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COPY NO. 17
OCI NO. 3056/57

6 June 1957

CURRENT INTELLIGENCE WEEKLY SUMMARY



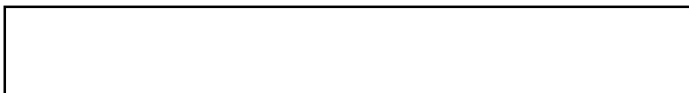
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NO CHANGE IN CLASS.
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CLASS. CHANGED TO: TS, S, C
NEXT REVIEW DATE: 1989
AUTH: HR 70-2
DATE: 30 Aug 79 REVIEWER:

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

6 June 1957

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

PART I

OF IMMEDIATE INTEREST

WEST EUROPEAN OFFICIAL REACTION TO THE DISARMAMENT TALKS . Page 1

Western European nations have shown new fears that the US may reach a bilateral agreement with the Soviet Union on disarmament. They profess to believe that recent American discussions with the Soviet delegation to the London talks "violate" their insistence on prior, continuing, and complete consultation. Several fear that establishment of a European inspection zone might prejudice their security, and Bonn fears that Moscow would insist that the East German government take part in any treaty involving Europe. [redacted]

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PRESSURE FOR REVISING COCOM Page 2

Britain's decision to relax controls on trade with Communist China has strengthened the likelihood of an early movement to narrow the scope of COCOM controls on trade with the Soviet bloc. Sentiment favoring such a change has been evident in COCOM for over a year and gains strength from the desire of West European business interests to improve their competitive position. Domestic political and economic considerations may lead the British government to spearhead such changes. [redacted]

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USSR AND YUGOSLAVIA MOVE TO RESTORE TIES Page 3

Moscow and Belgrade are both issuing strong declarations of intent to develop friendlier relations although each is reaffirming its ideological position and apparently testing out the other to see if it will make any concessions. [redacted]

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MIDDLE EAST DEVELOPMENTS Page 4

At least two vessels probably under Israeli charter have transitted the Suez Canal in the last two weeks, but Egypt has not changed its opposition to passage of an Israeli-flag ship. The Israeli-flag freighter Atlit, en route from Haifa to Eilat via the Cape of Good Hope, is due to arrive in the Gulf of Aqaba about 9 June. The Arabs apparently do not want to risk hostilities with Israel at this time by offering overt military opposition to the vessel's passage through the Strait of Tiran.

In Lebanon, the political crisis, which was highlighted by riots on 30 May, has been eased by the government's appointment of two new cabinet members to sit on a committee to judge election disputes--a concession to the opposition.

In Syria, moderate and right-wing deputies have threatened to resign from parliament, ostensibly because of a Communist deputy's charge that they were serving "imperialism." Such resignations would result in strengthened leftist control of the legislature and the government. [redacted]

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PART II

NOTES AND COMMENTS

ADENAUER GRAPPLES WITH DISARMAMENT AS ELECTORAL ISSUE . . Page 1

With the September Bundestag elections in mind, Chancellor Adenauer has been trying to convince the West German public that the disarmament plans he discussed in the United States will not prejudice German unification. While the chancellor has met some criticism, the German public has evidently been reassured that the link between unification and a general disarmament agreement has been preserved. Moreover, the public shows greater readiness than Adenauer to consider a European inspection zone as a first step without immediate progress on German reunification. [redacted]

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6 June 1957

INTERNATIONAL COMMUNIST FRONTS' DRIVE AGAINST NUCLEAR TESTS Page 2

International Communist fronts headed by the World Peace Council (WPC) have initiated a world-wide mass propaganda movement in support of the USSR's position against nuclear tests. The WPC plenary session at Colombo from 10 to 16 June, to be attended by over 500 delegates from 74 countries, will kick off a drive to implement the WPC Berlin appeal of April which called for an "atomic truce." [redacted]

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KHRUSHCHEV'S TELEVISION INTERVIEW Page 2

In his interview with American correspondents broadcast on 2 June over an American television and radio network, Khrushchev repeated established Soviet positions on a wide range of international issues. As in his 10 May interview with a New York Times executive, the Soviet party chief coupled protestations of the USSR's desire for normal and friendly relations with the United States with expressions of suspicion of American intentions. In broadcasting the text of the interview to the Soviet public, the Moscow radio omitted Khrushchev's denial that any "contradictions" existed between the masses and the leaders in the USSR, the sole omission from an otherwise complete text. [redacted]

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PROSPECTS OF THE ZOLI CABINET Page 3

The Italian Senate's confirmation of Premier Zoli on 4 June will probably shortly be followed by similar action in the Chamber of Deputies. Zoli's announced program indicates that he does not plan merely to mark time in anticipation of new elections. Lacking a parliamentary majority, however, he will be dependent on uncertain support outside his own Christian Democratic Party. [redacted]

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FRENCH POLITICAL CRISIS Page 4

The pressure of France's financial and Algerian problems continues to mount as the search for a premier draws to the end of its third week. The Socialists' refusal to back Pflimlin or to undertake a new government themselves suggests that the crisis will not come to an end soon. President Coty has now placed his hopes on the ability of outgoing defense minister Bourges-Maunoury's Radical Party to straddle major party differences as it has in the past. [redacted]

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EFFORTS TO IMPROVE TUNISIAN-FRENCH RELATIONS FAIL Page 5

New clashes between French and Tunisian forces in Tunisia have created additional tension between Tunis and Paris, and Premier Bourghiba has renewed his demand for negotiations on the evacuation of 33,000 French troops from Tunisia. The Tunisian government has published four decrees which move the country toward economic sovereignty, but Bourghiba has not yet received specific offers of financial aid from any source.

[Redacted]

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CYPRUS Page 6

A renewal of violence on Cyprus seems likely in view of the stalemate over the next step toward a solution of the problem. London recently rejected Archbishop Makarios' request for bilateral discussions, and propaganda activities have been stepped up by EOKA's political branch, by the Greek-Cypriot press, and by Athens radio.

[Redacted]

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CRACKDOWN ON OPPOSITION LEADERS IN SPAIN Page 7

Recent arrests of Spanish Catholic and Monarchist leaders on charges of conspiring with exile groups to overthrow Franco suggest that the Spanish government will continue to resist demands for a liberalization of its internal policy. The crackdown is likely to aggravate discontent among Franco's pro-Monarchist supporters.

[Redacted]

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[Large Redacted Block]

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KISHI'S ASIAN TOUR Page 8

Prime Minister Kishi of Japan has declared that his recently completed six-nation Asian tour was a victory for Japan's "diplomacy for peace," but Japanese observers doubt that any remarkable results were achieved by the tour.

[Redacted]

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DJAKARTA MOVES TO ASSERT CONTROL IN EAST INDONESIA Page 9

The Indonesian government has again seized the initiative in the see-saw relationship with the disaffected provinces and is concentrating its principal efforts in East Indonesia. [redacted]

[redacted] the East Indonesian problem is so difficult that to avoid a "complete breakdown," the government must move "slowly and with discretion." [redacted]

CABINET CRISIS IN LAOS Page 11

Deputy Premier Katay, leader of the Nationalist Party, the largest in Laos, has been chosen to form a new government, and prospects are fairly good that he will succeed. Katay is apparently assured of support from the Independent Party, the second largest in the National Assembly; and the small Democratic Party may also join to form a strong anti-Communist coalition. [redacted]

INDIAN FOREIGN EXCHANGE CRISIS Page 11

India's foreign exchange reserves, which have declined by over one third in the last 14 months despite stringent control measures, leave an insufficient amount for foreign trade operations above the legal minimum for currency backing. Since the Indian government is determined to import the industrial goods needed to fulfill the Second Five-Year Plan, it probably will be willing to risk its reputation for financial stability by reducing the foreign exchange reserves legally required as currency backing. This will be only a stop-gap measure, however, and India probably will seek large-scale financial assistance from the United States in the near future. [redacted]

EAST GERMANY'S ECONOMIC PROBLEMS Page 12

East Germany's economic plan for 1957 calls for an increase in industrial production of only 6 percent. This goal represents a further contraction of the rate of economic growth which has been declining since 1951, and it indicates that most of the economic problems which have caused serious disagreements among East German officials will remain unsolved during 1957. The growth of the raw materials and fuel base has lagged far behind industrial development, and the regime's plan to concentrate investment in these industries will again forestall any real improvement in supplies for the consumer. [redacted]

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SOVIET AGRICULTURAL CHANGES Page 13

Now that the Soviet industrial reorganization program has been launched, Khrushchev has again turned his attention to agriculture. He has tried to spur the production of agricultural consumer goods, particularly meat, wool and dairy products, and has announced that compulsory deliveries of produce from private plots will be abolished in 1958 in order to create a "better political atmosphere" in farm areas. [redacted]

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PART III

PATTERNS AND PERSPECTIVES

REPERCUSSIONS OF BRITAIN'S ACTION ON CHINA TRADE CONTROLS Page 1

Britain's abandonment of the China differential in strategic trade controls appears likely to be followed in the near future by similar action throughout most of the free world. Nationalist China regards Britain's step as a serious blow to its international position. The volume of Peiping's trade is not expected to rise significantly as a result of the easing of controls, but the commodity composition may change. [redacted]

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FACTIONS IN THE POLISH COMMUNIST PARTY Page 3

The factional struggle in the Polish United Workers' (Communist) Party has persisted for more than a year, and continues following the bitter debates of the ninth central committee plenum in May. The plenum reflected a far-reaching reversal for the Natolin group of anti-Gomulka Stalinists, who made it clear, however, that they look to the party congress this December as the main battleground for control of the Polish party. Gomulka continues to appeal to the mass of party functionaries for support. He has warned extremists of both left and right that they will be expelled from the party if they persist in their heretical or disruptive activities. His success in the plenum debates against the Natolin group puts him in a strong position for the December congress. [redacted]

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FRANCE PLANS TO EXPLOIT OIL IN THE SAHARA Page 9

France has embarked on an ambitious oil exploitation program in the Sahara in the hope of reducing its dependence on Middle Eastern oil. The French anticipate limited production by early 1958, with the area making a substantial contribution by 1960. The cost of the program presents considerable difficulties to the French government, which is already overcommitted financially. In any case, before France can get the full benefits of Saharan oil, it must reach some working agreement with the Algerians as well as with the Libyan and Tunisian governments.

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THE WITHERING AWAY OF THE MVD. Page 12

The once powerful USSR Ministry of Internal Affairs, (MVD) is continuing to lose many of its functions to other central ministries and to union republics. The process began with the separation of the secret police, now called the KGB, from the MVD in March 1954. The decentralization of the civil police (militia) and the reorganization of the penal system are the latest developments in this trend. The remaining MVD functions, including responsibility for archives, geodesy, cartography, border troops, and civil defense, could readily be disposed among other central and local administrative agencies, and the MVD dissolved. Such a step would have propaganda advantages and would be in accord with the policy of decentralizing Soviet government agencies and increasing the administrative responsibilities of republic and local governments.

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PART I

OF IMMEDIATE INTEREST

WEST EUROPEAN OFFICIAL REACTION TO THE DISARMAMENT TALKS

Western European nations have shown new fear that the United States may reach a bilateral agreement with the Soviet Union on disarmament. They profess to believe that recent American discussions with the Soviet delegation to the London talks "violate" their insistence on prior, continuing, and complete consultation. Several fear that establishment of a European inspection zone might prejudice their security, and Bonn fears that Moscow would insist that the East German government take part in any treaty involving Europe.

The disarmament talks have been recessed until 11 June, while the four Western delegations examine the informal American paper of 31 May. Several Western European officials have expressed annoyance that this paper was placed in the Soviet delegate's hands before "thorough" Western consultation. French delegate Moch spoke of the trouble this procedure had caused in Paris, and implied that it would add to the difficulties of maintaining Western unity. The British delegate has also spoken of London's dismay, and the Dutch Foreign Ministry has reported a "rumor" that the United States is about to make a deal behind NATO's back.

Meanwhile, NATO Secretary General Spaak is trying to set up new procedures to promote

continuation of effective consultation. He has proposed, for example, that a member of the NATO Secretariat, "when appropriate," be sent to London to sit in on meetings of the four Western subcommittee members.

Both inside and outside the North Atlantic Council, doubts about the working of a European inspection zone have been expressed. The Norwegian NAC representative said he was unhappy that the US proposal included "all of Scandinavia" and "little or nothing" of the USSR. The Italian representative asked that each individual country inspected have the right to inspect an equivalent area on the other side. Suggestions have appeared in the French press that justice would require the inspection of nine square miles of Soviet territory for every one square mile of Western nations.

The West German government has offered serious reservations regarding a European inspection zone. Wilhelm Grewe, chief of the Political Department in the Foreign Ministry, recently told the American chargé that he believed the USSR would insist that the East German government take part in a multilateral treaty necessary to establish such a zone. Grewe added that Bonn hoped the United States, in initial talks with the USSR, would not go beyond discussing

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aerial inspection of the Arctic regions.

Canada has reacted favorably to having its Arctic regions included in the first-step inspection. External Affairs Minister Pearson, in the final stages of the general election

campaign, has publicly endorsed this idea. A Canadian memo given the US delegation in London nevertheless expresses doubt that the USSR will be interested in the separation of an Arctic inspection zone from the European zone. [REDACTED]

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[REDACTED]
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PRESSURE FOR REVISING COCOM

Britain's decision to relax controls on trade with Communist China has strengthened the likelihood of an early movement to narrow the scope of COCOM controls on trade with the Soviet bloc. Sentiment favoring such a change has been evident in COCOM for over a year, and gains strength from the desire of West European business interests to improve their competitive position. Domestic political and economic considerations may lead the British government to spearhead such changes.

The American embassy in London on 4 June reported its belief that Britain will make proposals for a relaxation of the COCOM controls "in the not too distant future." In response to parliamentary questions indicating growing pressure, the government informed Parliament on 4 June that it would not move unilaterally on this issue, and that it would not now "feel justified" in resorting to some form of exceptions procedure to bring about relaxation of the COCOM controls.

In the past, the British have taken the position that revision of the COCOM system is

necessary because of the inequities and difficulties of administering the present system. Essentially, they have previously suggested a revision of the COCOM lists so as to limit restrictions to items affecting Soviet thermo-nuclear capabilities.

Past attitudes suggest that all COCOM governments would wish to reconsider their policies toward COCOM in the event of pressure from any member for a revision. A considerable body of opinion holds that greater trade contact with the European Satellites would facilitate loosening of their bonds with the USSR. Widespread interest exists, too, in the possible benefits of increased trade with the Soviet bloc in items presently controlled.

France, in particular, would welcome a British lead to revise the controls, although a French Foreign Ministry spokesman indicated on 5 June that a move toward reduction of COCOM controls would be premature at this time. He said Paris plans in the near future to introduce a proposal to bring more flexibility into the control system through annual review of the commodities list. [REDACTED]

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USSR AND YUGOSLAVIA MOVE TO RESTORE TIES

Moscow and Belgrade are both issuing strong declarations of intent to develop friendlier relations, although each is reaffirming its ideological position and apparently testing out the other to see if it will make any concessions. The USSR is reported to have instructed the Satellite parties that they should again develop closer relations with Yugoslavia.

The Soviet leaders probably feel that national Communist pressures in Eastern Europe are sufficiently in check to warrant a more moderate attitude toward Tito, which in turn would allow them to concentrate on presenting a peaceful coexistence front to the outside world. It is also possible that Moscow has been influenced by the Chinese, who urge that all Communists co-operate with one another, letting differences eventually be resolved through time and patient effort.

Alluding to the anniversary of the Soviet-Yugoslav communiqué signed two years ago at the end of the Khrushchev-Bulgarian trip to Belgrade, the Moscow press and radio have extolled the friendship between the two countries and pointed to their common foreign policy position. At the same time, Pravda has said that the friendship between the two countries must "be impregnated with the spirit of proletarian internationalism"--a euphemism the Yugoslavs usually have interpreted as indicating that the USSR wants Yugoslavia to be a subservient member of the "socialist camp headed by the USSR." Moscow radio stated that the further development of relations depends on what policy Yugoslavia will pursue.

Pravda has returned to the old Soviet line that only the imperialists gain by any dispute between the two countries, and warned Yugoslavia of the dangers of relations with bourgeois countries, where the "wolf law" applies--the strong oppressing the weak. This last will probably not go over well in Belgrade, where Marshal Tito only last week praised his relations with the capitalist states, noting that they did not endanger Yugoslav "socialism."

The Yugoslav press has also called for better relations, but stressed the fact that the Belgrade declaration issued two years ago was based on "active coexistence," a principle which at the height of the ideological arguments last winter was said by Moscow to be inapplicable to relations between socialist states. Belgrade makes no mention of proletarian internationalism and emphasizes the fact that the Yugoslav concept of differing roads to socialism should apply to all Communist countries, not just the USSR and Yugoslavia.

The Yugoslavs apparently believe that their relations with the Soviet bloc will improve.

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Tito is no longer in the Kremlin's deep freeze is found in the visit to Belgrade of Czech premier Siroky, scheduled for the end of June. Siroky will be the first high Soviet

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bloc official to come to Yugoslavia since last October.

The Yugoslavs have indicated they will soon test Moscow's willingness to have friendly relations "despite ideolog-

ical differences" by pressing for reinstatement of "postponed" Soviet credits negotiated in 1956 for an aluminum combine and a nitrogen fertilizer plant.



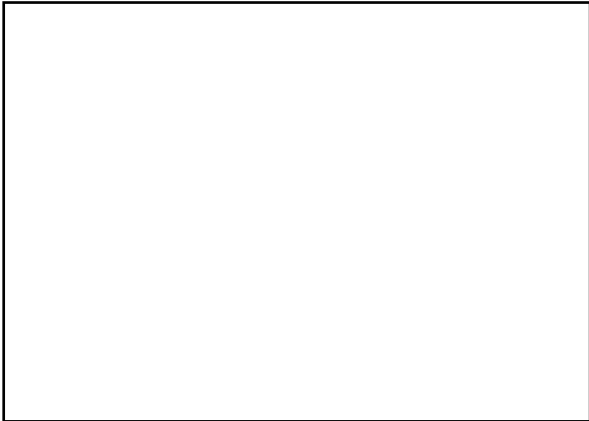
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MIDDLE EAST DEVELOPMENTS

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Aqaba and Suez

At least two foreign-flag vessels which were carrying or have carried Israeli cargoes and probably were under Israeli charter have been permitted to transit the Suez Canal in recent weeks. The Israeli-flag freighter Atlit, en route from Haifa to Eilat via the Cape of Good Hope, is expected to arrive in the Gulf of Aqaba about 9 June. At least four foreign-flag vessels are also expected to call at Eilat this month.



Syria

The "resignations" of Populist Party leader Rushdi Kekhya and 48 other moderate and conservative deputies, ostensibly because Communist deputy Bakhdash had accused them of serving "imperialist" interests, was evidently a planned move to show up the government's high-handed tactics. In theory, if sufficient moderate and conservative deputies resign from the 142-man legislature, the resulting inability to convene a quorum would cause the leftist-dominated cabinet to resign.

Failure of the legislature to accept Kekhya's and his supporters' resignations suggests that the maneuver will not succeed. Kekhya's move appears tactically unsound, moreover, since the cabinet might elect to dissolve the legislature.

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Under Syria's martial law, the moderates would have less influence outside of parliament than within, and the leftist-dominated government would be even less subject to opposition than before.

Lebanon

The Lebanese political crisis, which was brought on by pre-election rioting in Beirut on 30 May, has been eased by a compromise between the government and the opposition. Two additional ministers without portfolio have been appointed to serve on a committee of four which will hear election complaints.

Earlier, General Chehab, commander of the Lebanese army and main prop of the present government, expressed concern that the majority sought by President Chamoun in the parliamentary elections beginning

9 June would upset the delicate balance between Christians and Moslems and turn one group against the other. He told the American army attaché on 31 May that the Moslems, regardless of their real sentiments, would be forced by present developments into an anti-Western position and into the Egyptian-Syrian-Communist camp. The general therefore considered that it was desirable for Chamoun to make some sort of compromise with opposition leaders and give their candidates a better chance in the elections.

General Chehab has warned opposition leaders against fomenting further trouble, and is aware of Egyptian-Syrian designs to provoke disorders throughout Lebanon. The elections will be held as scheduled, beginning Sunday, 9 June, and on succeeding Sundays in June.

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PART II

NOTES AND COMMENTS

ADENAUER GRAPPLES WITH DISARMAMENT AS ELECTORAL ISSUE

With the September Bundes-tag elections in mind, Chancellor Adenauer has been trying to convince West German public opinion that the disarmament plans he discussed in the United States will not prejudice German unification. While the Chancellor has met some criticism that "he adopted more of Washington's political plans than Washington adopted of his," the German public has evidently been reassured that the link between unification and a general disarmament agreement has been preserved.

Moreover the public shows greater readiness than Adenauer to consider a European inspection zone as a first step without immediate progress on German reunification. The Christian Democratic Union (CDU) and many independent commentators are applauding the results of Adenauer's Washington visit, which they consider made it unmistakably clear that the United States views a general disarmament agreement as unacceptable without German unification. They therefore believe that the chancellor succeeded in his major objective. Although the opposition Social Democratic Party (SPD) initially opposed the 28 May Eisenhower-Adenauer communique as meaning that a Western-Soviet detente on the basis of German partition was being considered, prominent SPD leaders now favor a European inspection agreement which they consider would be the most important step toward a detente.

Various independent German commentators have explained that President Eisenhower refused to link German unification with the first phase of disarmament because he desires leeway in the conduct of the

London negotiations. Most influential independent papers are coming to see a first step without unification as inevitable, and conducive to the mutual trust which would eventually make the German question easier to solve.

To allay the fears of German voters who might not agree with this optimistic point of view, Adenauer has made several statements to the press since his Washington talks, elaborating his ideas both of a "first-step" agreement and a European inspection zone. Especially in this election year, he has to support schemes to relax tensions, and yet it would be disastrous for the CDU to advocate any plan that seemed likely to hinder German unification.

Adenauer has tried, in the first place, to deflate the initial inspection zone as an urgent campaign issue by estimating that negotiations with the USSR on "this highly complex matter" would take a long time--even years. Second, he has indicated that he did not believe the first inspection zone would be in Europe. Third, allowing perhaps for his own possible error, he has stated his opposition to an aerial inspection zone consisting only of Germany, and has even said that all of Europe would be too small, categorizing it as "only a fraction of a defense belt." Adenauer and other Bonn officials are worried about the problem of dealing with the East German regime on inspection.

In view of the most recent favorable evolution of German opinion toward a European agreement, however, Adenauer himself is likely to take a more liberal attitude toward such a possibility.

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INTERNATIONAL COMMUNIST FRONTS' DRIVE AGAINST NUCLEAR TESTS

International Communist fronts headed by the World Peace Council (WPC) have initiated a world-wide mass propaganda movement in support of the USSR's position against nuclear tests. The WPC plenary session at Colombo from 10 to 16 June, to be attended by over 500 delegates from 74 countries, will kick off a drive to implement the WPC Berlin appeal of April which called for an "atomic truce."

The WPC effort is keyed to Moscow's continuing propaganda against nuclear tests. Radio Moscow will inaugurate a series of forum broadcasts in June on its English-language international service dealing with prohibition of atomic testing.

WPC headquarters declared in April that a truce on testing "would give a breathing space, making it possible to bring about a total suspension of tests and to make a start on the abolition of hydrogen and atomic weapons and disarmament." The WPC says it wants to see "throughout the world every sort of movement and organization at every level support our appeal." It is not stressing uniformity of approach but will let each national movement decide the forms of action. The WPC has asked national committees to "consider seriously" a signature campaign, which it calls one of the most effective propaganda forms.

Other international Communist fronts are lining up

behind the WPC effort. The International Organization of Journalists published a statement in Prague the end of May urging its membership, alleged to be 60,000, to "display a special sense of responsibility" in protesting nuclear weapons tests. An appeal along the same lines from the chairman of the Women's International Democratic Federation was broadcast from Moscow on 23 May.

The campaign will receive added impetus from the Third International Conference for the Prohibition of Atomic and Hydrogen Weapons to be held in Tokyo in August on the anniversary of the Hiroshima blast. This conference is an annual affair. It claims to have no Communist connections, although it was originally inspired by the WPC. Preparatory committees have been set up in Japan and India and are pressing for intense national propaganda campaigns against testing prior to the conference.

The Colombo session will be the first the WPC has held in Asia, where, according to the WPC, "people have suffered most from the effects of nuclear tests." The WPC regards the inclusion of Asia as most significant in effectively developing a representative world movement, and as a "sign of the changing world." The Communist world has found in nuclear testing an issue upon which Asian opinion is especially sensitive and against which Asian leaders have often declared themselves.

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KHRUSHCHEV'S TELEVISION INTERVIEW

In his interview with American correspondents broadcast on 2 June over an American television and radio network, Khrushchev repeated established

Soviet positions on a wide range of international issues. As in his 10 May interview with a New York Times executive, the Soviet party chief coupled

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protestations of the USSR's desire for normal and friendly relations with the US with expressions of suspicion of American intentions.

The Khrushchev interview reflected the divergent pressures and aims which shape Moscow's attitude toward the United States. The Soviet leaders' desire to restore the pre-Hungary atmosphere of international detente was evident in Khrushchev's proposals for normalizing Soviet-American relations through increased trade and cultural exchange and his assurances of Moscow's desire for friendly relations based on peaceful coexistence. On the other hand, efforts to contain the centrifugal tendencies in Eastern Europe and the world Communist movement which threaten the USSR's prestige and leadership impelled Khrushchev to portray the United States as an aggressive power bent on policies which could plunge the world into a nuclear war.

On the question of European security, Khrushchev repeated proposals he has made on several occasions in the past six months for a mutual withdrawal of Soviet and American forces from all foreign territories. This, he said, would be a "useful first step to test the good will of the two sides."

On the question of disarmament, Khrushchev stated that "we are quite prepared to limit ourselves to some small step,

instead of going after a comprehensive agreement at once." He listed the steps the USSR has taken to facilitate agreement and complained that the Western powers have refused to take a "mutual step."

He said that, since the United States insists on aerial inspection, the USSR is ready to come to an agreement on inspection, "but on definite reciprocal terms," such as those outlined in Soviet delegate Zorin's 30 April proposals to the Disarmament Subcommittee in London. This apparently was intended as a reference to the Soviet proposal to establish "approximately equal" zones for aerial inspection in the territory of the USSR and the continental United States. It may also have been intended as a reply to US suggestions that a start might be made by setting up an aerial inspection zone in Alaska, parts of Siberia and Canada. In this connection, Foreign Minister Gromyko stated on 17 May that any exchange of aerial inspection would have to be on a mile-for-mile basis and that Moscow would permit aerial inspection of its territory only if it received access to an equal area of the United States.

Following the American broadcast of the interview, the text was featured in the Soviet press and on the radio. The sole omission from the "transcript" was Khrushchev's denial that any contradictions exist between the masses and the leaders in the Soviet Union.

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PROSPECTS OF THE ZOLI CABINET

The Italian Senate's confirmation of Premier Zoli on 4 June will probably shortly be followed by similar action in the Chamber of Deputies. The support of the Monarchists in

the chamber will be sufficient to give Zoli's cabinet final confirmation.

Since Zoli's majority in the Senate did not depend on

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the votes of the nine neo-Fascists, the threat of a left-wing revolt in his own Christian Democratic Party has apparently subsided for the time being. Some Christian Democratic elements, however, have been deeply reluctant to have the party govern with only right-wing support, and Zoli's acceptance of Monarchist backing is a reversal of the stand taken by the party congress of October 1956.

Zoli's announcement on 29 May of a moderately left-of-

center program indicates that he sees his government as having more than a mere caretaker function. It is evident, however, that he will have to rely on ad hoc majorities for each piece of legislation. Should he fall in the near future, the next step would probably be an attempt to reconstitute a coalition of either three or four center parties. In any case, there is increasing likelihood that new elections will be held before the June 1958 deadline.

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FRENCH POLITICAL CRISIS

The pressure of France's financial and Algerian problems continues to mount as the search for a premier enters its third week. The Socialists' refusal to back Pflimlin or to undertake a new government themselves suggests that the crisis will not come to an end soon. As on past occasions, the impasse has given rise to speculation on the possibility of a non-parliamentary solution.

The Socialist Party's decision on 5 June to forego participation in a Popular Republican-led government doomed the cabinet-forming efforts of Pierre Pflimlin, who had cut himself off from rightist support by virtually committing himself to follow Mollet's social and economic program.

Radical Socialist Rene Billere's refusal to undertake the formation of a cabinet following Pflimlin's failure and failure of a second appeal to Mollet puts President Coty in a particularly difficult situation. The present candidate, outgoing Defense Minister Bourges-Maunoury, is also a

Radical, and Coty probably hopes this party will be able to straddle major party differences, as it has in the past, and obtain sufficient support or abstentions to permit an investiture. Such a solution would tend to be shaky, however, since the major parties could exploit the Radicals' internal weaknesses and bring down the government without fear of raising the strong antagonisms which have prevented all efforts to date to organize a viable coalition.

Meanwhile, the continuing political dilemma has already led to a new flurry of rumors that a military coup may be attempted, particularly if things continue to go badly in Algeria. The upsurge in violence there has evoked a sharp reaction in Paris, where it may encourage those who would choose a forceful end to a prolonged cabinet crisis.

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There has also been some speculation

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that General de Gaulle may be returned to power, and a Paris newspaper has reported that President Coty may consult the general if the crisis lasts another week or two.

Coup rumors are a normal accompaniment of a French cabinet crisis, and there is no

indication that, barring a complete political collapse, the military would take over or De Gaulle would be called by the assembly. These rumors, together with the growing recognition of the need for an early shift in Algerian policy, may make a compromise cabinet look more attractive.

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EFFORTS TO IMPROVE TUNISIAN-FRENCH RELATIONS FAIL

New clashes between French and Tunisian forces in Tunisia on 29 and 31 May and 3 June have created additional tension between Tunis and Paris. After the 31 May clash, in which seven Tunisian soldiers were killed, Tunisian premier Bourghiba renewed his demand of last July for negotiations on the evacuation of the 33,000 French troops in Tunisia.

Although Paris has reluctantly made some \$4,000,000 available to the empty Tunisian treasury and has allocated some foreign exchange for Tunisian imports, the "bad reaction" in Paris to Bourghiba's speech on 27 May precluded a more generous attitude on the part of Mollet's caretaker government, which on 20 May had suspended the first installment of a \$34,500,000 loan. Bourghiba's speech, designed to calm the anxiety of the Tunisian population regarding the suspension of French credits, was restrained, but Paris was angered by his declaration that Tunis "would broaden its economic and commercial horizons and thus escape from the French monopoly."

Bourghiba's French adviser for economic affairs claims that Tunis will not be hasty in establishing a bank of issue and does not intend to sever connections with the French franc zone. The finance minister expects that the unscrambling of Tunisian-French financial ties will be a long process.

Four economic decrees published on 1 June indicate that Tunisia is seeking economic sovereignty as soon as possible. They modify the customs code established by the 1955 economic convention with France; establish a commission to negotiate trade agreements; set up a fund to guarantee the transfer of interest and dividends, an apparent effort to attract non-French capital; and establish controls over property transfers, possibly to hamper an exodus of French property owners.

Bourghiba is not known to have received specific offers of either economic aid or materiel from abroad to equip his small army and police forces, from which France has withheld supplies. Although the Soviet

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ambassador in Paris has informed his Tunisian colleague that the USSR is prepared to "give Tunisia anything it needs,"

Bourghiba has indicated that acceptance of a Soviet offer is "absolutely unthinkable."

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CYPRUS

A renewal of violence on Cyprus seems likely in view of the stalemate over the next step toward a solution of the problem. London recently rejected Archbishop Makarios' request for bilateral discussions, and propaganda activities have been stepped up by EOKA's political branch, by the Greek-Cypriot press and by Athens radio. Slogans demanding union with Greece are reappearing on walls in Cypriot towns and student demonstrations have resumed.

Britain still hopes an understanding can be reached with Greece and Turkey on the future status of Cyprus through the good offices of NATO's Secretary General Spaak. The British government plans to invite representatives of the Cypriot communities to discuss self-government only after some international understanding through NATO is reached, although Governor Harding has been urging London to initiate these discussions sooner. The British continue to refuse to recognize Makarios as the sole Cypriot representative, and they evidently hope his prestige will diminish sufficiently for more amenable Cypriots to demand representation in any Greek Cypriot delegation.

There are, however, no signs of weakening of the absolute faith and confidence in

Makarios of the Greek Cypriots or of lessening of his prestige in Greece. Makarios appears to be concerned only over possible threats to his leadership from Cypriot extremists, including EOKA chief Grivas. One of the archbishop's closest confidants told the American embassy in Athens on 2 June that Makarios' request to the British prime minister was in response to the pressure from Cyprus "to do something." The Greek consul general on Cyprus told the embassy he is convinced EOKA will resume violence if a Greek Cypriot recently sentenced to death for carrying firearms is executed.

The British embassy in Athens believes Makarios' request was intended to lay the groundwork for a resumption of violence by provoking an intransigent reply from London.

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EOKA probably does not have the capability of resuming violence on a large scale, it nevertheless can probably carry on a more restricted campaign, which would restore the atmosphere and conditions existing before the suspension of operations last March.

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CRACKDOWN ON OPPOSITION LEADERS IN SPAIN

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Recent arrests of Spanish Catholic and Monarchist leaders on charges of conspiring with exile groups to overthrow Franco suggest that the Spanish government will continue to resist demands for a liberalization of its internal policy. The crackdown is likely to aggravate discontent among Franco's pro-Monarchist supporters

[Redacted]

Most of the 26 persons reported arrested late in May are Monarchist in sympathies. Among them are Francisco Herrera, brother of the reform-minded Bishop of Malaga and a self-styled "Catholic republican," and Enrique Tierno Galvan and Antonio Menchaca, leaders of the republican-oriented anti-regime Organization for the Functional Unity of Europe. They were charged with maintaining relations with important exiled "red elements" for subversive action against the regime.

[Redacted]

[Redacted]

The release of Tierno Galvan on 3 June suggests that the regime is now less concerned over immediate plotting than with assuaging discontent among its own Monarchist supporters at the arrests.

[Redacted]

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KISHI'S ASIAN TOUR

Prime Minister Kishi of Japan has declared that his recently completed six-nation Asian tour was a victory for Japan's "diplomacy for peace," but Japanese observers doubt that any remarkable results were achieved by the tour. The trip revealed differences of opinion between Kishi and other

Asian leaders, particularly Prime Minister Nehru of India, which will make it difficult for Kishi to represent himself in forthcoming Washington talks as the spokesman of Asia.

Kishi is the first postwar Japanese premier to visit South Asia. Although he was received

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cordially in Burma, India, Pakistan, Ceylon, Thailand and Taiwan, there was a general lack of enthusiasm. He attempted to attune himself to the general themes of Asian aspiration and succeeded in gaining nearly unanimous agreement on Asian co-operation in the United Nations, on general disarmament, and on the cessation of nuclear tests. On the latter point, Nehru indicated that Japan's demand for prior registration of nuclear tests as a first step to their total prohibition was meaningless and that efforts should be made for an immediate, over-all ban.

Kishi judiciously attempted to avoid discussion of potential points of difference, but in India and Pakistan was drawn out on the subject of diplomatic relations and trade with Communist China.

In general, there was little support for the Asian

Development Fund which Japan favors strongly. Kishi sought to allay lingering suspicions about Japanese militarism by citing constitutional restrictions which prevent Japanese participation in collective security arrangements like SEATO.

Observers in Tokyo agree that the tour was successful in establishing the groundwork for better relations with individual Asian nations. These observers questioned, however, whether the results of the trip would strengthen Kishi's position in Washington discussions. They pointed out that Asian solidarity does not exist, particularly on the methods for maintaining peace, and said Japan is playing an anomalous role in assuring support to Chiang Kai-shek of Nationalist China, while at the same time attempting to resolve relations with India, which favors recognition of Peiping as the sole government of China.

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DJAKARTA MOVES TO ASSERT CONTROL IN EAST INDONESIA

The Indonesian government has once again seized the initiative in its see-saw relationship with the disaffected outlying provinces. It appears to be concentrating more effort in East Indonesia, in terms of both direct negotiation and intrigue, than in Sumatra,

where government attempts to resume direct control have reached an impasse. [redacted]

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[redacted] the East Indonesian problem is far more difficult than originally believed, and that to avoid a "complete breakdown," the central government must move slowly and with discretion.

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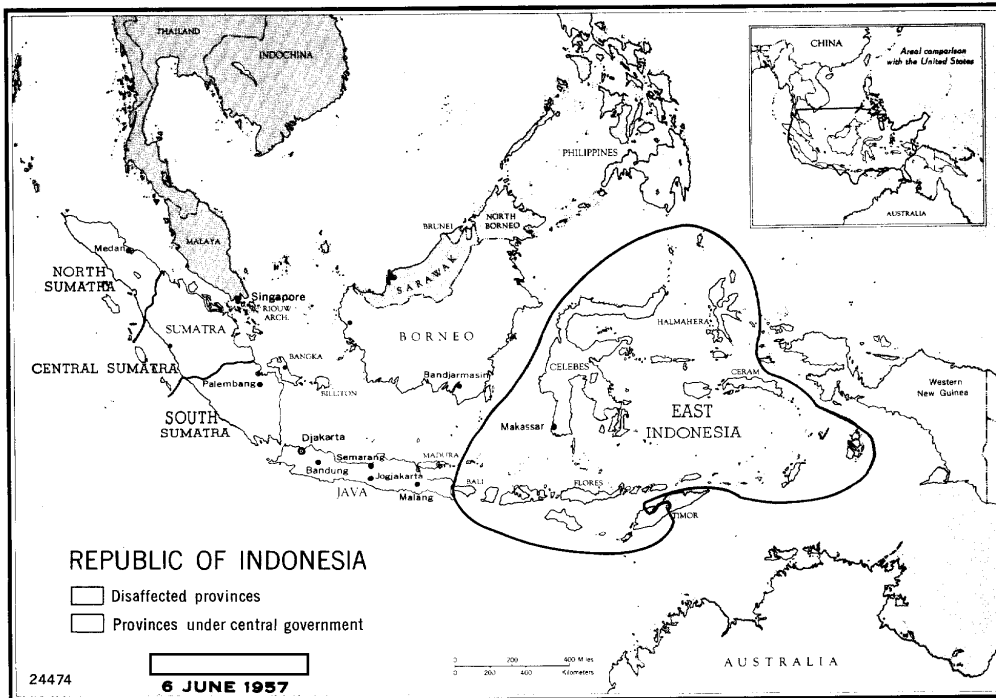
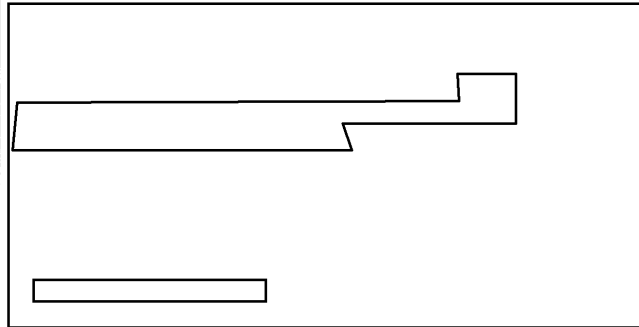
The army chief of staff, General Nasution, has made several attempts since early March to remove the East Indonesian territorial commander, Lt. Col. Sumual. Thus far, Sumual has successfully resisted efforts to remove him.

The chief of staff plans eventually to divide Sumual's command into four military regions. In order to carry out this reorganization, the government has intensified its efforts to win the support of local elements, and has been at least partially successful in south Celebes.

General Nasution personally activated one of these new com-

mands--in south Celebes--on 1 June, and announced that it was directly responsible to Djakarta. Apparently the government expects to postpone the activation of the other three commands until local civil and military opinion makes such a development more acceptable.

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CABINET CRISIS IN LAOS

Deputy Premier Katay, leader of the Nationalist Party, has been chosen by the crown prince to form a new government, and there is a fairly good prospect that he will succeed. He is a vigorous advocate of a firmer policy toward the Pathet Lao and is benefiting from the assembly's reaction against Prime Minister Souvanna Phouma's policy of appeasement. Although critical details remain to be negotiated, Katay is apparently assured of Independent Party support, and the Democratic Party may also join to form a strong anti-Communist coalition. The Independent Party, led by Phoui Sananikone, is second only to the Nationalist Party in representation in the assembly. The functioning of a Nationalist-Independent alliance depends on submersion of intense personal conflicts between Katay, Phoui and Souvanna.

Souvanna Phouma, who controls a large wing of the Nationalist Party, appears to be a key figure in determining Katay's prospects. He reportedly has indicated that he will support Katay, who has been his strongest critic, if the latter will continue to follow a policy of accommodation with the Pathet Lao. Katay has refused to enter into such a deal, but would probably be willing to offer Souvanna a prominent post in his cabinet in view of

the latter's strong bargaining position.

If Souvanna allies himself with pro-Pathet opposition lead-



er Bong Souvannouvong in an effort to block Katay, a prolonged political crisis may result. The Pathets would undoubtedly seize such an opportunity to foster disunity among Laotian politicians while working for the return of Souvanna to office. In this connection, members of the Pathet Lao delegation in Vientiane are lobbying with assembly deputies in an effort to influence the formation of the government, and an anonymous tract which threatens deputies with violence if they vote for a "Katay" government reportedly is being distributed. [redacted]

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[redacted] 25X1

INDIAN FOREIGN EXCHANGE CRISIS

India's foreign exchange reserves, which despite stringent control measures have declined by over one third in the last 14 months, now are insufficient to support foreign trade operations and still maintain

the legal minimum required for currency backing.

The Second Five-Year Plan called for a gradual \$420,000,000 reduction by 1961, but the reserves have already fallen from

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\$1.566 billion on 1 April 1956 when the plan began to \$1.003 billion, which is \$143,000,000 below the level projected for 1961. They would have fallen even lower if India had not borrowed \$127,500,000 from the International Monetary Fund earlier this year. Although the Indian government placed severe restrictions on the importation of consumer goods and on foreign travel more than six months ago, the reserves continue to decline rapidly, having fallen \$126,000,000 in the last two months.

The government has recently taken additional steps to reduce the gap in its balance of payments. It reportedly has decided to suspend the assembly of American cars in India in order to save the foreign exchange cost of imported components. It has also taken steps to encourage foreign investment, and Finance Minister Krishnamachari has instructed B.K. Nehru, secretary of the Ministry of Finance, to discuss the conclusion of a treaty of "friendship and establishment" and a treaty for the prevention of double taxation during his visit to Washington this month. In addition, the 1957-58 budget presented to parliament on 15 May called for a sharp rise in taxes to reduce deficit spending and hold down the

price level so as to stimulate Indian exports.

As long as India maintains imports of industrial goods at the present rate despite the gap of over \$1 billion in the foreign currency resources needed to fulfill the plan, the control measures adopted will be of only marginal significance. At the present rate of decline, the reserves will be down to the \$840,000,000 required by law as currency backing within a few months even if India utilizes the remaining \$72,500,000 of its \$200,000,000 line of credit with the International Monetary Fund.

Since Prime Minister Nehru and the other Congress Party leaders have staked their future on the successful fulfillment of the plan, they probably will be willing to risk India's reputation for financial stability by reducing to \$649,000,000 the foreign exchange reserves held as currency backing, which can be done in a financial emergency. While this will allow the government to maintain the rapid pace of economic development for an additional six months, it will be only a stop-gap measure, and India is likely to request a long-term loan of between \$500,000,000 and \$1 billion from the United States in the near future.

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EAST GERMANY'S ECONOMIC PROBLEMS

East Germany's economic plan for 1957 calls for an increase in industrial production of only 6 percent. This goal reflects the contraction of the rate of economic growth, a contraction which began in 1951. It indicates that most of the economic problems which

have caused serious disagreements among East German officials will remain unsolved during 1957.

The growth of the raw materials and fuel base has lagged far behind industrial development, and the regime's

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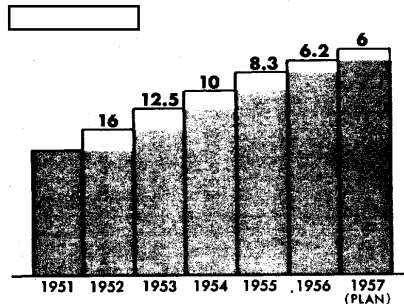
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plan to concentrate investment in these industries will again forestall any real improvement in supplies for the consumer. Shipments of Soviet raw materials and fuels have increased 30 percent during the first four months of 1957 but will only partially meet East Germany's needs, and shortages generated in part by 1956 production failures will continue to restrict output.

The Ministry of Coal and Energy will receive one fourth

EAST GERMAN GROSS INDUSTRIAL PRODUCTION

(ANNOUNCED PERCENTAGE INCREASE OVER PREVIOUS YEAR)



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of all 1957 state investments, but rationing of power to industry will still have to be maintained during 1957, according to Deputy Premier Leuschner. Coal reserves for rail transportation have reached for the first time in several years a satisfactory level--20-25 days' operating supply--largely because of increased imports and

stricter internal economies made possible by a relatively mild winter. But this situation may only be temporary.

Production of consumers goods is to be about the same as in 1956, and any increase in the standard of living during 1957 will come largely from improved housing, for which investment has been increased 62 percent.

Party Secretary Ulbricht has admitted that food rationing will not be ended in 1957, as promised, and it is even unlikely that the present sugar ration (10 percent of caloric intake) can be maintained. To compensate for its failure to procure additional food supplies abroad, the regime is asking for a 7.6-percent increase in domestic output of agricultural products, but under the existing agricultural program, such an increase in production is not likely.

Ultimately the East German leaders will have to respond to growing demands of the people for an improvement in living standards. Knowing this they have already reluctantly abandoned or postponed some long-range investment projects. This is reported to have been the subject of bitter argument within the East German politburo. The present policies are a retreat by Ulbricht under pressure from some of his less doctrinaire, more pragmatic colleagues. [redacted] (Prepared by ORR)

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SOVIET AGRICULTURAL CHANGES

Now that the Soviet industrial reorganization program has been launched, Khrushchev has again turned his attention to agriculture. He has tried to spur the production of

agricultural consumer goods, particularly meat, wool and dairy products, and has announced that compulsory deliveries of produce from private plots will be abolished in 1958

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in order to create a "better political atmosphere" in farm areas.

Livestock Goals

The unrealistically high meat and milk goals for 1960, implied by Khrushchev in his boast that the USSR can catch up with the US in per capita production of milk by 1958 and of meat by 1960 or 1961, may reflect a form of statistical gymnastics comparable to the gross overestimates of grain production carried by the USSR prior to 1953 when production was reported in terms of "biological yield," which ran some 20-30 percent higher than actual production.

The milk goal set forth by Khrushchev appears to be in line with the original Sixth Five-Year Plan (1956-1960) goal, which was itself overly ambitious. Khrushchev's goal for meat, however, is far higher--and even more unrealistic--than the one set forth in the Five-Year Plan, which called for a doubling of meat output.

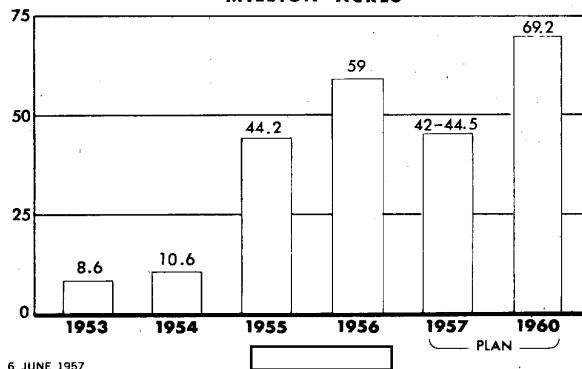
Admitting that he ignored the views of some of his own experts, Khrushchev said he disagreed with "some economists" who had calculated that the USSR could not catch up with the United States in per capita meat production until 1975.

Meeting these meat and milk output goals will be particularly difficult in view of the marked lack of success of the meat program in 1956 and the retrenchment in the corn program.

Corn Cutbacks

According to the Soviet press, the planned area for corn in 1957 has been reduced to some 42-45,000,000 acres, roughly the same as the 1955 corn acreage but some 15,000,000 acres less than the 1956 corn area. This reflects a recognition that the corn program has been pushed at too rapid a pace. Despite the reduction in acreage, Khrushchev in recent speeches has continued to refer to corn as "the queen of the field crops," and the Soviet press continues to emphasize the importance of corn as a fodder crop. Soviet hopes for increasing livestock production have been closely tied to an expansion in corn production. Rather than abandonment of the corn program, some substitution of potatoes--which Khrushchev has been championing of late--

AREA SOWN TO CORN
MILLION ACRES



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or other fodder crops in areas unsuitable for corn appears probable.

Wool Output Increases

According to revised plans, sheep husbandry in the USSR is to be "at least" doubled during the remainder of the Sixth Five-Year Plan. In the original

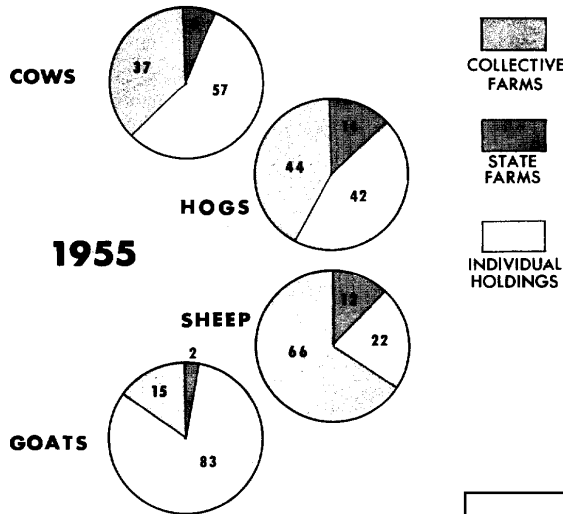
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**PRIVATE LIVESTOCK HOLDINGS
PERCENT OF TOTAL**



1955

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"create a better political atmosphere" in farm areas, implying that the peasantry has been disgruntled because of the decrease in income from a drop in sales and prices on the collective farm market in 1956.

Abolition of compulsory deliveries from the private plots is a further extension of the post-Stalin policy of relaxing the battle against the private plots. Nevertheless, the long-term goal of reducing private production probably remains. This move may be part of the effort

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Sixth Five-Year Plan, wool production was supposed to be expanded by 82 percent between 1955 and 1960. The authorities are now asserting that flocks can be increased by more than 100 percent between the middle of 1957 and 1960 and that the quality of wool can be markedly increased. Achievement of this increase seems improbable, however, in view of the admission that sheep husbandry has been "lagging" recently and the fact that 1956 wool output increased only about 3 percent over 1955.

Abolition of Peasant Quotas

Plans for abolishing compulsory deliveries of produce from the peasants' private plots during 1958 may prove to be the most significant of all of the recent developments in agriculture. In a speech on 22 May, Khrushchev asserted that the amounts of produce received by the state from private plots through compulsory quotas is small and not worth the bother of collection. He also acknowledged that the abolishment of compulsory deliveries would

to expand livestock production, since a large percentage of the livestock in the Soviet Union still remains in private hands.

Merger of Ministries

The reunification of the Ministry of State Farms with the Ministry of Agriculture was announced in the Soviet press in late May. This merger is consistent with the campaign initiated by Khrushchev in 1955 when he called for a top-to-bottom reorganization within the Ministry of Agriculture in terms of the reassignment of personnel to posts more directly connected with the "practical" day-to-day affairs of farming. This reorganization completes the cycle of ministerial changes in agriculture initiated in 1953, and brings all important agricultural activities again under a single ministry which is now under the direction of V. V. Matskevich, minister of agriculture since 1955, who has advanced rapidly since Khrushchev came to power.

(Prepared by [redacted] ORR)

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PART III

PATTERNS AND PERSPECTIVES

REPERCUSSIONS OF BRITAIN'S ACTION ON CHINA TRADE CONTROLS

Britain's abandonment on 30 May of the China differential in strategic trade controls appears likely to be followed in the near future by similar action by most of the members of the China Committee.

Western Europe: Britain's announcement has already been followed by a similar one from Norway. Official statements of "regret" from several other countries are attempts to blame Britain for a China trade policy which they also favor and now will follow. A Chinese Communist delegation reportedly will arrive in Italy in early July to discuss trade possibilities, West German industrial representatives will go to Peiping in October, and the Danish government is studying the question of a trade agreement with Communist China. France will not take action until after the present government crisis, but strong French opposition in the past to the China differential indicates that France will follow Britain's example.

Asia: The Japanese government is pressed on the one hand by demands from business circles that the British lead be followed and on the other by concern for US-Japanese relations on the eve of Prime Minister Kishi's visit to Washington. Tokyo has offered to mediate in any effort to reach a compromise acceptable to all China Committee members. Failing this, it will not accept a discriminatory position vis-a-vis the remainder of the CHINCOM group.

The Chinese Nationalist government considers the Brit-

ish announcement a serious blow to its own international position. Taipei reacted by reaffirming publicly its "port closure" of all mainland Chinese ports. Rear Admiral Liu Ho-tu stated on 31 May that the Chinese navy will continue to intercept British ships entering Chinese mainland ports south of the Yangtze. In practice, a full blockade is maintained only over Amoy harbor. As recently as 27 May, a British ship was fired on but slipped past, and on 31 May the Nationalists claimed to have crippled a 1,500-ton "Communist transport" which more probably was a British vessel.

Communist China's Reaction

Editorial comment carried in Peiping's broadcasts interpreted the British decision in regard to trade controls as a sign that the American embargo policy was "in a state of paralysis." Chinese Communist propagandists predicted that the British move would start a "chain reaction" of resistance to restrictions "imposed by the United States on its allies." Disagreement between London and Washington on the issue was cited by the Chinese Communists as evidence of a growing rift in the Western alliance.

Economic Effect on Peiping

The value of Communist China's foreign trade with the free world, which has increased annually for several years, is not expected to rise significantly solely as a result of the easing of controls. For the

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past several years, China has built only small foreign exchange reserves so that any significant increase in trade would require added sales by China to the free world. China has indicated, however, its exports are likely to fall in 1957 because of domestic economic problems. Peiping also has assumed an obligation to provide hard currencies, earned largely in its free world trade, to Eastern Europe.

Reduction of trade restrictions to the level of those applied to the Soviet bloc could increase China's annual foreign exchange earnings as a result of savings from reduced transportation costs, permitting a 10 percent rise in trade with the free world.

The commodity composition of Communist China's free world trade may change. Although total deliveries under the exceptions procedure which was liberalized in 1956 are not known, incomplete returns from some West European countries indicate that strategic goods form an increasingly larger share of Chinese purchases.

Sales of strategic goods under the exceptions procedures indicate that Peiping will seek additional quantities of iron

and steel products, automotive equipment, including trucks, tractors, bulldozers and cranes, locomotives, rolling stock, precision instruments and electrical machinery.

Peiping probably will purchase more of these items, now supplied primarily by the Soviet bloc, but such purchases will not be so large as to affect China's bloc-oriented trade and industrialization program. Peiping is expected to continue to rely on the Soviet bloc for complete installations supporting its industrial and military development.

Trade with Japan may see a larger increase than with Communist China's free world trading partners in Western Europe. Japan is seeking to purchase large amounts of Chinese raw materials such as coal and iron ore which Peiping has withheld to press Tokyo into seeking a revision in trade controls and, at the same time, to loosen its ties to the United States. If Communist China now makes such exports, the stimulus this gives to trade with Japan--already China's largest free world trading partner--could increase total exchanges by about \$100,000,000 to more than \$250,000,000 annually.
(Prepared jointly with ORR)

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FACTIONS IN THE POLISH COMMUNIST PARTY

The factional struggle in the Polish United Workers' Party (PZPR), which has persisted for more than a year, continues following the bitter debates at the ninth central committee plenum in May. The plenum reflected far-reaching reversals for the anti-Gomulka Stalinists, and an increase in the strength of the Gomulka supporters. The Stalinists made it clear that they look to the party congress this December as the main battleground for control of the Polish party. Gomulka continues to appeal for support from the neutral mass of party functionaries. He has warned extremists of both left and right that they will be expelled from the party if they persist in their heretical or disruptive activities. His strong stand in the plenum debates against the Natolin



WŁADYSŁAW GOMULKA

group improved his control of the central committee and puts him in a strong position for the December congress.

The Factions

Since Gomulka took over last October, the PZPR has been divided into the following

distinct groups: (1) the Gomulka supporters, (2) the pro-Soviet Stalinist or "Natolin" group, (3) the liberal extremists, and (4) the neutral or uncommitted mass of tried party functionaries, including many provincial and district party activists.

Gomulka Supporters

This group consists of Gomulka's close confidants, the old Communists, the party moderates, and the ex-Socialists. During the ninth central committee plenum, this group attained a majority in the central committee.

Close Confidants: The close confidants, of whom there are five, are in effect all "old comrades." They have been Gomulka's close associates since the period prior to his disgrace during the Stalin period and continue to enjoy the particular trust and confidence of the party leader. They are Marian Spychalski, Rokossovski's successor as minister of national defense, who shared Gomulka's fate in Polish prisons; Zenon Kliszko, who handles proceedings for Gomulka in the Sejm and who was elected to the party secretariat at the May plenum; Ignacy Loga-Sowinski, trade union chief, who was admitted to the politburo along with Gomulka; Wladyslaw Bienkowski, Gomulka's minister of education; and Mieczyslaw Moczar, deputy minister for internal affairs.

Old Communists: This group is quite strong in the central committee, reportedly making up about one fourth of the membership. It consists of prewar Communists, many of them of Jewish origin, who harbor bitter feelings against the USSR for the treatment accorded the Polish Communist Party during the great purges of

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the 30's. They also resent the anti-Semitic attitudes recently indicated both by the Soviet leaders and by the leaders of the Natolin group. They therefore support Gomulka, especially in his refusal to be subservient to the Soviet Union. As old Communists, they are, however, sympathetic to the views of the Natolin group on such basic internal issues as agricultural policy and the policy toward the church. Typifying this group is politburo member Roman Zambrowski, who has supported Gomulka since October.

Party Moderates: The main characteristic of the moderates, who form about a fifth of the central committee, is that they resent the Stalinist past and essentially agree with Gomulka's

policies, although many would like to see the liberalizing reforms extended. The moderates take a more realistic approach to the difficulties confronting Gomulka and his policies than the liberal extremists.

In this moderate group, Jerzy Morawski has been one of the most important leaders from the outset, and now appears to hold a key position. He was elected to the politburo in October along with Gomulka, and was brought into the party secretariat at the ninth plenum in May. Also leading in this group is the party secretary of Warsaw city, Witold Jarosinski, and several of the more important provincial secretaries. Former party chief Edward Ochab, who has been one of Gomulka's strongest supporters against the

CONFIDANTS OF GOMULKA



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MARIAN SPYCHALSKI

World War II	Organizer of Communist underground "People's Guard." Chief of Staff. Close associate of Gomulka.
June 1945	Deputy Minister of Defense.
November 1949	Expelled from party Central Committee for nationalist deviation.
1950	Arrested
March 1956	Released from prison.
October 1956	Readmitted to PZPR Central Committee.
November 1956	Appointed Minister of National Defense.



ZENON KLISZKO


World War II	Organized underground Communist press in Poland; helped to form PPR (Polish Workers Party). Joined "People's Guard." Close associate of Gomulka.
Post-World War II	Chief, Personnel Dept., Central Committee, PPR.
September 1948	Demoted to candidate member, Central Committee, released from party post, accused of being accomplice of Gomulka.
November 1949	Expelled from Central Committee.
1949-56	Arrested, imprisoned.
July 1956	Rehabilitated, appointed Deputy Minister of Justice.
October 1956	Readmitted to Central Committee.
May 1957	Appointed member, PZPR Secretariat, in charge of Organization Department.

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OLD COMMUNIST	
	<p>ROMAN ZAMBROWSKI</p> <p>1925-36 Member of pre-war Polish Communist Party (KPP). Imprisoned several times for Communist activity.</p> <p>1948-54 Member of Party Orgburo.</p> <p>1945-48 Member, Central Committee, PPR.</p> <p>1948-57 Member, Central Committee, PZPR.</p> <p>October 1956 Elected member of new Politburo along with Gomulka</p>

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USSR and against the Natolin group, is not clearly identified with any particular faction.

Almost all of the important members of this group were removed from the party politburo and secretariat in October. Since that time they have resorted to various tactics, both openly and in secret, in an attempt to discredit and undermine the supporters of Gomulka and his policies within the PZPR.

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Former Socialists: The ex-Socialists in the party are also strong Gomulka supporters, and represent about one sixth of the full membership of the central committee. Premier Cyrankiewicz, their leader, has been a firm supporter of Gomulka and his policies since October, as has Foreign Minister Rapacki. The group also includes a number of ex-Socialists who did not become Communists after the merger of the two parties in 1948 and who have been rehabilitated only since the death of Stalin. One of these is Dr. Boleslaw Drobner, Sejm delegate from Krakow.

Natolin Group

This faction, which makes up approximately a fourth of the central committee, is composed of prominent Stalinists who have opposed Gomulka's policies since well before the October "revolution." They openly defend the previous Communist program in Poland and claim that Gomulka's reforms are jeopardizing the Soviet alliance, as well as Communism in Poland. Many of them have an anti-Semitic outlook.

The apparent aim of their activity is to secure support from the middle and lower levels of the party apparatus in order to gain a clear majority in the party organization.

The Natolin group is typified by some of the individuals who openly assailed Gomulka's policies during the central committee meeting in May. One of the bitterest attacks came from Kazimierz Mijal, former minister of communal economy, who was removed from his government post last October. Other attackers were Wiktor Klosiewicz, former trade union chief; Stanislaw Lapot, a heavy industry man who recently was the group's unsuccessful candidate for the post of provincial party chief in Krakow; Kazimierz Witaszewski, former chief army political indoctrination officer, renowned for his anti-Semitic views; and Boleslaw Ruminski,

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former minister of chemical industry, who had also criticized Gomulka's policies at the eighth central committee plenum last October.



One of the most surprising developments at the May plenum was the sudden shift of one of the principals of the Natolin group, Franciszek Mazur, to support Gomulka and his program. This shift could foreshadow a reduction in Soviet support for

the Natolin group. Recently, Zenon Nowak, another Natolin leader, has been less outspokenly critical and has been retained in the government as deputy premier at the request of Gomulka himself.

Liberal Extremists

This group is comprised largely of those journalists, variously known as the "enragés," "savages," or "mad dogs," whose

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NATOLIN GROUP	
	<p>KAZIMIERZ MIJAL</p> <p>1942 Joined PPR.</p> <p>1948-57 Member of Party Central Committee.</p> <p>1950-52 Minister of Communal Economy.</p> <p>1952-56 Director, Office of Council of Ministers.</p> <p>October 1956 Attacked Gomulka's policies and liberal supporters during eighth party plenum.</p> <p>May 1957 During ninth Central Committee plenum, led savage attack on Gomulka's policies, defended the supremacy of the USSR.</p>
<p>1928 Joined pre-war KPP (Polish Communist Party).</p> <p>1945-48 Party First Secretary, Krakow Province.</p> <p>1949-50 Deputy Director, cadres section, PZPR Central Committee.</p> <p>1950-56 Chairman, Central Council of Trade Unions.</p> <p>November 1956 Removed from trade union post by Gomulka.</p> <p>May 1957 Joined Natolin attack on Gomulka's policies during ninth plenum debates.</p>	<p>WIKTOR KLOSIEWICZ</p> 
	<p>KAZIMIERZ WITASZEWSKI</p> <p>Beginning 1928 Member of pre-war KPP.</p> <p>1945-57 Member of Party Central Committee.</p> <p>1951-52 Director, cadres section, PZPR Central Committee.</p> <p>1952-56 Chief, Main Political Educational Board, Polish Armed Forces.</p> <p>September 1956 Reported anti-liberal, anti-Semitic speech to workers.</p> <p>November 1956 Removed from post in armed forces by Gomulka.</p> <p>May 1957 During ninth plenum debates, joined attack against Gomulka's policies.</p>

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articles startled the world, and especially the Kremlin, with their frank criticism of the Communist system. These journalists were staunch Gomulka supporters last fall, but their continual clamor for drastic change forced him to curb their activities.

Most of the "savages" work on the political-social weeklies Po Prostu and Nowa Kultura; some also write for the main party newspapers. One of the best known is Edda Werfel, who was recently removed from the editorial board of a leading illustrated magazine after being heavily attacked in the Soviet and East German press. Another is Eligiusz Lasota, until recently editor of Po Prostu. Leszek Kolakowski, a Marxist philosopher from the University of Warsaw, was singled out together with two other prominent liberal extrem-

ists for censure in Gomulka's speech to the ninth plenum in May. As vocal as they are, however, the liberal extremists have few of their number in the central committee.

Neutral Party Functionaries

The largest proportion of the party apparatus, including many of the most experienced and reliable party functionaries, must be considered "neutrals." The "neutrals" are not involved with the warring factions, and their support is sought by the two main party groups. The Natolins have continually played on their basic Marxist sympathies, pointing up the dangers of the Gomulka policies toward the church, agriculture and the economy in general. On the other hand, Gomulka has tried to gain their support by stressing the dangers from both the revisionist left and the "dogmatic" or "sectarian" right.

LIBERAL EXTREMISTS**EDDA WERFEL**

- | | |
|------------------|---|
| November 1956 | Published article in <u>Przeglad Kulturalny</u> entitled "To the comrades of the fraternal parties," criticizing neighboring Communist parties. |
| 27 November 1956 | <u>Neues Deutschland</u> publishes reply by Hermann Axen attacking Edda Werfel for counter-revolutionary views. |
| April 1957 | Article in Moscow <u>Kommunist</u> attacks views of Edda Werfel as "repetition of bourgeois and especially right-wing Socialist propaganda." |
| May 1957 | Removed from post as deputy editor of Polish illustrated weekly, <u>Swiat</u> for publishing revisionist articles and opposing party policy. |

LESZEK KOLAKOWSKI

- | | |
|-----------------------|--|
| 1951-56 | Assistant professor, faculty of philosophy, University of Warsaw. Member of editorial board of philosophical journal, <u>Mysl Filozoficzna</u> . |
| May 1956 | Article in <u>Przeglad Kulturalny</u> , "On the merits of the principle that the end justifies the means." |
| September 1956 | Revisionist essay in <u>Nowe Drogi</u> entitled "The Intellectuals and the Communist Movement." |
| January-February 1957 | Publishes other revisionist articles in <u>Nowa Kultura</u> , <u>Zycie Warszawy</u> , and <u>Po Prostu</u> . |
| 18 February 1957 | Article, "What is Socialism?" published in <u>The New Leader</u> , NYC. |
| February 1957 | Article, "Death of the Gods," confiscated before publication in Poland, appears in West. |

The Problem of Disunity.

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The alliance of forces which swept Gomulka to power in October has since tended to split, and some elements have changed their allegiance. Many of the old, reliable functionaries in the party apparatus who had not been closely involved in factional warfare sided with the "liberal" intellectuals in October to bring Gomulka and his associates into the party leadership. Not long afterward, however, fearing that the continuation of the "revolution" might result in the destruction of the party apparatus, they began to desert their erstwhile allies. Apprehensive over the

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fate of the party organization, many of these party functionaries became sympathetic toward the Stalinist position on certain basic issues, and the strength of the Natolin wing of the party grew accordingly.

Lacking a firm majority in the central committee at the time, several courses were open to Gomulka: (1) he could attempt a purge of the right-wing Stalinists and try to consolidate his position in the party after their exclusion; (2) he could play a waiting game, and in the meantime either ignore or bypass the party apparatus by working through the Sejm (parliament), where he was assured of more reliable support; or (3) he could launch a middle policy, calculated to appeal to the neutral group of functionaries in the party organization and thus improve his position for the eventual showdown with the Stalinists.

Lack of support within the party made the first course impossible, and for a time, Gomulka toyed with the second course, apparently uncertain as to how to deal with the increasing chaos. In the meantime, the Stalinists attempted to increase their strength, and the "liberal" extremists became increasingly vocal in their criticism of Marxism-Leninism. They demanded that the October democratization movement be carried forward with the utmost speed, and questioned key aspects of party organization. As a result, the Soviet Union and other countries of the bloc began to publish articles in their press criticizing the liberal writers and journalists, and the Polish regime received veiled warnings to curb the "revisionists."

In those circumstances, Gomulka settled on the third course of action, even though it meant breaking with some of his closest October supporters. The party could not be allowed

to disintegrate. Otherwise Gomulka would be unable to implement his policies, and the possibility of Soviet intervention would become a certainty. A letter was circulated in February to all basic organizations of the party, outlining policy as a battle against "revisionism" on the left, and "dogmatism" on the right, and Gomulka has pursued the same policy since.

A new weekly publication, Politika, was established to reflect the moderate party line. Concessions were made to the Stalinist wing, and strong measures were taken to curb the leftist press. Apparently in deference to Natolin attacks, Stefan Staszewski, one of Gomulka's chief lieutenants during the October crisis, was removed from the leadership of the Warsaw city party organization, and leading Stalinist Zenon Nowak was retained as a deputy premier. The editor of the chief party daily was removed in late February for having permitted too many "revisionist" articles to appear in that publication. Other party publications were heavily censored, and leaders of the "enragés" group were removed from their posts on the editorial boards of various newspapers and magazines.

Gomulka's concessions to the right wing of the party caused widespread disillusion and disappointment among the extremist liberals who had supported him in October, but it enabled him to court the "neutral" party functionaries who had been turning toward the Natolin wing. Gomulka also attempted to improve his control of the apparatus by sending two of his chief supporters to head provincial party organizations.

He carried his effort to restore unity to the central committee in May, appealing to the neutral party functionaries

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to back his post-October policies as the only ones leading to socialism in Poland. He attacked the revisionists in his keynote speech, and was later stimulated by bitter Natolin criticism of his policies into a strong counterattack against the Stalinists. As a result, the Stalinists reportedly suffered a major reverse.

The bitter exchanges during the ninth plenum debates revealed the breadth of the gulf

that continues to separate the party factions. The plenum resolution, however, strongly attacked factionalism as such, stressing that punitive measures may be taken against those who continue to engage in it. Thus, in the months preceding the December party congress, Gomulka will probably move to trim the party of extremists from both factions, preparatory to consolidating his position in the party organization as a whole.

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FRANCE PLANS TO EXPLOIT OIL IN THE SAHARA

France has embarked on an ambitious oil exploitation program in the Sahara in the hope of reducing its dependence on Middle Eastern oil. The French anticipate limited production by early 1958, with the area making a really substantial contribution by 1960. The cost of the program presents considerable difficulties to the French government, which is already over-committed financially. In any case, before France can get the full benefits of Saharan oil, it must reach some working agreement in Algeria and with the Tunisian and Libyan governments.

Future French Energy Needs

French interest in Saharan oil resources, which is a matter above party considerations, stems from a realistic appraisal of the energy needs of France and Western Europe generally over the next decade.

France's domestic production of energy in 1956, including coal and hydroelectric power, covered only 63 percent of national needs, and requirements are expected to double within a decade. Well over 90 percent

of France's oil supply is normally imported from the Middle East; only 5 percent is produced in France or comes from the French union. The newly exploited fields in southwest France do not offer much possibility for further expansion without hazardous offshore drilling.

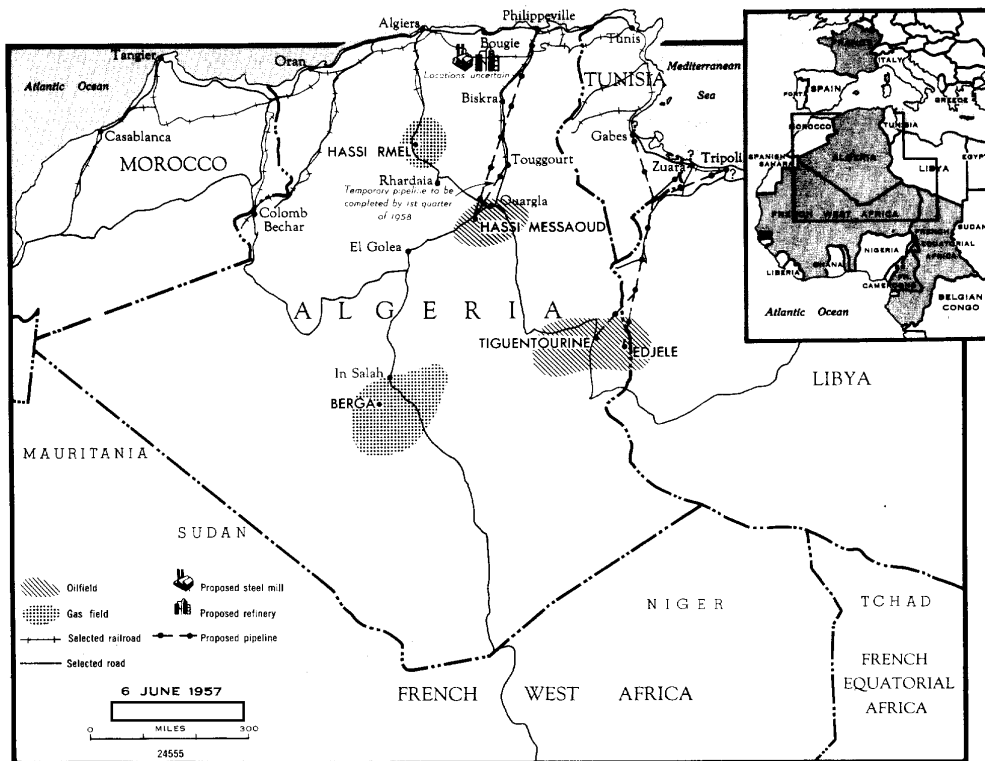
In late 1956, presumably under the impact of the Suez oil crisis, the government not only displayed increased interest in EURATOM, but also began working out a crash program for Saharan oil production. This program, as outlined by Maurice Lemaire, secretary of state for commerce and industry in the Mollet cabinet, called for 500,000 metric tons of oil per year by early 1958 and 10,000,000 tons by 1960, at an estimated total capital outlay of about \$700,000,000. In January 1957, the National Assembly approved the establishment of a central administrative authority with jurisdiction over the French Saharan area of Algeria, Mauritania, the Sudan, Niger and Tchad. A syndicate including representatives of industry and labor has reportedly been formed

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to push the economic development of the area.

Saharan Prospects

Considerable oil exploration has already been done in the Saharan region, and, by the end of the year, Paris apparently expects to have a fairly clear estimate of the potential.

Exploration to date leads the oil specialist of the American embassy in Paris to estimate that one of the Saharan oil fields is of Middle East proportions.

The chief oil strikes were made in 1956 at Hassi Messaoud, Edjele and Tiguentourine. About \$45,000,000 has been spent on exploration, and 40 wells were

drilled, seven of which produced oil and four gas. All had to be sealed, however, for lack of pipeline connections. The discoveries of large reserves of gas may eventually play a more important role in the development of Algerian industry than the oil will in metropolitan France.

The initial phase aims at exploitation of the Hassi Messaoud field, site of the biggest Sahara strike to date and with a reserve conservatively estimated at 100,000,000 tons. A combination of trucks, pipeline, and railroad will carry the oil to the Algerian port of Philippeville. Work began in March on a 135-mile standard-gauge railroad from Touggourt to Biskra to replace an already existing narrow-gauge line. Lemaire predicted on 7 May that France will have petroleum from the Sahara via temporary pipeline to Touggourt in the first quarter of 1958.

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The second phase of the Saharan program, which will absorb the bulk of the \$700,-000,000 cost, will presumably start this year. Two large-diameter pipelines are to be built, one for the Hassi Messaoud field and one from the Edjele and Tinguetourine fields. Lemaire anticipates 4,000,000 tons per year from the latter two by 1959. Plans include a refinery at either Philippeville or Bougie, and the first steel mill for Algeria to manufacture pipe from Saharan iron ore.

Financial Problems

The director of the French Treasury told American embassy officials on 3 May that France would not need United States capital to exploit the main oil fields. The government has given great encouragement, tax-wise, to private French financing companies investing in oil exploration and development. Foreign participation is welcomed, subject only to a French controlling interest. The sole exception is Royal Dutch Shell, which owns a 65-percent interest in Compagnie des Petroles d'Algerie with 160,000 square kilometers of exploration rights in the Sahara. Royal Dutch Shell also has a 35-percent interest with Compagnie de Recherches et d'Exploitation des Petroles au Sahara in the Edjele and Tiguentourine fields. The other companies prospecting in the Sahara are 100 percent French, and no foreign companies have requested exploration permits.

There is nevertheless some question whether France can finance the Saharan oil program without drastic reappraisal of other commitments. No French government has dared take the economic decisions needed to satisfy all the national commitments entered into by successive governments and parliaments --as, for example, the \$1 billion envisaged for atomic energy

in the next five years. Such commitments, coupled with the rapid expansion of French industry and the additional drain due to the Algerian hostilities, are more than the French economy can support over any considerable period of time. The need to retrench is evident in the exhaustion of foreign exchange reserves, which will probably necessitate dipping into the gold reserve by July 1957.

Saharan oil may result in some saving to the French economy over the long run. Well over 90 percent of French oil requirements are paid for mainly in sterling and dollars. Lemaire has predicted that by 1960, Saharan oil could represent an annual foreign exchange saving of \$200,000,000. It is doubtful, however, that in view of France's anticipated consumption of energy in 1960, Middle East purchases can be substantially reduced.

Political Obstacles

Negotiations reportedly are about to get under way between the French and the Tunisian and Libyan governments over pipeline rights, and the French embassy in Tripoli has confirmed reports of a preliminary survey of possible pipeline routes from the eastern Algerian oil fields to the Mediterranean coast.

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Actually, however, there is little likelihood of pipeline agreements with either Tunisia or Libya till some political settlement is reached in Algeria. Many French Nationalists have pointed to the prospect of Saharan oil as an important reason for maintaining close political

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control over Algeria. Some business circles believe, however, that the best way to protect French economic interests is to grant political concessions. These interests may press for some deal which would give France a free hand in the

Sahara in return for political concessions in northern Algeria. Algerian nationalists, however, are unlikely to surrender their claims to sovereignty over the Sahara in return for autonomy in the coastal departments.

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THE WITHERING AWAY OF THE MVD

The once powerful USSR Ministry of Internal Affairs (MVD) is continuing to lose many of its functions to other central ministries and to union republics. The process began with the separation of the secret police, now called the KGB, from the MVD in March 1954. The KGB, while still a highly centralized and powerful instrument of the regime, so far has not become the symbol of police oppression that the MVD was for more than 15 years.

In the past three years, the powers and functions of the MVD (as distinct from the KGB) have been steadily curtailed. The decentralization of the civil police (militia) and the reorganization of the penal system are the latest developments in this trend. The ease with which the remaining MVD responsibilities can be divided among other ministries and the union republics, plus the logic and obvious propaganda advantages of such a move, raise the possibility that the central MVD in Moscow may be dissolved.

Decentralization of Militia

Since last fall, all oblast and local MVD functions, including the autonomous militia directorates, have been combined to form unified internal affairs directorates subordinate, first, to the executive committees of local Soviets and, secondly, to internal affairs ministries of union republics.

Under the new system, apparently in effect throughout the country since late 1956 or early 1957, the civil police no longer report directly to the MVD's Chief Directorate of Militia (GUM) in Moscow, and the primary responsibility for law enforcement, fire defense, and registration of civil acts rests on local governments rather than representatives of the Internal Affairs Ministry. According to the chief of GUM, the resultant dual subordination of police, first to local authorities and then to the MVD, relieved the excessive centralism and bureaucracy which have hampered law enforcement in the past.

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Reorganization of Penal System

Provisions for a reorganization of the antiquated Soviet penal system were evidently spelled out in an unpublished decree of 25 October 1956. Various aspects of the "reforms" were discussed in three legal and party journals earlier this year, and on 14 May Soviet deputy prosecutor general Pyotr Kudryavtsev described the contents of the decree [redacted]

[redacted] Kudryavtsev said the decree stipulated that prisoners would be confined only in the republics where they were apprehended. It further provided for the replacement of forced labor camps with "corrective labor colonies," where primary emphasis was on "rehabilitation rather than on economic or punitive considerations." Kudryavtsev claimed that two thirds of the labor camps had already been remade into colonies, in which one half of all prisoners are now confined.

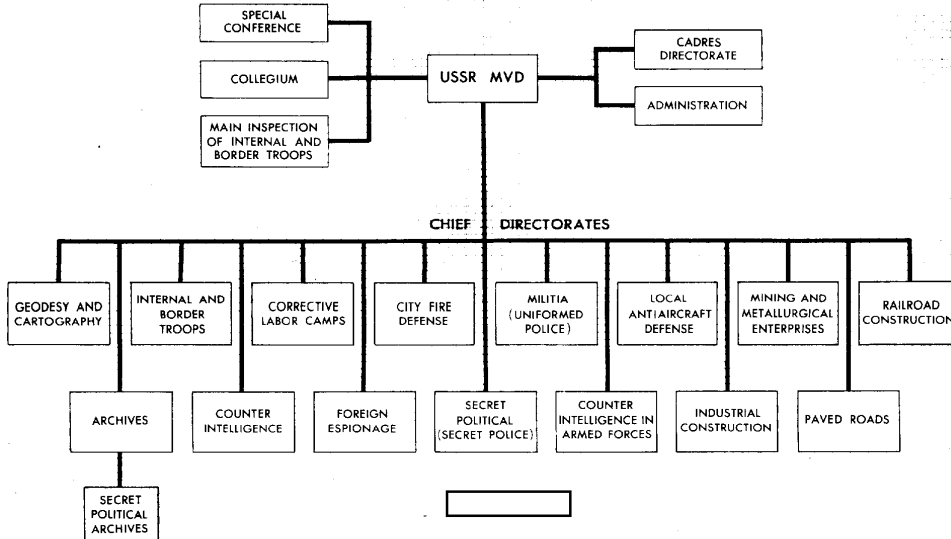
The new colonies have been described in official Soviet sources as administering their

own economic enterprises in which prisoners work at trades or skills for which they were trained in civil life. Unskilled youthful offenders may receive "on-the-job" training as a part of their preparation for release.

The October edict also provided for the abolition of GULAG, the MVD's Chief Directorate of Camps, which in the past had virtually complete control of the forced labor system. GULAG was replaced by a Chief Directorate of Colonies (GUITK), presumably still under the MVD. It is not unlikely that local directorates of GUITK have already been formed in each republic Ministry of Internal Affairs, in which case they could eventually supersede the central GUITK.

Central and republic Internal Affairs Ministries must now share with the Council of Ministers in each republic the responsibilities for maintaining order and conducting rehabilitation programs in penal institutions. Daily supervision of prisons and colonies is carried

CENTRAL MVD AS REORGANIZED MARCH 1953



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out by "supervisory commissions," subordinate to local executive committees, and composed of local party, trade union and government representatives. These bodies are empowered to make any necessary changes in the administration of colonies or prisons.

These developments seem to deprive the USSR MVD of its control of forced labor, which has in the past been its primary base of economic power. With prisoners no longer permitted to be deported outside the republics in which they were arrested, and with control of penal institutions no longer exclusively centered in the MVD, the ministry can no longer continue its practice of hiring out convicts as unskilled forced labor to industrial and construction enterprises.

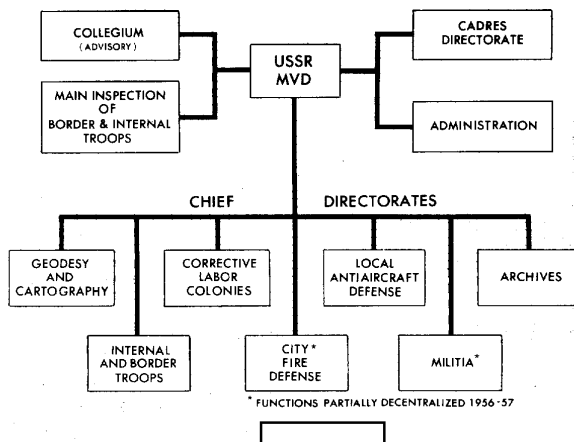
Elimination of the Central MVD

Thus stripped, the central MVD in Moscow would appear to be fair target for the present program of decentralization. The ultimate step in the process of "withering" away of the MVD may be the division of its remaining functions among other all-Union ministries and republican governments.

The Chief Directorate of Militia, for example, seems now to be only a co-ordinating body. Its functions could easily be transferred to a special directorate of the USSR Council of Ministers, or placed under the prosecutor general's office.

The MVD has no jurisdiction over antistate crimes, the only offenses comparable to federal offenses in the United States. Exclusive power to investigate

CENTRAL MVD AS OF MAY 1957



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cases of treason, espionage, sabotage, etc., was transferred to the Committee of State Security (KGB) on its formation in March 1954. Recent information suggests that a special all-Union code, covering only those high crimes under KGB jurisdiction and similar to those covered by Title 18 (Espionage Act) of the United States Code, now may be in preparation. The investigation and prevention of all other offenses, including murder, is the duty of republican and local law enforcement officials.

The remaining MVD responsibilities (archives, geodesy and cartography, internal and border troops, and civil defense) could also easily be disposed among other administrative agencies, and there have been some indications that moves in this direction already have been taken. In May, a geological winner of the Lenin Prize urged that geodetic and cartographic functions of the MVD be turned over to a chief directorate within the USSR Ministry of Geology and Conservation of Mineral Resources. It is also possible they might be assigned to the Chief Directorate of Geodesy and Cartography under the USSR Council of Ministers.

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Plans for civil defense training are apparently drafted by the MVD's Directorate of Local Antiaircraft Defense (MPVO). In the event of abolition of the MVD, planning functions could be transferred to the USSR Ministry of Defense or to a special chief directorate under the Council of Ministers.

By precedent and mission, the internal and border troops properly belong to the state security service, to which they were subordinate prior to the absorption of the MGB by the MVD in 1953. Their function has always been to safeguard the state rather than to enforce the law. Individuals most likely to run afoul of them are illegal border crossers, defectors and rioters, all of whom are automatically guilty of antistate crimes and therefore subject to investigation by the KGB.

Effects of Dissolving the MVD

Dissolution of the USSR MVD would eliminate the bureaucracy and inefficiency of operation which has apparently characterized the ministry in recent years. The propaganda advantages from abolishing a hated and feared reminder of Stalin's terror and oppression and from humanizing the more brutal aspects of the Soviet penal system would be great. To some extent, the decentralization of the forced labor system already increases the economic value of the convict population by using its production skills more efficiently. Finally, such a move would fit with the general program of governmental decentralization and increasing responsibilities of republic and local organs.

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