957 plan is intended to facilitate project completions and the replacement of obsolete equipment. To increase incentives, housing construction is to be considerably expanded, retail trade increased at a rate greater than in 1956, and disposable income raised through higher minimum wages, reduction in the size of the compulsory loan, higher pensions, tax relief, and wage-scale revisions. The proposals for administrative reorganization already discussed are designed to increase management's contribution to efficiency.

Although this program may to some degree lay the groundwork for a resumption of high growth rates, there is small chance that it will ensure a resumption of rates high enough to achieve original 1960 targets. Assuming that performance in 1957 just matches the plan, industrial output in 1958-60

will have to grow at an average rate 30-percent greater than that for 1956-57. Output of iron and steel in the final three years will have to increase at a rate 50-percent more than that of the first two years, while that of cement will have to double the 1956-57 performance rate.

It is highly unlikely that enough new capacity can be constructed in these industries in time to permit such improvements. The high priorities of agriculture and housing dictated by the requirement to increase worker incentives and thereby maintain rapid industrial productivity growth will continue, and will still limit resources available to industrial construction. Toward the end of the plan period, capacity shortages may be replaced by labor shortages as the impact of the low birth rates of the war years is felt. Though the reorganization proposals should result in some improvement in efficiency, they will not materially improve the prospects of the 1960 goals being reached.

(Prepared by GRR)

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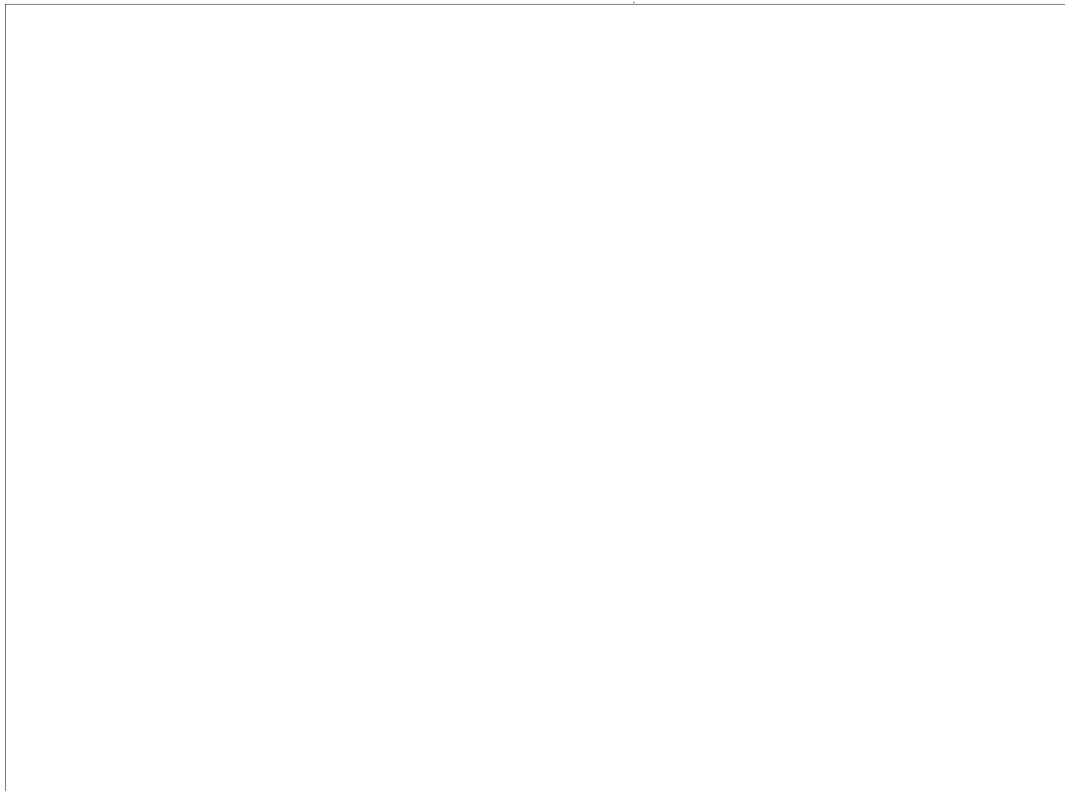
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## NEO-STALINISM IN HUNGARY

The Hungarian regime's continuing struggle to reassert control over the overwhelmingly hostile population has been accompanied by an accelerating return to the Stalinist methods of political repression. The promises to avoid the mistakes and excesses of the past occur with decreasing frequency, while justifications for the over-all harsh line are presented in ideological terms. Although adjusted to more liberal economic concepts, the Hungarian and the Soviet leaders apparently foresee no practicable alternatives to an all-encompassing reliance on mass intimidation and strict adherence to the

orthodox line of a "proletarian dictatorship."

Rebuilding the Party

During the revolution, the Hungarian Workers (Communist) Party virtually disintegrated--the legacy of three years of confusion, belated concessions and "socialist legality." Thus, on 4 November, when the present Hungarian Socialist Workers Party was founded by Janos Kadar, on behalf of the USSR, it had few assets other than the support of the Soviet army. For the first two months of its existence, the party appeared to consist only of the leadership

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and a relatively small internal security force. Its activities centered almost entirely on the problem of ending strikes and eliminating armed opposition. Its ideology was confused and contradictory.

In January the regime began to concentrate on a clarification of the party line. Premier Kadar formally launched this process by proclaiming the restoration of the "proletarian dictatorship." This coincided with the 6 January communiqué following the meeting of Soviet and Satellite leaders in Budapest which returned Hungary's political relations with the Soviet Union to the 20th party congress basis.

With only occasional lapses in consistency, the regime has since sought to re-establish not only the prerevolutionary situation but also, in much of the political sphere, the methods and concepts of the Stalinist period. Official sources claim that the total membership of the Hungarian Socialist Workers Party now exceeds an impressive 260,000. This figure, if accurate, is probably not an index of genuine strength but the reflection of a hurried and indiscriminate recruitment campaign. Despite the party's attacks on the unreliable mass nature of its predecessor, probably more than half of the present members are unreliable or "politically immature." Many are mere opportunists, members in name only, or persons who have been forced to join.

Kadar has branded the regime's postwar policies toward the bourgeoisie as not repressive enough; Minister of State Marosan, the party archdemagogue, has declared that since not enough fascists were hung in Hungary after the "liberation" in 1945, they had better be hung in 1957; and the party press has charged the Rakosi regime with overly lenient treatment of party liberals.

Soviet-Hungarian Parallel

The treatment of Rakosi himself--now in Moscow--has become almost identical to that accorded Stalin in the USSR. Party leaders have recently asserted that Rakosi's achievements should not be berated merely because he made some mistakes; and that there is no such thing as "Rakosiism"--or Stalinism--since these are only errors committed by individuals.

This parallel between the Soviet and Hungarian lines may have been the result of a unilateral Soviet decision, to which Kadar and some of his colleagues--who bear no love for Rakosi--have reluctantly acquiesced. On the other hand it may reflect a joint realization that the attempt to build a middle-of-the-road following by condemning Rakosi as a symbol of the Muscovite left and Nagy a symbol of the nationalist right was neither attracting adherents nor reducing popular hostility.

Josef Revai, a former top Communist theoretician who fled to Moscow during the revolution, expressed hard-line convictions in early March when he returned to Hungary. In an article appearing in the party daily, he served notice that unless the new party abandoned certain Nagyist tendencies, he and others like him would not support it.

Although Revai's article stirred up a major controversy, his general emphasis on an uncompromising approach has since been given the blessings of both Premier Kadar and Soviet premier Bulganin. The way is now clear for the Revais--not excluding members of the Rakosi clique still in the Soviet Union--to endorse the party and to work with the Kadar group in "good conscience." Lower-level doctrinaires are already heavily represented in the government

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apparatus and probably within local party organizations as well.

Some members of the party who came in with Kadar are distinctly unhappy about these developments and have said so more or less openly. Their response to the Revai article revealed that at least latent factionalism--similar in microcosm to the "hards" versus the "softs" controversy prior to the revolution--still exists within the Hungarian party. Thus, Kadar's acceptance of the doctrinaires may have added to the strength of his party, but at the cost of losing the wholehearted support of those who joined Kadar because they admired his anti-Rakosi past.

#### Implementation of Policy

The Hungarian regime has adopted the standard totalitarian techniques of handling popular opposition. Arrests, deportations and executions have been used as weapons against key figures and groups. Intimidation--through security controls, political pressures, threats and psychological warfare--underlies virtually all policy. It is the regime's apparent intention eventually to force the people into at least grudging co-operation with its program and to replace revolutionary spirit with general resignation.

Official pronouncements show progressively less concern for maintaining even a facade of enlightenment. When the regime decreed the formation of a new secret police force in early January, for example, it assured the people that the "arbitrary acts of the past will not recur" and that the police would be controlled by the "courts of law." A few days later, however, the regime issued a blast at these same courts for their "intolerable liberalism" and purged a number

of state prosecutors and judges, thus scarcely concealing its attempt to guarantee police control of the courts. Popular hatred of the AVH (security police), once openly admitted, is now ignored, and acts of the AVH during the revolution have recently been glorified in the press.

The campaigns against the various segments of society also illustrate the regime's neo-Stalinist techniques. Individual factory workers' councils--established throughout the country during the revolution--retain a legal existence of sorts. In order to render them impotent and perhaps eventually abolish them, however, the regime has moved against them in piecemeal fashion, not unlike the moves against non-Communist political parties after the war.

Action has been taken against the troublesome intellectuals, suspending the activities of the writers' union in mid-January and arresting a number of the more prominent members; those who continue to write are told to reinstate the values of "socialist realism." Other professional groups have also been dissolved and new groups have been founded along the lines of those existing during the Rakosi era. The regime has dealt harshly with the churches and the schools, hoping to reassert its control over religion and restore the old standards of Communist educational theory. The party also has announced its intention to play a greater role than ever before in the military forces.

The moderate policies of the post-Rakosi period have been applied consistently only in the economic sphere, to sustain popular hopes for a better living. Political bribery--attempts to convert the population through concessions--has been abandoned as unworkable and dangerous; the occasional

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promises of enlightenment and legality appear to reflect an attempt to keep the opposition off balance rather than win it over.

The party line on the revolution must accommodate contradictory propaganda goals. On the one hand, the regime apparently has found it useful to call attention to the revolution by alluding to its economic consequences and to the evil deeds and strength of the "counterrevolutionaries." Conversely, it hopes in the long run to erase from the popular mind the significance of the revolution. It is trying to remove the physical reminders of the fighting and, at the same time, to resume conventional Communist propaganda techniques and content, almost as if the interruption of last fall never had taken place.

The USSR, through the imposition of neo-Stalinism, has

in one sense solved its Hungarian problem. With bayonets as the ultimate determinant, Hungary--with the help of the local party, weak as it is--is not likely again to become a major strategic threat to the Communist world. But Hungary under bayonets alone would be a political and economic liability. The Soviet Union, therefore, probably hopes with time to reduce the dependence on mere force and to transform the Hungarian party into an effective instrument.

It may well envisage a Communist Hungary patterned after present-day Czechoslovakia, where political pressure and repression is constant, but not extreme, and where most of the people, regardless of their basic antagonisms, have apparently learned to live with--and work for--the Communist regime.

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## CHINESE NATIONALIST FORCES

Nationalist China's armed forces continued to improve during 1956 and have reached a new high in military efficiency. Improvement can be expected to continue, but at a slower pace, as present plans for the build-up of forces near completion. The Nationalist forces, while having a fairly high degree of initial combat-readiness, are not, by American standards, fully ready for sustained combat. Morale and leadership are believed to be reasonably satisfactory, but maintenance of the present level of combat capability and the will to fight will be increasingly difficult as the Nationalist leadership's goal of a return to the mainland fades as a realistic objective.

Capabilities

The Chinese Nationalists are not believed capable of defending Taiwan and the Pescadores Islands against a determined Communist attack without American air, naval, and logistical support. The offshore islands of Quemoy and Matsu are particularly vulnerable to an air and sea blockade.

Nationalist offensive capabilities are limited. Despite their recent boasts, the Nationalists could not, in the absence of revolt on the mainland, maintain a beachhead on the China coast. The navy might successfully land approximately 24,000 men, provided the element

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of surprise were present and adequate air support available, and it might be able to shuttle 70,000 more troops from the Quemoy Islands to the landing

area. If air-borne troops were also used, as many as 100,000 men might reach the mainland near the Quemoy Islands. These forces, however, would not outnumber

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Chinese Communist forces in the immediate area nor match them in firepower.

The Nationalists have the capability to launch commando-type operations of up to regimental size against the mainland. They can and do stage an occasional naval bombardment of a shore target, and they could launch a sizable air strike within the range limitations of their jet fighter bombers.

The Nationalists have attempted very few ground recon-naissance raids during the last year, however. The last assault in strength was in July 1953 and ended with heavy casualties and unattained objectives.

By American standards, the Chinese Nationalist armed forces are not fully ready for sustained combat; they are, however, more ready than ever before. Officials have insisted since last December that military preparations are complete for the promised "return to the mainland."

Great progress has been made since the arrival of the first American Military Assistance and Advisory Group (MAAG) team in 1951. The armed forces have been completely rearmed and reorganized along American lines, units unsupported by American aid have gradually been abolished or transferred to paramilitary organizations, and American military doctrine is gradually winning acceptance.

Several noteworthy achievements were registered in the past 18 months. Two corps-level army maneuvers demonstrated that higher-level military commanders have begun to master the art of utilizing large units in a modern sense. In September the navy and marines massed 12,000 troops and 53 ships and carried out a reasonably successful division-size landing exercise, setting the stage for

larger operations now being planned.

The navy, once regarded as the most backward of the three services, has now completed a reorganization begun in 1955. This has resulted in a general over-all improvement of administrative and operational efficiency. In addition, the navy has vastly increased its deliveries of supplies for the off-shore islands while rotating five of the six army divisions stationed on the Quemoy. An observer has commented that its most bitter critics are willing to admit that more improvement took place in 1956 than in any previous year.

The air force has virtually completed transition flight training from piston fighters to its new F-86F jets. Progress has been slow, however, and several serious accidents appear to indicate that more instrument training is needed. Nevertheless, in a series of engagements in July 1956, Nationalist flyers shot down two Communist MIG-15's and damaged others, demonstrating their ability to meet their enemies on a man-to-man basis on even or better terms.

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Within the next year almost all of the equipment scheduled for the initial build-up of the forces as envisaged in the 1950-51 mutual defense assistance plan will have been delivered from the United States. Most

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combat equipment is in service now. However, the air force lacks some aircraft; the navy, electronic equipment; and the army, new signal equipment and transport vehicles. There is no plan to provide American support for additional combat units.

Many deficiencies continue to exist in the armed forces. Logistical training needs improvement; combined arms training is weak; personnel management procedures, although improved, need refinement; and American military doctrine is not fully accepted, particularly at higher command levels.

Leadership and Morale

In terms of military hardware and the ability to use it on an individual basis, the Nationalist armed forces are quite capable and are still improving. The most serious weaknesses appear in their leadership.

Although most observers agree that the commanders of the individual services are capable, Chiang Kai-shek's main criterion when promoting an officer is still personal loyalty rather than professional competency. Several officers, believed by American advisers to be among the best in the services, have been given important command positions recently. Others, however, are of the "war lord" type, who either cannot or will not understand modern equipment and methods.

In addition, Chiang's practice has been and still is to interfere directly with command functions without regard to normal channels, although this practice is becoming less frequent. Centralization of command at the highest level, with little delegation of authority, continues to hamper the develop-

ment of initiative and willingness to accept responsibility on the part of commanders at all levels. This deficiency, if allowed to continue, will limit the combat effectiveness of the services in any future military operations.

The morale of the Chinese Nationalist armed forces is good, in the opinion of most observers. The number of defections to the Communists is not known accurately but is believed to be small.

The Nationalists themselves are worried over the increasing proportion of native Taiwanese in the armed forces; they constitute at present about 28 percent of the enlisted strength of the army. They fear these young men, while anti-Communist, are not motivated by the same desire as the mainland soldier to reconquer the mainland, and that, as time passes and more Taiwanese enter the services, the desire for a counterattack will diminish. As a result, they have stepped up the political training of the Taiwanese in an effort to develop a genuine enthusiasm for the Nationalist cause. Whether this will succeed, however, is questionable.

Future Prospects

Improvement in the combat capability of the Chinese Nationalist armed forces will continue to grow in the next year or two, although at a slower rate than in the past. Increasingly, the leaders' problem will shift from efforts to improve to efforts to maintain proficiency and the will to fight. This will be difficult as long as the present military and political stalemate continues and the government's objective of a return to the mainland fades as a realistic goal.

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