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CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY
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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

TUNISIA Page 1

President Bourguiba has managed to keep the intense Tunisian indignation over the French bombing on 8 February of a border village under control, [redacted]

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[redacted] He appears to be reluctant to press the issue while the Soviet UN delegate pre-sides over the Security Council, and has stated publicly he would "withdraw his complaint" to the Security Council if France would accept American mediation.

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EGYPTIAN-SYRIAN UNION Page 2

Jordan's King Hussayn and Iraq's Faysal have been meeting to discuss ways and means of defending their positions against the pressures developed by the Egyptian-Syrian union. Proclamation of an Iraqi-Jordanian federation is expected from the meeting. King Saud did not participate. He and President Chamoun of Lebanon have notified Hussayn that they cannot delay recognition of the Egyptian-Syrian union beyond the 21 February plebiscite. Although the USSR has remained officially silent on the union, TASS has broadcast a cautious endorsement. [redacted]

EAST GERMAN PARTY PURGE Page 3

Stalinist East German party boss Walter Ulbricht has purged three leading Communists and has survived the most serious challenge thus far to his leadership, but the opposition has not yet been quelled. The ousted men had advocated a more moderate approach to the country's political and economic problems; for this they were charged with opportunism, revisionism, and ideological shortsightedness. The Kremlin continues its support of Ulbricht and the repressive policies he personifies, probably in the belief that any relaxation in East Germany would be interpreted by the peoples of Eastern Europe as a sign of weakness which could set off a chain reaction of demands for further liberalization. [redacted]

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PART I (continued)

INDONESIA Page 6

The Indonesian central government's strong rejection of the 10 February demand of Sumatran dissidents for the resignation of the Djuanda cabinet appears to have intensified already existing disunity among the rebels. The central government may attempt to exploit this disunity by sending some troops to areas where foreign economic interests are concentrated. President Sukarno is expected to return to Djakarta by 16 February, and further definite steps probably will await his arrival. The formation of a new cabinet or the reshuffle of the present one seems probable.

[Redacted]

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PEIPING'S PROPOSAL ON TROOP WITHDRAWALS IN KOREA Page 6

Peiping's offer to "break the deadlock" between East and West in Korea by discussing with the North Koreans the withdrawal of Chinese forces appears to be the opening maneuver in a major diplomatic and propaganda campaign to get UN troops out of South Korea. Chou En-lai, who has advanced his scheduled trip to Pyongyang from next spring to this month, will head the highest Chinese Communist delegation ever to visit North Korea. While Chou is in Korea, the Communists may well announce Peiping's willingness to withdraw Chinese forces if the UN forces also leave.

[Redacted]

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PART II

NOTES AND COMMENTS

CHINESE COMMUNIST CABINET SHAKE-UP Page 1

Chou En-lai's replacement as foreign minister by Chen Yi is the most noteworthy move in a reshuffle of the Chinese Communist Government which has abolished eight cabinet-level organizations "in the interest of greater efficiency" and affected ten others. Chou retains the post of premier, however, and the move does not indicate he has slipped from his number-three position in Peiping's hierarchy. Chou's decision to step down is probably intended to lighten the burden of routine business and conserve his energy for political fence-mending within the Chinese Communist party.

[Redacted]

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PART II (continued)

CHEN YI: PEIPING'S NEW FOREIGN MINISTER Page 2

Chen Yi, Peiping's new foreign minister, probably will be somewhat less competent than his predecessor, Chou En-lai. Essentially Chen will continue to be-- as he has been for the past four years--a spokesman for Chou. While Chen is regarded as socially adept, it is doubtful he has Chou's skill as a negotiator or his capacity for work. [redacted]

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KHRUSHCHEV CONGRATULATES SOVIET INTELLIGENTSIA Page 3

Khrushchev dominated a large Kremlin reception given on 8 February by party and government leaders for outstanding members of the Soviet intelligentsia. He radiated satisfaction with recent achievements of Soviet intellectuals in the fields of science, culture, and education, and implied that "revisionist manifestations" are a thing of the past since the intellectuals have heeded the friendly counsel of the party. However, the campaign to isolate and "reform" remaining dissidents will undoubtedly continue. [redacted]

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STABILITY IN MIDDLE ECHELONS OF SOVIET PARTY REVEALED Page 4

Republic party congresses and regional conferences held throughout the Soviet Union during January and February reveal a fairly stable situation in the middle echelons of the Soviet Communist party. Such changes as were made in the provincial party leadership were prompted primarily by economic considerations. The majority of personnel shifts have taken place in Kazakhstan, where the 1957 harvest from the virgin lands failed to meet expectations. [redacted]

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SOVIET RESEARCH IN CONTROLLED THERMONUCLEAR REACTIONS . . Page 5

The USSR has for several years been conducting research on controlling thermonuclear reactions. The program is in the hands of competent scientists and technicians who have adequate equipment, facilities, and financial support. Soviet progress thus far is probably on a par with that in the West, and the USSR is likely to reach the goal of harnessing hydrogen fusion at about the same time as the West. [redacted]

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YUGOSLAVS AGAIN STRESS ADVANTAGES OF TITO'S COMMUNISM . . Page 6

Apparently as a prelude to the seventh congress of the Yugoslav Communist party scheduled for April, Belgrade has again begun to stress the superiority of the Yugoslav road to socialism. This could exacerbate ideological differences with Moscow and upset the Yugoslav-Soviet modus vivendi. [redacted]

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PART II (continued)

SOVIET BLOC PLANS FOR ECONOMIC INTEGRATION Page 7

The Soviet bloc Council for Mutual Economic Assistance (CEMA) is becoming an important factor in Soviet bloc economic activity for the first time since its inception in 1949. At a CEMA meeting in December 1957, it was agreed that members would coordinate their economic planning for a 15-year period beginning in 1960, leading ultimately to the development of an integrated bloc economy. Last December at least eight CEMA conferences were held dealing with specialization of production and the use of common industrial standards. [redacted]

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BULGARIAN REGIME REPRESSES UNRULY YOUTHS Page 8

Incidents of "hooliganism," a plague in all the satellites, flared up in Bulgaria in late January and evoked severe countermeasures by the regime. Two hooligans are to be shot for the murder of a young worker, and thousands of juvenile delinquents have been deported from Sofia and other Bulgarian cities to "places of work" in the countryside. The regime apparently is planning a concentrated effort, possibly involving police terror tactics, to control its youths. [redacted]

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FLOW OF REFUGEES FROM EAST GERMANY Page 9

The flow of refugees from East Germany continued at a high level in 1957, when more than 261,000 East Germans asked for asylum in West Germany. While the total figure is not a record high, an unprecedented number of youths of military age escaped, as did large numbers of persons with skills and training important to the East German economy. The recent purge in the East German Communist party leadership and the expected hardening of domestic policies will probably result in an increase in the refugee flow unless border controls are tightened. [redacted]

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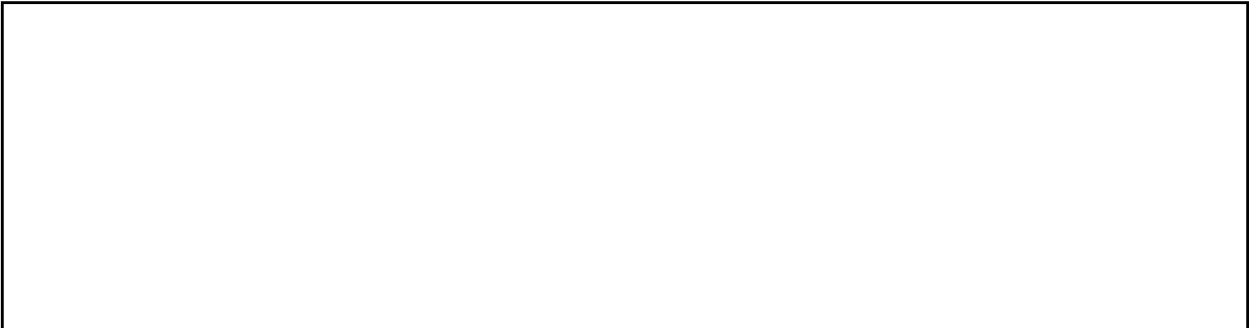
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PART II (continued)



THE ARGENTINE ELECTIONS OF 23 FEBRUARY Page 12

In Argentina's first presidential campaign since the overthrow of Peron, Arturo Frondizi, the demagogic leader of the Intransigent Radical party, now leads the field of candidates as a result of last-minute support from Peronista groups and from the Communists. This situation is likely to cause unrest and plotting among ultraconservative military elements. President Aramburu still appears, however, to have decisive military backing for his promise to turn over power on 1 May to whatever government is elected on 23 February.



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KENYA Page 13

Mounting African agitation for rapid political advancement has caused a deterioration in the political and security situation in the British colony of Kenya in recent weeks. The government, alarmed by rising tension and a series of disruptive events, has increased its vigilance and taken a number of repressive countermeasures. The Kenya police commissioner believes imposition of martial law may eventually become necessary.



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PAKISTAN'S GOVERNMENT COALITION MAY BE THREATENED Page 14

The budget session of Pakistan's National Assembly opening on 17 February may see attempts by those outside the governing coalition, probably supported by President Mirza, to break up Prime Minister Noon's two-month-old government. Noon's government now appears to have a comfortable margin of supporters, but loyalties can shift rapidly once the parliamentary maneuvering begins.



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PART II (continued)

THE PHILIPPINES Page 15

Since beginning his new term last December, Philippine President Garcia has been occupied primarily with pressing economic problems. In the political area, he has moved slowly, but an undercurrent of difficulties with Congress has developed. No firm steps have been taken to find a solution of outstanding issues, such as the suspended negotiations over American bases. [redacted]

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PART III

PATTERNS AND PERSPECTIVES

PERSONNEL PROBLEMS IN THE SOVIET INDUSTRIAL REORGANIZATION Page 1

The Khrushchev-engineered industrial reorganization, still in its early stages, apparently has not yet succeeded in significantly paring the number of Soviet industrial administrators. Many of the hundreds of thousands of such personnel from the abolished ministries have remained in Moscow and other major cities, and the regional councils of national economy (sovnarkhozy) are being staffed largely by local personnel. Identifications to date of top sovnarkhoz officials show that experienced industrial managers, rather than party careerists, have received most of the council chairmanships. A considerably strengthened regional party apparatus and a revamped State Planning Commission are combating the problem of "localism." [redacted]

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AFGHANISTAN'S DEBT TO THE SOVIET BLOC Page 5

Afghanistan probably has committed Soviet bloc funds amounting to about \$54,000,000 since 1954. Under the Soviet \$100,000,000 credit extended in January 1956, the Afghan Government in 1957 committed approximately \$11,000,000 for construction on three large undertakings. At least \$2,000,000 had been used for three relatively small construction contracts and 20 project surveys in 1956. The government has also used about \$41,000,000 under several minor bloc credits extended in 1954, the Soviet arms agreement of 1956, and a Czech arms agreement. [redacted]

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PART III (continued)

OUTLOOK FOR THE WEST INDIES FEDERATION Page 8

The new West Indies Federation formed on 3 January, which will hold its first parliamentary elections next month, faces major tests of economic and political stability before it can attain its ultimate goal of independence within the Commonwealth. As a whole, the ten constituent colonies lack natural resources to support their 3,000,000 people. Jamaica sees its relative prosperity threatened by the planned customs union, and the sense of common interest is so little developed throughout the colonies that most prominent politicians refuse to surrender local office to run for federal posts. Difficulties in its relations with the United States are possible as a result of the federation's request for the US naval base on Trinidad as the site for its capital.

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INTERNATIONAL CONFERENCE ON THE LAW OF THE SEA Page 12

One of the most difficult problems facing the International Conference on the Law of the Sea, to begin in Geneva on 24 February under UN sponsorship, will concern the limit of territorial water over which a state has full sovereignty. Conflicting interests have long given rise to numerous disputes in this sphere, most recently involving the waters of the Soviet Union, Indonesia, Iceland, and the Gulf of Aqaba. The conference at Geneva will also attempt to draw up agreements on numerous other aspects of international maritime law.

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PART I

OF IMMEDIATE INTEREST

TUNISIA

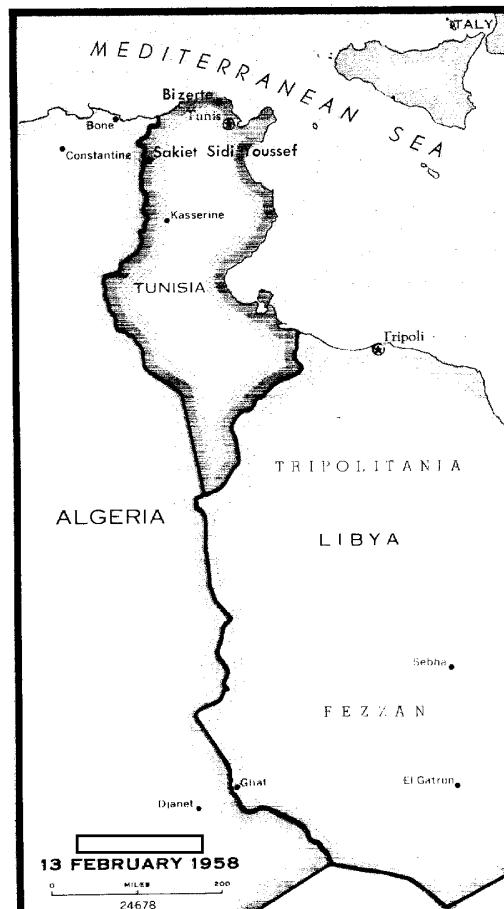
The French bombing on 8 February of the Tunisian border village of Sakiet Sidi Youssef has aroused a storm of protest throughout the Moslem and Asian worlds. Heavy emphasis is given to the allegation that the action, which destroyed three fourths of the village and resulted in some 70 dead and over 100 wounded, is a typical act of colonialist aggression and to the fact that 17 of the 25 French aircraft involved in the air strike were manufactured in the United States. The call of Algerian rebel spokesman Mohamed Yazid for the closing of American bases throughout North Africa will find a ready echo among nationalist extremists in Morocco and to a lesser extent in Libya.

Although some Tunisians have staged demonstrations and called for arms to use against the French, President Bourguiba has kept the local situation under control. Precautionary measures--including the expulsion of 150 French residents from three border provinces where tension is particularly high--are being taken to assure the safety of the 90,000 French nationals who reside in Tunisia. At the same time, Tunis has used the incident to interfere with France's long-term interests in the country by asking Paris to close four of its ten consulates.

French officials in Tunis are seeking comfort from the fact that Bourguiba has not yet presented a formal demarche to Paris that all French troops--some 25,000 army, air, and

navy personnel which are confined to their bases--be evacuated. Since 8 February, however, Bourguiba has repeatedly publicly demanded their withdrawal and in effect has retracted his offer of the Bizerte base to France which he made last December.

Despite a reluctance to press the issue while Soviet delegate Sobolev presides over the UN Security Council, Tunisia has announced it will soon ask



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for Security Council action. Bourguiba plans to ask the council to order all French forces to leave Tunisia. He would withhold his appeal if Paris would publicly declare an intent to pull its forces out of Tunisia and begin by removing its troops now in southern Tunisia.

[Redacted]

On 13 February he announced that he would "withdraw his complaint to the Security Council" if France accepted American mediation.

Premier Gaillard appears largely concerned with appeasing his rightist support which insists on a firm stand against any position implying France is at fault. He is unlikely to agree to withdraw from Bizerte. Paris has offered to negotiate "all issues" with Bourguiba, but there is little likelihood of any major concessions-- particularly through the UN-- at this time. The Tunisian President, faced with mounting criticism at home and abroad that he has been too lenient with France, is unlikely to modify his position.

[Redacted]

[Redacted]

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EGYPTIAN-SYRIAN UNION

Talks in Amman between Jordan's King Hussayn and Iraq's King Faysal were scheduled to end on 13 or 14 February with a proclamation of a "federation" between their two countries. The federation, which the Kings hope will be a barrier to the pressures developing against them from the Egyptian-Syrian "United Arab Republic" (UAR), is to be a much looser association than the one between Cairo and Damascus. It had been hoped that King Saud might be persuaded to join, but Saud's attitude remains uncertain except that he has informed Hussayn that he cannot delay recognizing the UAR beyond 21 February, the date of the plebiscite to elect Nasir as its head.

The precise nature of the threat Jordan might face from

dissidents supported by Egypt and Syria is still unclear.

[Redacted]

A psychological move which might put more pressure on Hussayn, especially where the Palestine refugees in West Jordan are concerned, would be the proclamation in Gaza of a new Palestine government which would promptly join Nasir's United Arab Republic.

[Redacted]

Lebanese President Chamoun, fearful of the emotional and

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economic attraction of Egyptian-Syrian union, especially for Lebanon's Moslem population, has urged Hussayn to hasten the federation of Iraq and Jordan as a counterweight. At the same time, he too has notified Hussayn that Lebanon cannot delay recognition of the UAR after 21 February; this may entail the resignation of strongly pro-Western Foreign Minister Malik and probably would signal the beginning of a trend of Lebanese policy toward accommodation with Cairo and Damascus. Syrian President Quwatli has already stated cryptically that the UAR is the best "guarantee" of Lebanon's borders, and has urged Lebanese adherence

In Cairo, talks have continued between the Egyptians and Yemeni representatives headed by Crown Prince Badr. Several observers have commented that the Yemenis obviously do not know what they are doing, and Nasir is reported to be wary of assuming still another burden in addition to Syria's problems.

These problems are probably very much with the Egyptian

leader, since decisions must be made soon on the major posts to be occupied in the new UAR political and military structure. Nasir is said to have been surprised by the sudden departure of Syrian Communist party leader Bakdash for the USSR, on the ground that nothing had been done yet to make him flee. At least one roundup of local Communists has been reported from Damascus, however, although the Communist press there is still fighting a kind of rear-guard propaganda battle against the temporarily triumphant Baathists.

Nasir probably remains concerned that the USSR not receive the impression that his moves are being made at Western inspiration. Although the USSR has remained officially silent, TASS has broadcast a cautious endorsement. Chinese Communist Premier Chou En-lai and the Eastern European press have given the UAR a warmer welcome. The USSR therefore probably is preparing to recognize the new state soon after Nasir is formally proclaimed president.

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EAST GERMAN PARTY PURGE

Stalinist East German party boss Walter Ulbricht has purged three leading Communists and has survived the most serious challenge thus far to his leadership, but the opposition has

not yet been quelled. The ousted men had advocated a more moderate approach to the country's political and economic problems; for this they were charged with opportunism,

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revisionism, and ideological shortsightedness. The Kremlin continues its support of Ulbricht and the repressive policies he personifies, probably in the belief that any relaxation in East Germany would be interpreted by the peoples of Eastern Europe as a sign of weakness which could set off a chain reaction of demands for further liberalization.

East German domestic policies will be even harsher as a result of Ulbricht's victory. New hard-line policies--which include an upward revision of work norms, greater emphasis on heavy industry at the expense of consumer goods,



ULBRICHT

pressures on farmers and independent artisans to collectivize, intensified attacks on the church, and further restrictions on personal freedoms--are likely to heighten popular unrest. Furthermore, the expected purge of other persons suspected of anti-Ulbricht leanings at all levels of the Socialist Unity (Communist) party (SED) will undoubtedly serve to aggravate existing tensions within the party.

At the party central committee's 35th plenum--held from 3 to 6 February after three postponements forced by sharp disagreements with the party leadership over Ulbricht's policies--Karl Schirdewan, the party's number-two man, was ousted from all his party posts and from the central committee. Former leading theoretician Fred Oelssner was removed from the politburo, and former State Security Minister Ernst Wollweber was expelled from the central committee.

Schirdewan, Wollweber, "and others" were accused of attempting to form a faction which

ULBRICHT SUPPORT IN SED

POLITBURO

PRO-ULBRICHT

Ulbricht

Stoph

Ebert

Neumann

OPPOSITION

Schirdewan

Oelssner

Rau

Grotewohl

Pieck*

Matern

CANDIDATES

Honecker

Mueckenberger

Leuschner

Warnke

SECRETARIAT

Ulbricht

Neumann

Honecker

Mueckenberger

Verner

Froehlich

Grueneberg

Hager

Norden

Schirdewan

**PURGED
NEW APPOINTMENTS**

*Ineffective because of illness.

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would have changed the party line, of holding "revisionist" views and "faulty ideological interpretations," and of opposing Ulbricht on fundamental issues. It was charged that if their ideas on the Polish and Hungarian developments in 1956 had been followed, there would have been "counterrevolutionary actions which would have had to be beaten by armed forces." Wollweber was specifically accused of neglecting his duties as state security minister and of attempting to recruit party members for the Schirdewan faction.

Oelssner was absolved of association with the Schirdewan-Wollweber group. He was charged with favoring an increase of trade with the West rather than with the bloc, with opportunistic distorting of the party's agricultural policy, and with opposing Ulbricht's government decentralization scheme. His crimes also included "repeated violations of the discipline of the politburo and refusal to conform to the collective will of the politburo."

The central committee also elected loyal Ulbricht adherents to top party posts. Secretariat member Alfred Neumann was raised from candidate member to full member of the politburo, and politburo candidate Erich Honecker was named to the party secretariat. Two obscure party functionaries, first secretaries of district party organizations, were promoted to the party secretariat. Erich Apel, minister for heavy machine construction, was named to head an economic commission of the politburo.

[redacted] unfavorable reactions may be expected in important

districts where Schirdewan has many supporters.

Many party functionaries believe the purge has only started, and there are indications that another party meeting will be held soon, possibly to continue the purge. Some party officials believe that others destined to be purged are Culture Minister Becher, Deputy Prime Minister Fritz Selbmann, and Prime Minister Otto Grotewohl. The government announced on 12 February that Grotewohl had left Berlin for "a health cure" of several weeks, touching off rumors that he has already been purged. Ulbricht will probably try to eliminate all opposition elements



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before the fifth party congress scheduled for July, at which time the entire membership of the central committee will be elected and a new politburo named.

Moscow was probably motivated in its decision to support Ulbricht by a desire to reiterate to the satellites the importance of party unity, a theme that has been emphasized in Kremlin pronouncements for nearly a year, particularly at the meeting of Communist leaders in Moscow last November.

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INDONESIA

The 10 February broadcast of Lt. Col. Hussein demanding that the Djuanda cabinet resign within five days was rejected the following day by Djakarta. The Djuanda government further countered by announcing the dishonorable discharge of dissident Colonels Hussein, Djambek, Simbolon, and Lubis. Army Chief of Staff General Nasution has personally assumed formal responsibility for the Central Sumatran command of Hussein.

ligerent statements from both Nasution in Djakarta and dissident Colonel Djambek in Padang, Central Sumatra.

Barlian's statement may also be related to reports that Djakarta may send limited numbers of troops to disaffected areas where foreign economic interests are concentrated. Although the government's reported move probably is intended to ensure continued foreign remittances to Djakarta, the presence of Javanese troops could provoke isolated incidents, possibly leading to localized conflict. A period of political and military maneuvering is probable, however, with all factions hoping to avoid violence.

President Sukarno is expected to return to Djakarta on 16 February.

Hatta, to whom dissidents and non-Communists generally have looked to guide them out of present economic and political confusion, has stated he does not want to participate in a successor to the Djuanda cabinet.

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Lt. Col. Barlian in South Sumatra, who has cooperated extensively with the dissidents but has steadily refused to support the declaration of a rival government, may assume the role of intermediary between Central Sumatra and the Djakarta government. Barlian made an appeal on 13 February from Palembang for a peaceful settlement and negotiations "inspired by tolerance." His plea followed bel-

PEIPING'S PROPOSAL ON TROOP WITHDRAWALS IN KOREA

Peiping's offer of 7 February to "break the deadlock" between the East and West in Korea by discussing with the North Korean regime the with-

drawal of Chinese troops is intended to put renewed pressure on the UN command--particularly the United States--to make corresponding withdrawals of forces

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from the South. The Communists probably plan to exploit the Chinese offer in a major diplomatic and propaganda campaign which will stress their initiative in contrast with the American "refusal" to take similar action with the South Korean Government.

Peiping has sent copies of its offer to member governments of the Neutral Nations Supervisory Commission and Britain, which was asked to transmit them to nations participating in the UN Command. Chou En-lai carried the campaign one step further when he declared at the National People's Congress on 10 February that Communist China

ruary, probably after conclusion of the National People's Congress now meeting in Peiping. Chou's entourage will include Foreign Minister Chen Yi and Chief of Staff Su Yu, the highest-level Chinese delegation ever to visit North Korea.

At Pyongyang, Chou may announce an agreement on Chinese withdrawal in a formulation made contingent on parallel departure of UN forces. Chou could also announce token withdrawals of Chinese forces to support Peiping's gesture of "initiative." In view of current Communist propaganda calling for "simultaneous" withdrawal of UN and Chinese forces, it seems unlikely Chou will announce unilateral withdrawal of all Chinese troops.

The Communists seem to believe that the withdrawal of some Chinese troops from North Korea would not turn the military balance in favor of the South Koreans. Since 1953 the North Korean Army, with considerable Soviet aid, has steadily improved its capability. Although the army totals 333,000 as against 613,000 South Korean troops, it has overwhelming firepower, superiority in heavy artillery, and its air force includes 445 jet fighters and 75 IL-28 jet light bombers, compared with South Korea's 80 jet fighter-bombers. If called on to offset any imbalance in forces, the Chinese could move down from Manchuria at least 250,000 troops within 8 to 14 days.

In the South, President Rhee might regard UN and Chinese Communist withdrawals as increasing his own freedom of action, but would seek to prevent UN withdrawals until he

TROOP STRENGTHS IN KOREA

1 JANUARY 1958

NORTH KOREAN	333,000
CHINESE COMMUNIST	291,000
TOTAL	624,000
SOUTH KOREAN	613,000
UNITED STATES	55,496
OTHER UNITED NATIONS	5,728
TOTAL	674,224

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will "take the initiative" in promoting withdrawals.

The Communist campaign was timed to provide a contrast to recent combined UN-South Korean military maneuvers and the introduction of 280-mm. atomic cannon and rockets in the South. Peiping is apparently moving with some urgency. Premier Chou En-lai's trip to North Korea, originally planned for April or May, was advanced to mid-Feb-

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receives "modern" weapons. Last summer, Rhee advocated withdrawal of all foreign troops because "they keep us divided," but his statement was apparently not intended to imply a basic change in South Korean policy, which insists that UN troop withdrawals should follow the withdrawal of all Chinese forces and the holding of UN-supervised elections in the North.

The launching of the Communist campaign comes at a

time when Moscow is pressing the West for a summit conference. The Russians themselves have not sought to include a Far East item on the agenda for such a conference. However, the reopening of the Korean problem by Peiping provides the USSR with a bargaining point in its efforts to get the West to modify its demands for inclusion of the German issue and the status of the Eastern European satellites in summit talks.

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PART II**NOTES AND COMMENTS****CHINESE COMMUNIST CABINET SHAKE-UP**

Chou En-lai's resignation as foreign minister, a post he had held concurrently with the premiership since 1949, is the most noteworthy move in a reshuffle of the Chinese Communist Government which has abolished eight cabinet-level organizations and affected ten others. Chou's decision to lighten his burden--which he hinted at as long ago as November 1956--does not indicate he has slipped from his position as number-three man in the Peiping hierarchy. Rather, it may mean he foresees the development of a more fluid situation in Peiping and is taking precautions.

Chou's move appears designed primarily to relieve the pressure under which he has been operating for the past nine years and to conserve his energy for political fence-mending inside the Chinese Communist party. Chou, who reportedly works an average 14-hour day and has sometimes been ill, probably has been forced to slight party affairs for several years.

With Mao Tse-tung aging, Chou now may want more time available for work in his party job as a member of the politburo standing committee, the core of party power. Chou may mean to ensure that he gets a "proper" share in any division of powers with Liu Shao-chi and Teng Hsiao-ping--who rank respectively just before and just after Chou among Mao's chief lieutenants.

The present drive to "streamline" the governmental

machinery may have been a factor in the timing of Chou's move. The bureaucracy is an important buttress to his power, and Chou would almost certainly prefer to keep the job of tinkering with it in his own hands. More than 800,000 middle- and low-level functionaries have already been reassigned or downgraded. Cabinet-level changes announced on 11 February at the National People's Congress have abolished the National Construction Commission, a special-purpose body responsible for coordinating the construction plans and activities of all industrial ministries, and done away with seven ministries by consolidating their operations in the interest of greater efficiency. The status of some cabinet officials is in doubt, including that of some party men with standing at and near the central committee level.

There are no indications that Chou's status has suffered. Chou has apparently been on the right side--i.e., Mao's side--in major policy disputes in the party during the past year. The resignation--announced as being on Chou's initiative--came the day after he delivered a major foreign policy speech at the National People's Congress on 10 February. The new foreign minister, Chen Yi, was probably his personal choice for the job. Moreover, Chou retains his post as premier and thus directs the Foreign Ministry.

It is expected that Chinese Communist foreign policy will follow the line set by Chou in his 10 February speech, during which he affirmed Peiping's

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confidence that political and scientific advances by the bloc have brought it "supremacy" over the West and promised continued close alignment with Moscow. Chou pledged to continue Peiping's efforts to ex-

pand its influence through Asia and the Middle East, violently rejected the "two Chinas" concept, and offered to take the "initiative" in the removal of foreign troops from Korea.

25X1

CHEN YI: PEIPING'S NEW FOREIGN MINISTER

Marshal Chen Yi, Peiping's new foreign minister, probably will be somewhat less competent than his predecessor, Chou En-lai. Chen in this post will continue to be a spokesman for Chou.

Bandung in 1955, and gave his first major address on international relations at the Chinese Communist party's eighth congress in September 1956. He was named to the party politburo at that time.

Chen, now about 57, was close to Chou in the early days of the Chinese Communist movement. He rose as a military leader under Mao Tse-tung, and was also associated with Liu Shao-chi, now Mao's first lieutenant. Chen made his reputation in operations against the Japanese and the Chinese Nationalists in the period 1938-1949, although some military observers have suspected that most of the credit belonged to his deputy, Su Yu, now chief of staff.

Chen was ill in late 1956 and the early part of 1957, but



CHEN YI

With the Communist occupation of Shanghai in 1949, Chen became mayor of that city, while retaining his posts as commander of the Third Field Army and second secretary of the party's East China Bureau. He became first secretary of that bureau in 1952 and visited the USSR in the same year.

has been active since then. During his convalescence, he produced an article on the history of Communist-Nationalist cooperation. One factor in Chen's appointment as foreign minister may be a belief that Chen would be more suitable than Chou for renewed overtures to the Nationalists on the status of Taiwan.

25X6

With the dissolution of the field armies in 1954, Chen was brought to Peiping as a vice premier under Chou. Since that time, Chen has appeared to be primarily a utility man for Chou, acting for him in a variety of foreign and domestic matters. He visited Eastern Europe in 1954, accompanied Chou to

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Chen may be less doctrinaire than most other Chinese

Communist leaders. Twice in 1957 he published articles suggesting that it had been--and still was--hard for him to master the Communist world view. However, Chen's appointment to the foreign minister's post would seem to dispose of any suspicion that other party leaders regard him as unreliable. Indeed, Peiping may hope to exploit this feature of Chen's reputation, together with his social assets, in dealing with Western officials. 25X1

KHRUSHCHEV CONGRATULATES SOVIET INTELLIGENTSIA

Khrushchev dominated a large Kremlin reception given on 8 February by party and government leaders for outstanding members of the Soviet intelligentsia. He radiated satisfaction with recent achievements of Soviet intellectuals in the fields of science, culture, and education, and implied that "revisionist manifestations" are a thing of the past since

"It is true that individual writers had certain hesitations. During frank talks at the previous reception (in May 1957), we advised these comrades to sweep aside false conceptions, to think critically about the fabrications of revisionists, and to examine life more deeply in order to understand the Soviet reality and its natural laws. . . ."

"It is pleasant to note that our writers have correctly understood the contents of that talk and have taken an active part in the struggle of the party against any manifestations of revisionism. The writers have rallied still closer around the Communist party."

-- N. S. Khrushchev, 8 February 1958

the intellectuals have heeded the counsel of the party. However, the campaign to isolate and "reform" the remaining dissidents will undoubtedly continue.

The opening address at the reception was delivered by party secretary Suslov, who ap-

parently bears at least partial responsibility for the regime's ideological and cultural policy. Following Khrushchev's speech, toasts were offered to specific sectors of the intelligentsia by Bulganin, Pospelov, Mikoyan, Suslov, and Voroshilov. The toasts were accepted by leading intellectuals representing their fields, each of whom expressed gratitude for, in the words of composer Dmitri Shostakovich, "the daily fatherly, attentive, and true guidance" of the party and government.

In contrast with his talks to writers and artists during the past spring and summer, when he remonstrated with them for works produced during 1956 and early 1957 which "blackened" Soviet society, Khrushchev mentioned the intellectual waverings of last year only in passing. For the scientists, who--Khrushchev says--made the Russian word "sputnik" part of the world vocabulary, there is nothing but praise.

Khrushchev congratulated the Soviet intelligentsia for its "high ideological maturity" and its ability to profit from party criticism. He called for

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greater attention to contemporary themes, especially in theater repertoires, and reaffirmed the need for an "optimistic approach" to art, i.e., "socialist realism."

Although Khrushchev and the top leadership apparently feel confident enough at this time to talk only of successes, daily criticism and correction

of recalcitrants will continue to be carried on by reliable editors of cultural and professional journals and lesser party spokesmen. In this way, rather than by a general edict, the regime continues to restrain intellectuals from interpreting too freely the post-Stalin relaxation in cultural policy.

25X1

STABILITY IN MIDDLE ECHELONS OF SOVIET PARTY REVEALED

Republic party congresses and regional conferences held throughout the Soviet Union during January and February reveal a fairly stable situation in the middle echelons of the Soviet Communist party. Such changes as were made in the provincial party leadership were prompted primarily by economic considerations. The majority of personnel shifts have taken place in Kazakhstan, where the 1957 harvest from the virgin lands failed to meet expectations.

Regular biennial Communist party congresses were held during January and February in the Soviet republics of Latvia, Estonia, Lithuania, Armenia, Moldavia, Turkmenistan, Tadzhikistan, Azerbaydzhan, and Georgia. The average rate of turnover among members of the republic central committees was approximately 25 percent--about normal for a two-year period--and apparently all party bosses--first secretaries--of these republics have been re-elected.

The only significant personnel shifts which figured in the party congresses occurred in the agricultural republics of Moldavia and Turkmenistan, where top government leaders were removed, apparently as a result of economic shortcomings.

In Moldavia, Gerasim Rud, a candidate member of the all-union party central committee was replaced as premier and dropped from the party bureau just prior to the congress. He was replaced by Aleksandr Diorditsa, a deputy premier and former minister of finance. Balysh Ovezov was similarly replaced as premier on the eve of the Turkmen party congress, at which he was severely criticized and dropped from the bureau of the central committee. His successor is Dzhuma Karayev, former party first secretary of Tashauz Oblast in the Turkmen Republic.

In lieu of republic congresses in the larger Soviet republics--the RSFSR, the Ukraine, Kazakhstan, Uzbekistan, Belorussia, and Kirgiziya--some 60 party conferences have thus far been held in the oblast and territorial subdivisions of these republics. With the exception of Kazakhstan, there was no indication that Moscow was seriously dissatisfied with the direction of local party affairs. The conferences produced a normal amount of turnover in the party committees and were followed by the re-election of the local leadership.

In Kazakhstan, a general overhaul of local party

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organizations has thus far resulted in shifts of seven oblast party first secretaries. Such changes were to be expected in view of the replacement under criticism in December of Kazakh party leader Yakovlev by Nikolay Belyayev, one of Khrushchev's top lieutenants on the Soviet party presidium and an agricultural specialist. The changes in Kazakhstan were attributed to the republic's failure to meet the 1957 economic

goals levied on it by Moscow. The Kazakh Gosplan chairman stated at a recent session of the republic Supreme Soviet that in the previous year the republic had not fulfilled its grain delivery plan, a failure not entirely caused, he said, by unfavorable weather conditions. He added that where good organization existed and leaders showed concern, harvests had not been too bad.

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SOVIET RESEARCH IN CONTROLLED THERMONUCLEAR REACTIONS

Soviet scientists have for several years been conducting research on controlling thermonuclear reactions. Technical reports released by the USSR and statements made by Soviet scientists indicate that the program is probably comparable to, and possibly more extensive than, that in the United States, and that the Russians have made significant progress in this field.

The first information on the Soviet program came from the Soviet physicist I. V. Kurchatov. In a lecture at Harwell, England, in April 1956, he described experiments involving the study of high current discharges in gases and gave the results of these experiments. He said the research was based on a study of the so-called "pinch effect," or contraction of ionized gas (plasma) under the influence of self-induced magnetic fields. He said also that a temperature of about 1,000,000 degrees centigrade had been obtained and neutrons observed. Statements by Soviet scientists later in 1956 and early 1957 revealed that at that time they considered this approach at a dead end, probably because of an inherent

instability in the "pinch effect."

Western scientists, at an international meeting at Venice in mid-1957, reported stabilized "pinches" and the methods for obtaining them. These methods permitted American and British scientists to obtain their recently announced successes in their controlled thermonuclear reaction research. These revelations certainly provided the Russians with information which would have permitted them to reorient their work on the "pinch."

Thus the Soviet program is probably following a pattern very much like that of the United States. American scientists, having studied Soviet technical reports and having talked with Soviet scientists, have concluded that the Soviet program is in the hands of competent scientists and technicians who have adequate equipment, facilities, and financial support. Soviet progress thus far is probably on a par with that in the West, and the USSR is likely to reach the goal of harnessing hydrogen fusion at about the same time as the West.

(Prepared by OSI)

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YUGOSLAVS AGAIN STRESS ADVANTAGES OF TITO'S COMMUNISM

Recent Yugoslav emphasis on the advantages of President Tito's road to socialism draws attention once again to the ideological differences between Belgrade and Moscow and could upset their *modus vivendi*. Since the Hungarian uprising in 1956, Yugoslavia had been relatively quiet on this subject. The USSR has stepped up its campaign against "revisionism" and "opportunism," but has refrained from any direct counterattack against Yugoslav theories which would doubtless result in disruptive polemics.

The new Yugoslav "sales campaign" is undoubtedly intended for the most part as a prelude to the seventh congress of the League of Yugoslav Communists scheduled for April. Advance statements indicate that Tito will make a major effort to publicize his unique system of workers' self-management and government, and there is little reason to believe that the Yugoslavs contemplate any significant concessions to make their ideology more compatible with the Soviet brand. Vice President Colakovic stated in the Yugoslav party's theoretical journal Komunist on 1 January that only the Yugoslavs and the Chinese "have been courageous enough to march along unpaved roads." He added that the lessons of Hungary prove that certain Communists "should change their attitudes and judgments," and that dogmatism and not revisionism, as claimed by the USSR, is the paramount danger to socialism.

Komunist continued Yugoslav efforts to proselytize within the bloc, declaring on

10 January that only a system of workers' self-management as practiced in Yugoslavia is conducive to the Communist ideal of the gradual withering away of the state. In a major speech launching the campaign for the election of deputies to the Yugoslav National Assembly in March, Vice President Vukmanovic-Tempo declared that Yugoslavia's "socialist democracy...surpasses by far all the social systems which have made their appearance in history."

In effect denouncing the "rules" set forth in the 12-party declaration of the Soviet bloc issued last November in Moscow, but not signed by Yugoslavia, Vukmanovic insisted that the Belgrade and Moscow declarations of 1955 and 1956 alone form the basis for relations between socialist states. In that portion of his speech dealing with Belgrade's relations with Eastern Europe, Vukmanovic reaffirmed his government's right to examine critically Moscow's relations with its satellites.

Moscow probably is disturbed by Yugoslavia's revival of praise for its contributions to socialism. The Soviet leaders reacted to Tito's efforts in 1956 to sell his system in the satellites with a secret letter to the satellite parties denouncing Yugoslavia as a model for socialism. No compromise seems possible at this time on fundamental ideological differences, but Soviet leaders may decide that another effort is warranted to discuss differences with Tito through bilateral talks prior to his congress.

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SOVIET BLOC PLANS FOR ECONOMIC INTEGRATION

The Soviet bloc Council for Mutual Economic Assistance (CEMA) is becoming an important factor in Soviet bloc economic activity for the first time since its inception in 1949. At a CEMA meeting in December 1957, it was agreed that members would coordinate their economic planning for a 15-year period beginning in 1960, leading ultimately to the development of an integrated bloc economy. Last December at least eight CEMA conferences were held dealing with specialization of production and the use of common industrial standards.

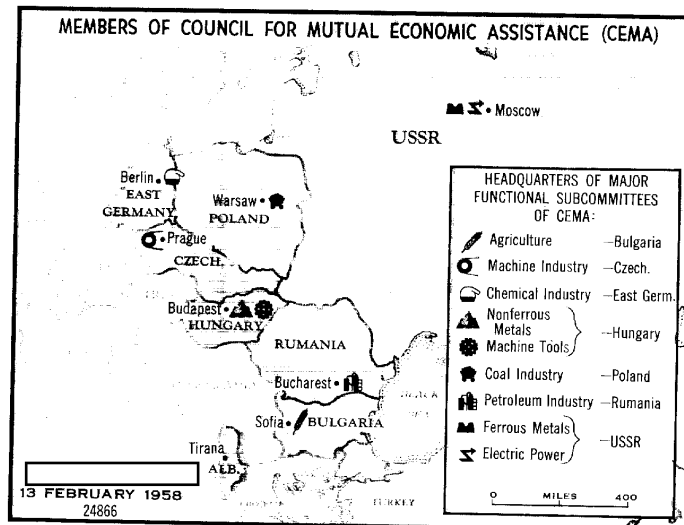
These developments are in contrast to the past Soviet practice of emphasizing bilateral relations with the satellites. The function of CEMA has been limited by the USSR to a partial coordination of trade within the bloc, which led chiefly to a shift of East European trade from the West to the USSR. Soviet reluctance to provide the satellites with the economic data necessary for joint planning has discouraged integration, as have Soviet demands on the satellites for raw materials. Furthermore, individual satellite efforts to speed industrialization have led to unbalanced national economic growth and to much duplication of effort which often worked against cooperation within the bloc.

CEMA now is to ensure an increasing bloc-wide division of labor to make the most efficient use of resources. The

ultimate goal is a "unified socialist economy to surpass the most developed countries in the per capita output of goods." Moreover, increased specialization of production within the bloc would lead to increased interdependence, making it more difficult for countries such as Poland to pursue independent policies at variance with those of the USSR.

One of the more significant developments concerning internal bloc specialization and standardization has been the direct cooperation between ministries of the Eastern European countries undertaken in late 1957. Polish and Czech personnel responsible for shipping, land transport, mining, chemicals, and heavy machinery now work together to reach solutions to common problems arising in these fields. Under a Polish-Czech pact reached in December, some industrial enterprises will be jointly constructed.

Soviet bloc trade relations with the non-Communist world are being coordinated



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to change "the path of isolated efforts to achieve temporary advantages in prices and credits." The December meeting of CEMA reportedly discussed the establishment of an international trade bank for the Soviet bloc. Early last year it was announced that the Soviet State Bank had assumed responsibility for handling trade balances within the bloc arising from a new trade system

permitting commercial deliveries in addition to the existing bilateral barter trade agreements. The cash balances derived from this trade are to be settled through the Soviet State Bank and presumably under the new system could be spent in any bloc country where goods in excess of commitments under trade agreements are available. [redacted] (Prepared by ORR)

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BULGARIAN REGIME REPRESSES UNRULY YOUTHS

Incidents of "hooliganism," a plague in all satellite regimes, flared up in Bulgaria in late January and evoked severe countermeasures by the regime. Two hooligans were condemned to death on 5 February for the murder of a young worker. Other repressive measures are reported to have included the deportation of thousands of juvenile delinquents from Sofia and other Bulgarian cities early this month to state farms and other "places of work" in the countryside.

The hooligans are youths who refuse to concern themselves with politics or perform what the regime considers "socially useful labor." They emulate the dress and habits of Western "cats" and normally engage in petty crime. Their existence in numbers in the bloc reflects the failure of Communism to capture the interests and loyalty of many of its youths. In Bulgaria, this failure is probably aggravated by low living standards--among the lowest in the satellites--and a chronic unemployment problem.

The last known outbreak of hooliganism in Bulgaria occurred

in September 1957 when police attempts to restrain avid "rock 'n rollers" demonstrating their approval of a Czech jazz band resulted in a near riot. All bands were ordered henceforth to clear their repertoires with a special committee.

The problem of hooliganism was serious enough to be debated by the Bulgarian National Assembly on the day the two hooligans were sentenced to death. Juvenile delinquency, according to the assembly, can be prevented primarily through "labor and the Communist education of young children," the same ineffectual policy that has been followed. However, since it was decided during the session to set up special commissions in all districts "for the struggle against juvenile delinquency," it would appear that the Bulgarian regime plans, through better organization, to make a more concentrated effort to control youth than in the past.

It will probably use police terror tactics as in the past to try to bring its youths into line. [redacted]

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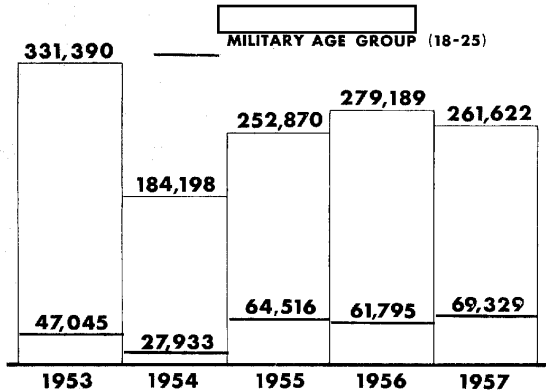
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FLOW OF REFUGEES FROM EAST GERMANY

The flight of refugees from East Germany continued at a high level during 1957, when more than 261,000 East Germans asked for asylum in West Germany. This total, although smaller than the 1956 figure, contained an unprecedented number of youths of military age

living conditions. The proportion of military-age personnel in the refugee total rose from 22.1 percent in 1956 to 26.1 percent in 1957, a figure well above the 1955 record when recruitment of "volunteers" for the East German Army was increased by the use of strong-arm methods.

EAST GERMAN REFUGEES TO WEST GERMANY



Note: Figures include only those entering through normal West German refugee channels.

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The continuing flight of personnel from East Germany has damaged the East German economy and may prompt implementation of measures to inhibit the flow. Premier Grotewohl and other party officials have stated that, notwithstanding a lack of agricultural machinery and fertilizer, "one of the most serious problems which has had a direct effect on lower yields is the manpower shortage." The seriousness of

(18-25) and a large number of persons with skills and training important to the East German economy. It does not include those refugees who escaped--in mounting numbers toward the end of 1957 --and joined relatives or husbands without going through West German refugee channels. Intensification of hard-line domestic policies following the current purge will probably result in an increase in the flow of refugees unless border controls are tightened.

this problem is revealed in a subsequent statement by Grotewohl that East Germany could

BREAKDOWN OF EAST GERMAN REFUGEES BY OCCUPATION

	1956	1957
INDUSTRY & HANDICRAFT	59,509	61,594
TRADE & TRANSPORT	33,451	31,476
UNSKILLED WORKERS	27,797	28,688
HOUSEWIVES	34,510	26,283
AGRICULTURE	17,431	15,748
HOUSEHOLD & HEALTH SERVICES	13,147	13,679
ADMINISTRATION & JURISPRUDENCE	9,808	8,583
TECHNICAL PROFESSIONS	5,536	5,568
ARTS	3,908	3,667
NONWORKERS (PENSIONERS, CHILDREN, & STUDENTS)	74,092	66,336

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Since 1949 about 2,000,000 refugees have abandoned jobs, homes, and often their families in East Germany to escape oppression or to search for better

only increase its food supply, now rationed, by increasing production and not by increasing nonfood exports. Grain imports in 1957 exceeded the domestic supply of grain available for sale.

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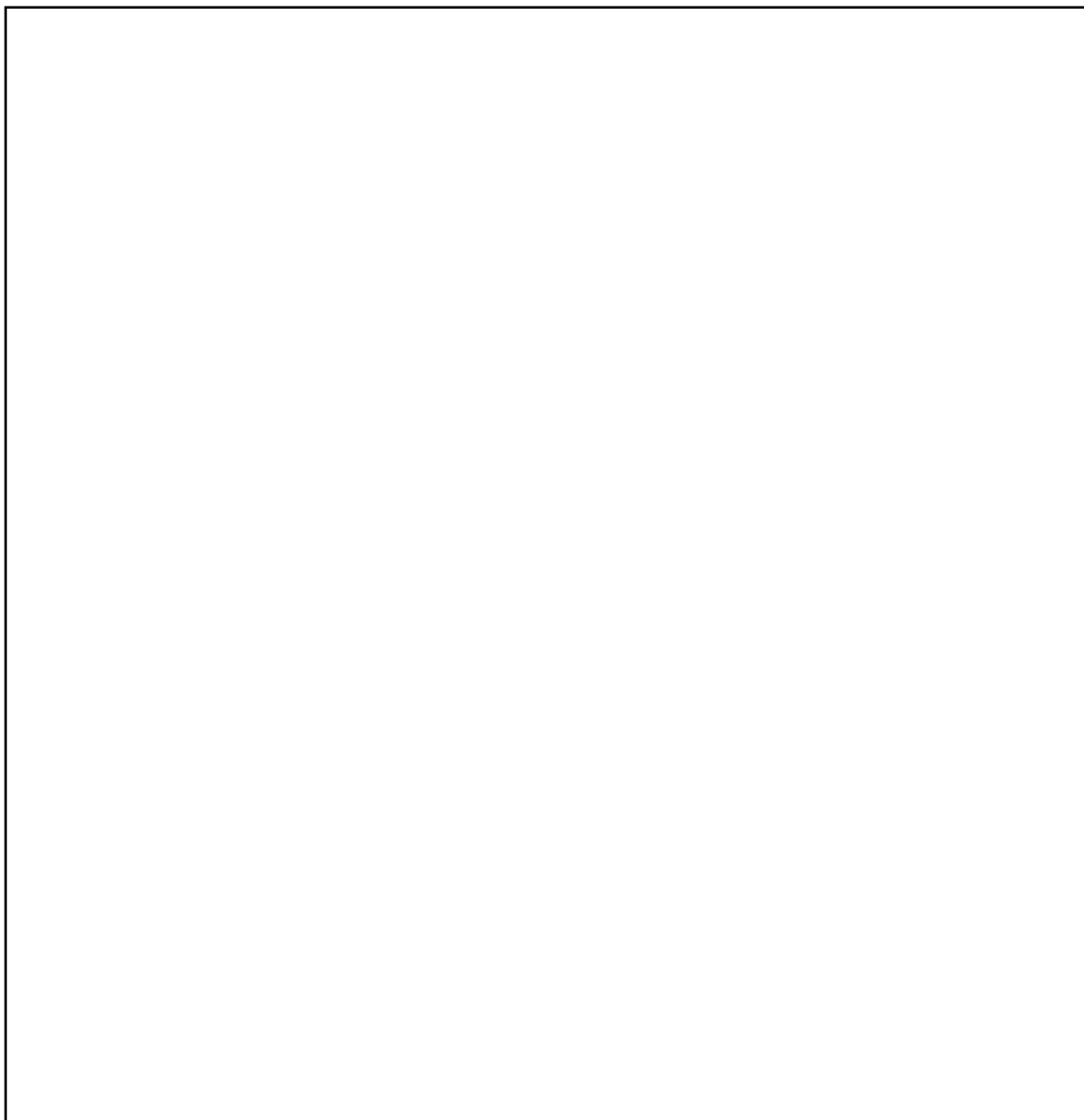
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Probably the most damaging effect of the refugee flow on East German industry has been the loss of technicians. Although the number is small, it is a serious deterrent to an

economy striving to increase productivity through mechanization and the adoption of modern techniques. [REDACTED]
(Prepared by ORR)

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THE ARGENTINE ELECTIONS OF 23 FEBRUARY

In Argentina's first presidential campaign since the overthrow of Peron, Arturo Frondizi, demagogic candidate of the Intransigent Radical party, appears to have pulled into the lead. The multiparty campaign will also result in the election of a new congress. Frondizi's lead results primarily from last-minute support by Peronista groups and by the Communist party. This alignment is likely to lead to unrest and plotting among ultra-conservative military elements. Provisional President Aramburu still appears, however, to have decisive military support for his promise to hold the elections as scheduled on 23 February and to turn over power to the elected government on 1 May.

Frondizi's principal opponent, the more moderate Ricardo Balbin of the Popular Radical party, was the favorite in the race until early February. On the basis of the party's showing in the July 1957 constituent assembly elections, the Popular Radicals held a substantial lead in the federal capital and the populous provinces of Buenos Aires, Cordoba, and Santa Fe, and were thus expected to control the needed absolute majority in the electoral college which will be convened on 17 March. The strength of the Communists and Peronistas is also concentrated in these provinces,

however, and their support for Frondizi there would probably put him in control of the majority.

The Peronistas are still squabbling among themselves, but as little as 25 percent of their voting strength would assure Frondizi of victory and, under the present electoral system, would give his party over half the seats in the new congress.

Balbin's chief hope now is that segments of the smaller moderate parties will abandon their own presidential candidates and vote for him as a reaction to the extremist support for Frondizi. Both Balbin and Frondizi are running on nationalistic platforms, but Balbin is considered personally more moderate and more friendly to the United States as well as being anti-Peronista.

Peron's manifesto of 4 February in which he instructed his followers to vote "in an appropriate manner against the tyranny" has been widely interpreted as a tacit endorsement of Frondizi in contrast to the order last July for Peronistas to cast blank ballots.

Despite Frondizi's denials, many sources believe Peron's statement reflects a secret agreement by which Frondizi would be obliged to permit legalization of the Peronista

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party and reintegration of pro-Peronistas into the armed forces. While most government and political leaders probably do not believe the opportunistic Frondizi would fully honor

an agreement with Peron or anyone else, his election would probably lead to a period of uncertainty as to whether the conservative military would attempt a coup.

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KENYA

Prospects for stability and orderly constitutional evolution in the British colony of Kenya have recently deteriorated as a result of increased African agitation for a larger voice in the government.

Spearheading the drive on the political level are the eight elected African members of the Legislative Council who, since their election last March, have refused to associate themselves with Kenya's quasi-executive organ. Their minimum price for cooperation, they insist, is that 15 more elective African seats be added to the 58-member multiracial council. Their position appears to have received widespread support from the politically conscious minority among the colony's approximately 6,000,000 Africans.

In an effort to compromise the issue and avert a constitutional impasse, Britain last November scrapped the Lyttleton plan--implemented in 1954 and supposedly untouchable until 1960--and announced that six new elected African members would be added to the council. However, the African leaders--whose most articulate spokesman is Kenya Federation of Labor chief Tom Mboya--unanimously condemned the new British proposals, which included other features apparently designed in part to strengthen London's influence locally. Nevertheless, the African leaders have

not so far encouraged a boycott of the elections for the new council constituencies scheduled for March.

Rising tension in the Nairobi area and the development of serious disorders at a 23 January meeting organized by Mboya have prompted the Kenya administration to prohibit Africans from holding public political gatherings in the capital. Africans have also been barred from carrying weapons after dark, and the Kenya police commissioner believes it may eventually become necessary to impose martial law. Licenses to make political speeches have been obligatory for some time, and colony-wide African parties have not been permitted for several years.

Since mid-January the government has discovered and suppressed two new subversive African secret societies with anti-European objectives and ritualistic characteristics similar to those associated with the recently defeated Mau Mau. Although the new movements have apparently not become widespread like the Mau Mau, they are centered in the Kikuyu tribe--Kenya's largest--and another closely related tribe.

Kenya officials, apprehensive that the African drive for rapid political advancement might remove all chances for orderly development, are trying to facilitate the election

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next month of moderate Africans, who they hope may challenge the present intransigent leadership of the nationalist movement. They would particularly like to secure the election of tractable Kikuyus--regarded as natural rivals of the Luo tribesmen whose influence now predominates among

elected African council members--but this strategem appears unlikely to succeed. One of the most prominent Kikuyu candidates has recently declared his support of Mboya's aims and indicated his belief that the expanded African bloc in the council will present a solidly united front. [REDACTED]

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PAKISTAN'S GOVERNMENT COALITION MAY BE THREATENED

The budget session of Pakistan's National Assembly opening on 17 February may see attempts by those outside the coalition, probably supported by President Mirza, to break up Prime Minister Noon's two-month-old government. In addition, the budget itself will have special importance this year as a test of the government's ability to deal effectively with the deteriorating economic situation.

Noon's six-party coalition was formed in mid-December after his Republican party caused the fall of former Prime Minister Chundrigar's government by withdrawing from the Republican-Moslem League coalition. Despite the strong opposition of Mirza, original patron of the Republican party, the Republicans formed a new coalition with nearly all groups then in opposition and assumed office with a relatively safe majority in the National Assembly. Political maneuvering in recent weeks reflects Mirza's desire to replace the present government, probably by promoting defections from the Republican party to the Moslem League, with one he can control to suit his own political interests.

Mirza's scheming against the coalition apparently is motivated primarily by fear of H. S. Suhrawardy, powerful

leader of the Awami League who was ousted as prime minister in October. Suhrawardy exerts a controlling influence over Noon's government by providing essential support without allowing his party to join the cabinet. If national elections are held under this government next November as promised, Suhrawardy probably would emerge with dominant political strength. He would then be in a position to throw his support to some candidate other than Mirza in the parliamentary voting for president.

Noon's government cannot be unseated easily, since it appears to have a comfortable margin of supporters united by their opposition to the Moslem League and its negotiations with Mirza. Loyalties can shift rapidly, however, once the parliamentary maneuvering begins. The absence of Suhrawardy, who will be in Europe for medical treatment until late March, is likely to weaken the coalition's unity.

Should the present government fall, Mirza would be in a position to claim that all political parties have failed to provide stable leadership and that his only alternative is resort to authoritarian rule. There is some evidence, however, that he no longer commands the general support necessary for such a move. [REDACTED]

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THE PHILIPPINES

Since beginning his second term in December, Philippine President Garcia has been preoccupied largely with economic problems. His administration's major actions have been emergency measures to meet growing inflationary pressures, the rapid decline of the country's foreign exchange reserves, and the prospects of a serious rice shortage resulting from drought and speculation. An austerity program, involving some slow-down of economic development, has been launched through credit and import cuts, reduced government spending, and curbs of illegal foreign exchange transactions. Whether the program can be enforced is still uncertain. The probable need to increase rice imports has aggravated economic difficulties.

The Philippines may hope eventually to resolve its economic problems through a currency stabilization loan from the United States. Garcia may be contemplating early peso devaluation to precede such a request. So far, Garcia has sought only a loan to construct a steel mill and indicated he may seek a loan for economic development, allowing use of foreign exchange earnings for more immediate needs.

In the political field, Garcia has moved slowly. He has yet to fill several cabinet posts and, when he does so, apparently intends to rely heavily on consultations with the Council of Leaders, a congressional advisory body. Possible difficulties with Congress

have been foreshadowed by the anti-Garcia flavor of disputes over organization of the lower house in the first week of the new congressional session. Although Garcia apparently hoped to include Vice President Macapagal, a member of the opposition Liberal party, in his cabinet, both the Liberals and administration Nacionalistas have opposed such a development, and Macapagal has already moved to assert opposition leadership.

Although Garcia has expressed his intention to reopen talks with the United States on military bases on the diplomatic level, such a move has been delayed by his failure to name a permanent foreign affairs secretary. Garcia's attitude toward a final bases settlement, moreover, remains uncertain in view of his hesitation to dissolve the Philippine panel which handled the suspended 1956 talks, and by recent indications that he will elevate Under Secretary of Justice Jesus Barrera to the cabinet. As a member of the panel, Barrera proved the major obstacle to an acceptable revision of terms governing jurisdiction over American military personnel, and, as secretary of justice, he would be in a position to cause trouble on this question.



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the bases question and threats of a more neutralist orientation may be used to pressure the United States for greater financial concessions.



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PART III

PATTERNS AND PERSPECTIVES

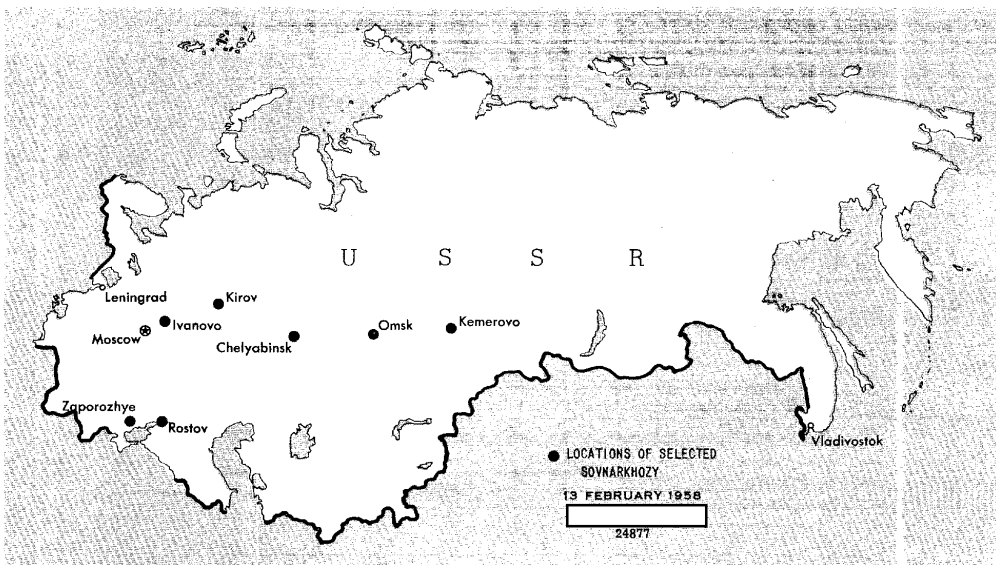
PERSONNEL PROBLEMS IN THE SOVIET INDUSTRIAL REORGANIZATION

The Khrushchev-engineered industrial reorganization in the USSR, still in its early stages, apparently has not yet succeeded in significantly paring the number of economic administrative personnel. Many of the hundreds of thousands of administrators from the abolished ministries have remained in Moscow and other major cities and 104 regional councils of national economy (sovnarkhozy) are being staffed largely by local personnel. Identifications to date of top sovnarkhoz officials show that experienced industrial managers, rather than party careerists, have received most of the council chairmanships. While the reorganization may ameliorate some administrative difficulties stemming from the overcentralization of the economy, it heightens the problem of "localism" which the regime is combating through a strengthened party apparatus and a revamped State Planning Commission (Gosplan).

Personnel Problems

There is abundant evidence that most employees of the abolished ministries have been loath to leave Moscow, where decisions are made and promotions doled out. According to a statement in late October by the first deputy chairman of the Moscow City Soviet, very few officials of the former ministries had left Moscow and he did not expect many to do so. Apparently many of the administrators who did have to leave for the provinces have left their families in Moscow and will attempt to return to the capital at the first opportunity.

Of 20 former USSR ministers whose present positions have been identified, 11 have remained in Moscow as ministers of the Russian Republic (RSFSR) or as deputy chairmen of the USSR and RSFSR Gosplans, and only four have appointed sovnarkhoz chairmen. Of the few former deputy USSR ministers



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Present Positions of 25 Former USSR Ministers

Officials of USSR Gosplan	5
Officials of Russian, Ukraine, and Kazakh Republic Gosplans	3
Russian Republic Ministers	5
Sovnarkhoz Chairmen	4
Kazakh Republic Minister	1
Oblast Party Secretary	1
Demoted	1
Unknown	5

Present Positions of 54 Former USSR Deputy Ministers

(Only about 20 percent of former USSR deputy ministers have been identified in new jobs.)

Sovnarkhoz Chairmen	22
Sovnarkhoz Deputy Chairmen	10
Officials of USSR and Russian, Ukraine, Kazakh, and Turkmen Republic Gos- plans	21
Head of Moscow Regional Building Directorate	1

Previous Posts of 73 Sovnarkhoz Chairmen

(86 of the 104 sovnarkhoz chairmen have been identified by name and 73 of these by former position. Of the 86 identified, only two are members and three candidate members of the party central committee.)

USSR Deputy Ministers	22
Republic Ministers	21
Plant, Trust, and Combine Heads	9
USSR Ministers	4
Trade Union and Other Eco- nomic Administrative Posts	6
Party Posts	5
Both Party and Industrial Posts	6

Previous Posts of 50 Sovnarkhoz Deputy Chairmen

(These 52 constitute a small percentage of the sovnarkhoz deputy chairmen.)

Republic Ministers	22
USSR Deputy Ministers	10
Plant, Trust, and Combine Heads	9
Other Economic Adminis- trative Posts	4
Party Posts	5

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whose present jobs are known, nine have been assigned jobs in Moscow and 22 have become chairmen and deputy chairmen of sovnarkhozy. Many of these ministers and deputy ministers have suffered a diminution of prestige.

Throughout the late summer and fall there have been numerous complaints in the press about staffing difficulties in the sovnarkhozy. As late as 13 October, four months after the reorganization was to have been accomplished, the Kirov Sovnarkhoz had yet to fill 73 jobs. This derived in part

from the dearth of former ministerial personnel available for these particular positions. The chairmen of the Ivanovo Sovnarkhoz in June stated that only 15 of the 650 staff members of the sovnarkhoz had come from Moscow. Only 18 out of an expected 83 Moscow specialists had arrived in the Kemerovo Sovnarkhoz.

Aside from the reluctance of people to leave the capital cities, another factor in the staffing picture has been the resistance of provincial officials to persons from the central industrial apparatus who are not familiar with local conditions. Officials in the city of Chelyabinsk recently

[redacted] that most of the ex-ministry people would be useless in the sovnarkhozy since they have been too far removed from the conditions of industrial work to be of much immediate use.

Most sovnarkhoz staffs have been filled by local people, not only administrative personnel but in some cases specialists and engineers previously directly involved in production. The chairman of the Zaporozhye Sovnarkhoz, complaining about withdrawing engineers from production, wrote in Party Life: "We attempted to take as few specialists as possible from enterprises; unfortunately, we did not succeed." Thus it would appear that the number of Soviet industrial administrative personnel has not been substantially reduced.

The Central Statistical Administration itself reported on 27 January that only 56,000 employees of the former ministries, departments, and other administrative organizations had been freed to work directly in industry.

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Sovnarkhozy Problems

From the virulent press criticism of the past several months, it is apparent that methods of bureaucratic operation have not been entirely eliminated. One of the major advantages cited for the new system was that it would allow economic administrators to keep direct tab on plant operations and make on-the-spot decisions, but some administrators apparently have reverted to the routine of endless conferences and paper work.

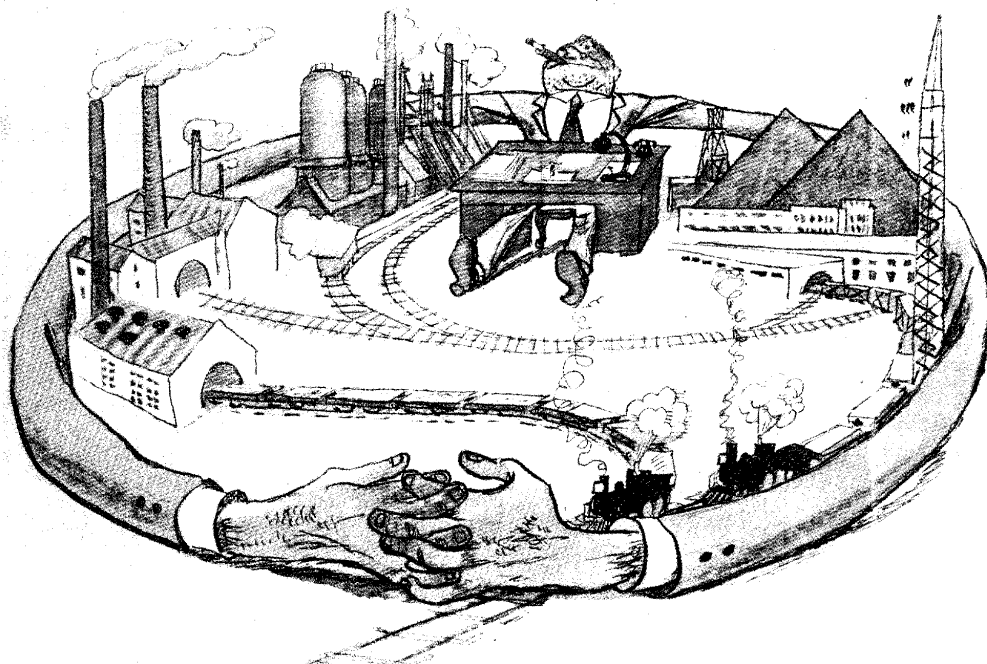
Perhaps most adversely affected by the abolition of the centralized ministries are the state import-export organizations, which now must deal with the individual sovnarkhozy instead of a few ministries as before.

A major goal of the new system of administration is the establishment of new supply relationships. These supposedly are to be worked out

directly between enterprises but are to be consistent with the "single state economic plan." The primacy of state interests over "localism" is being constantly stressed; the chairman of the Omsk Sovnarkhoz, explaining that his region ships goods to 101 regions, has observed that "great effort is required to change the attitudes of directors of several enterprises toward fulfilling orders of other economic regions."

The primacy of state interests must be constantly asserted to counter attempts by some enterprises to reduce production of goods in national demand and even, in several instances, to attempt to divert resources from heavy to light industry.

To combat localism, fines have been levied on plant directors failing to fulfill interregional obligations, and one sovnarkhoz chairman instructed plant directors that deliveries outside the economic region



--- MINE !

(HOW SOME ECONOMIC EXECUTIVES UNDERSTAND THE REORGANIZATION OF INDUSTRIAL ADMINISTRATION)

FROM KROKODIL 20 AUGUST 1957

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have priority over internal shipments. However, the regime is relying primarily on a strengthened Gosplan apparatus and regional party committees to ensure proper sovnarkhoz operation.

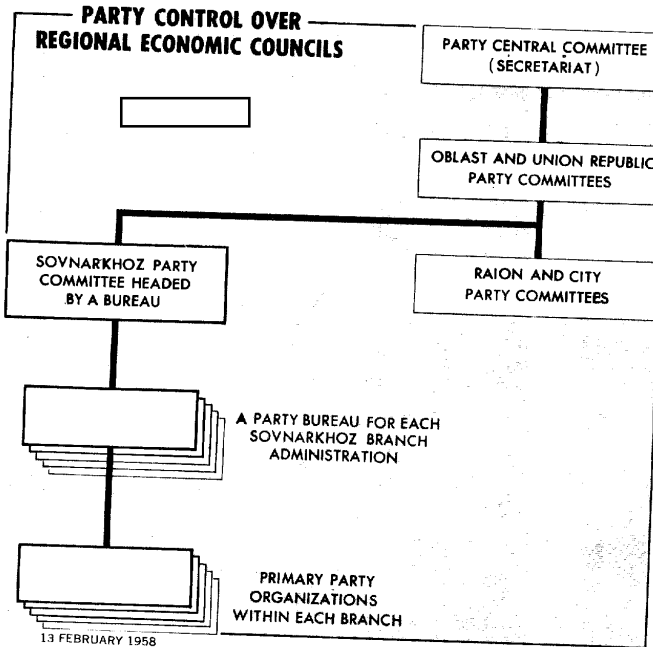
The considerable number of appointments of former top ministerial officials to the Gosplan apparatus attests to the increasing importance of this body. Eight former USSR ministers and 21 former USSR deputy ministers have been identified as working for Gosplan in Moscow, the Ukraine, Kazakhstan, and Turkmenistan.

Recently there have been suggestions in the press that the RSFSR Gosplan Department for Coordination of Sovnarkhozy should be strengthened to oversee operationally the fulfillment of delivery obligations among the sovnarkhozy.

In strengthening Gosplan, however, the regime could repeat some of the excesses of the overcentralized economy which marked the ministerial system of administration. The chairman of the Rostov Sovnarkhoz recently complained that it was necessary to send 30 people to Moscow for two weeks in order to push the sovnarkhoz plan through the 36 divisions of the RSFSR Gosplan concerned. Such action points up the fact that major economic decisions are still made in the capital.

Regional Party Control

In accordance with Khrushchev's predilection to



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strengthen the control of the party apparatus over all phases and levels of Soviet life, the party committees at the oblast and republic levels have been entrusted with overseeing the operations of their counterpart sovnarkhozy. Each sovnarkhoz has its own party organization, which is directly subordinate to the corresponding oblast or republic party committee. Each sovnarkhoz party organization, directed by a bureau and composed of all the party members within the sovnarkhoz, is divided into primary party groups headed by bureaus and secretaries in each branch administration. According to an article in Party Life, the main tasks of the sovnarkhoz party organizations are to see that the nation's interests are served, to eliminate localism, to get sovnarkhoz officials into the factories, and to prevent overstaffing, bureaucratic procedures, and waste.

The sovnarkhoz party organization is to report any

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difficulties to the regional oblast or republic party committee, which in turn will investigate the problem and take action. The regional party committees have primary responsibility for personnel appointments to the sovnarkhoz. The regional units have apparently also taken an active part in the planning process.

Before the reorganization, the regional party organizations in many cases found it difficult to deal with the centralized ministries on economic matters within their geographic domains. Consequently, either the party committees were cut out of economic matters, or else they appealed to the appropriate department in the central committee apparatus to take action. Now, however, the regional party

committee has direct access to the operations of the sovnarkhoz--the sovnarkhoz chairman is included on the bureau of the regional party committee--and thus is in a position to influence strongly the economic operations within its territory.

The appointment of Frol Kozlov, presidium member and former Leningrad party boss, as chairman of the RSFSR Council of Ministers may indicate the regime's eagerness to maintain strict party control over the reorganized industrial management. The recent strengthening of the secretariat of the party central committee reflects the increased work load of the party apparatus and the need to maintain close contact with regional party committees.

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(Concurred in by ORR)

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AFGHANISTAN'S DEBT TO THE SOVIET BLOC

Afghanistan probably has committed Soviet bloc funds amounting to about \$54,000,000 since 1954. Under the Soviet \$100,000,000 credit extended in January 1956, the Afghan Government committed approximately \$11,000,000 for construction on three large projects in 1957. At least \$2,000,000 had been used for three relatively small construction contracts and 20 project surveys in 1956. The government has also used about \$41,000,000 of the amount made available by several minor bloc credits extended in 1954, the Soviet arms agreement of 1956, a Czech arms agreement, and the

1958 Soviet oil exploration agreement.

A further increase of Afghanistan's debt to the Soviet bloc and bloc economic assistance activity in Afghanistan will largely depend on the implementation of projects financed by the Soviet \$100,000,000 credit. This credit continues to provide Kabul with its major source of foreign exchange for development projects. Soviet bloc credits outside the \$100,000,000 loan, including \$32,391,000 for arms aid and \$15,000,000 under the 1958 oil exploration agreement, probably total \$58,991,000.

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The number of active Soviet projects in Afghanistan was cut in about half between late 1956 and December 1957, but the rate of fund commitment under the \$100,000,000 credit apparently increased from at least \$2,000,000 in 1956 to about \$11,000,000 in 1957. Numerous preliminary surveys following the announcement of that credit used up only a small part of the projects' cost. Subsequent engineering surveys used more funds, but most of the funds for a project are obligated when a construction contract is signed. Only about six out of approximately 25 possible construction contracts have yet been signed.

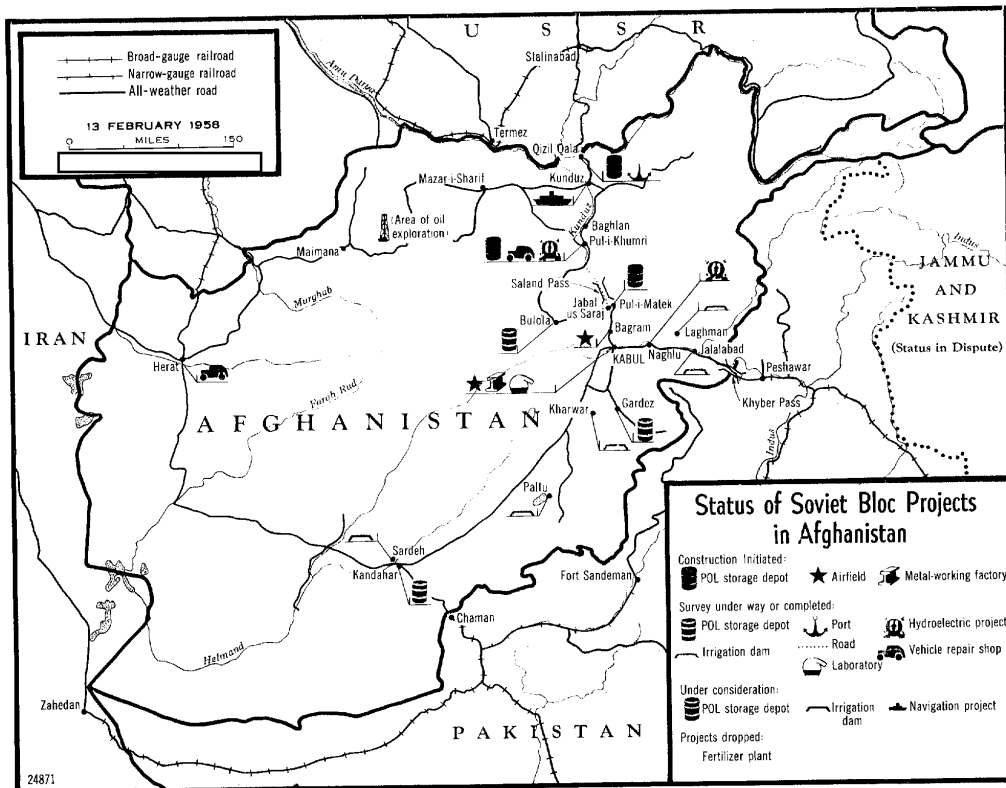
Three relatively small Soviet projects of the possible 25 under the Soviet \$100,000,000 line of credit were already under construction by June 1957, the beginning of the Afghan annual building season. These

were the oil storage depots at Pul-i-Matek, Pul-i-Khumri, and Qizil Qala.

Progress During 1957

Construction was begun in 1957 on three major projects under the \$100,000,000 credit--the military airfield at Bagram, the civil airfield in Kabul, and three plants for the Jungalot industrial complex in Kabul, including a vehicle repair shop, a foundry, and a metalworking shop. These projects probably obligated about \$11,000,000 of the credit.

Some progress was made on the preliminary survey and engineering survey stages of at least six more undertakings during 1957. These surveys were for vehicle repair shops at Herat and Pul-i-Khumri, a gasoline storage depot at Kandahar, a physical laboratory in Kabul, an irrigation project at Laghman, and a



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hydroelectric project at Pul-i-Khumri.

Eleven projects, however, made no perceptible progress during the 1957 building season. Most are probably being delayed or dropped because of the high costs in domestic currency as well as in Soviet credit.

In the Kabul area, the large amount of domestic currency needed apparently is delaying indefinitely the Naghlu hydroelectric project. The status of the projected Salang Pass road, which is expected to require \$20,000,000 of the \$100,000,000 line of credit, is in doubt, as is the irrigation project at Jalalabad. Since the USSR could offer only a plant too large for Afghan needs, the proposed Kabul fertilizer plant was dropped.

In northern Afghanistan, the Kunduz River navigation project is being reconsidered. Because of a shortage of domestic currency to cover local costs, port construction at Qizil Qala was suspended. No activity was evident on the oil storage depot which was considered for Bulola.

No progress was made in 1957 on the four projects under consideration in 1956 for the region south of Kabul. The three irrigation projects here remained in the preliminary survey stage throughout the 1957 building season. No activity was evident on the oil storage depot which was considered for Gardez.

These inactive projects include one intended to develop power, five to develop transportation, and five to develop agriculture. Apparently little use has been made of funds from the \$100,000,000 to develop agriculture.

Transportation Emphasized

The Soviet economic projects which are making progress

are located in the major Afghan commercial areas--the east-west arc along the northern border and the valleys north and east of Kabul. Only one small project, a gasoline storage facility, is being surveyed in southern Afghanistan, at Kandahar airport.

Most of the active projects are intended to develop transportation. The vehicle repair shops, the oil storage facilities, and the improved Kabul airport will all support Afghan commercial activity, which is concentrated in the area of Soviet activity.

Projects financed under the 1954 Czech loan of \$5,000,000, on the other hand, are all manufacturing plants and essentially complement Soviet projects. Three Czech projects have reached the construction stage--the Kabul brick and tile factory, the Kandahar fruit cannery, and the Jabal-us-Siraj cement factory, which was completed in 1957.

Repayment of Debt

The Communist bloc's economic program in Afghanistan is progressing in spite of delays and false starts. Since 1954, Afghanistan has actually used about \$41,000,000 under the several minor Soviet credits extended in 1954 for a bakery and silos, street paving and buses, and oil storage tanks, the Czech credit of 1954, and the Soviet and Czech arms agreements of 1956. This debt apparently must be repaid between 1954 and 1963.

Payments on the \$100,000,000 loan are to begin in 1963, and Kabul then has 22 years to pay a sum of about \$150,000,000 including interest, if it uses the total \$100,000,000.

An additional \$15,000,000 outside the \$100,000,000, however, may be used during the next four years for a Soviet-

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assisted oil exploration program in northern Afghanistan.

The Afghan Government has stated that \$7,500,000 has been allocated to pay principal and interest on foreign debts, both Soviet bloc and free world, during the present fiscal year out of its total anticipated foreign currency earnings of \$53,000,000. The government thinks it can hold foreign exchange expenditures for all other items --including imports--down enough to provide such a surplus.

Payments for principal and interest will rise to a peak of \$16,300,000 in 1963-1964, according to the government. Afghanistan will find it difficult to increase its payments as rapidly as necessary out of its foreign exchange earnings unless it implements its economic development program more rapidly than appears likely. This suggests that Afghanistan may attempt to reschedule its re-payment obligations. [redacted] [redacted] Concluded in by ORR)

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OUTLOOK FOR THE WEST INDIES FEDERATION

The new West Indies Federation, which holds its first parliamentary elections next month, faces major tests of economic and political stability before it can attain its ultimate goal of independence within the Commonwealth. Extending in a 2,000-mile crescent from Jamaica to Trinidad, the ten British colonies have only 8,000 square miles of land and few natural resources to support over 3,000,000 people. The sense of common interest is so little developed that most prominent politicians are unwilling to surrender local office to run for federal posts.

The formal inauguration of the federation on 3 January was more the result of 12 years of persistent British encouragement than of indigenous West Indian demand. Britain, which has long found the islands an economic liability with little if any remaining strategic value, was mainly intent on getting them to stand on their own feet,

economically and politically, in a way that would be impossible for each of the territories separately. To this end, London drew extensively on past Commonwealth experience and granted the new federation nearly complete internal self-government.

The Federal Government

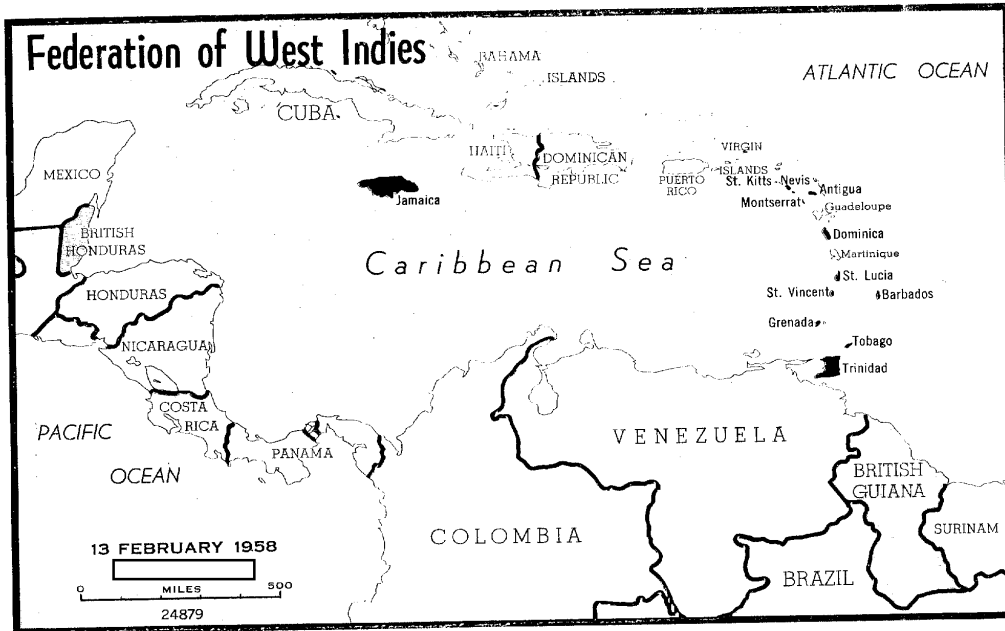
With a constitution modeled after Australia's pattern of stated division of powers between the federal and unit governments, the federal government has jurisdiction over defense, foreign aid and relations, and immigration and emigration, though subject to British concurrence for the present. Control over taxes, customs, trade, and commerce will be exercised jointly by the federal and unit governments and will be a potential source of controversy. Success in avoiding such friction will greatly influence London's willingness to continue with the constitutional

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timetable calling for further steps in the next five years toward independence within the Commonwealth.

Principal legislative authority rests in the 45-member House of Representatives elected by universal suffrage for a five-year term. The house will choose the prime minister, who will in effect pick the ten members of the Executive Council. Three civil servants and the governor general are nonvoting members. A 19-seat Senate, appointed by the governor general, may delay any except finance bills for one year.

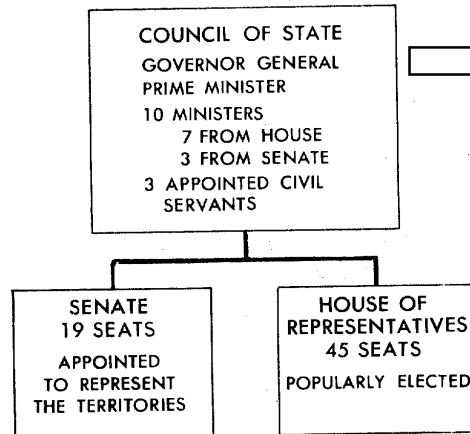
At the present stage, much depends on the leadership of the governor general, who possesses a veto power over federal legislation, may dissolve parliament, and is empowered to legislate in its absence. The present governor general, Lord Hailes, is without experience

in colonial affairs, however, having been a lesser member of Sir Anthony Eden's government.

Economic Problems

The federation's most serious potential difficulties are probably economic. Although bauxite and oil industries are developing rapidly in Jamaica and Trinidad, respectively, the area as a whole is still largely dependent on a few export crops,

WEST INDIES FEDERATION: GOVERNMENT STRUCTURE



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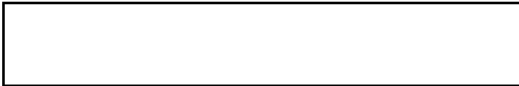
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especially sugar, which has long relied on a protected British market. Much of the land area is unsuited for agriculture and the islands have few mineral resources.

Population pressure is severe on Barbados and some other islands, but efforts to encourage emigration to wealthier, less crowded Trinidad meet opposition from that colony. More substantial relief would be afforded if the two mainland colonies of British Guiana and British Honduras are eventually induced to join the federation, since both have much undeveloped land and British Guiana has mineral resources. There is, however, strong opposition to joining in both colonies.

The federation seems likely to continue in need of financial aid for some time to come. The primary sources of revenue will be a mandatory levy on the unit governments and foreign aid. London will help pay for building the federal capital and will continue for the present to subsidize the unit governments



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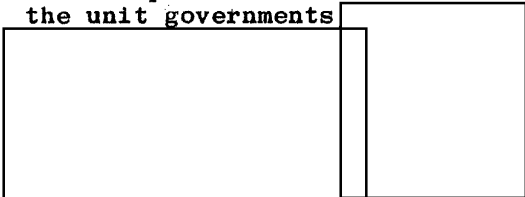
On economic development projects, the federal government will probably approach Canada and the United States. There is some radical sentiment in favor of approaching the Soviet Union if requests to the West are not granted.

An integrated trade policy is an accepted principle, as is introduction of a customs union for the federation. Opposition to the customs union is developing in Jamaica, however, which fears that its highly protected economy will be wrecked and which may, therefore, seek a 20-year respite. Trinidad and the lesser islands, which have relatively low tariffs, see the proposals for internal free trade as a principal benefit of federation and will seek early action.

Political Activity

These local differences in economic interest are reflected in the political activity. Two federation-wide parties have recently been organized to run candidates in the parliamentary elections of 25 March. The stronger of these, the moderate socialist

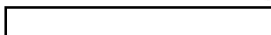
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AFFILIATES OF THE FEDERATION-WIDE POLITICAL PARTIES

COUNTRY	FEDERAL LABOR PARTY			DEMOCRATIC LABOR PARTY	
	MEMBERS IN HOUSE	MEMBERS IN SENATE	OUTSTANDING PERSONALITY	PARTY	OUTSTANDING PERSONALITY
17 Jamaica	2		Norman Manley	Jamaica Labor Party	Alexander Bustamante
10 Trinidad	2		Eric Williams	Trinidad Labor Party Party of Political Progress Groups People's Democratic Party	Victor Bryan Albert Gomes Bhadase Maraj
5 Barbados	2		Sir Grantley Adams	Democratic Labor Party	
2 Antigua	2		V. C. Bird	Antigua National Party	
2 St. Kitts-Nevis	2		Robert Bradshaw J. N. France	St. Kitts Democratic Party	
2 Dominica	2				
2 St. Lucia	2		Carl Lacorbiniere		
2 St. Vincent	2			People's Party	Ebenezer Joshua (Communist)
2 Grenada	2				
1 Montserrat	1		W. H. Bramble		

PARTIES PRESENTLY IN CONTROL OF LEGISLATURE



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Federal Labor party (FLP) is led by Jamaica's chief minister, Norman Manley, whom the British Colonial Office considers best qualified to be the federation's first prime minister. Manley, however, is unwilling to give up his present office to run for the federal Parliament, evidently fearing that the opposition party in



Jamaica, led by Sir Alexander Bustamente, might use the customs union issue to overthrow his party in the next Jamaican elections and, if victorious, withdraw Jamaica from the federation.

Since federation without a customs union makes little economic sense, and without Jamaica makes little political sense, this issue may determine the future of the federation.

Another leading prospect for the prime ministership, Eric Williams, chief minister of Trinidad, also faces difficulties from his local opposition party and has announced his intention not to run for federal office, leaving the field open for Sir Grantley Adams, premier of Barbados. Adams is second in command to Manley in the FLP and enjoys his support.

The 59-year-old Adams, a onetime radical socialist sobered by his 24 years of office-holding in Barbados, has been

referred to by the British press as the "elder statesman of the West Indies." The British Colonial Office considers him one of the few men in the West Indies capable of giving the federation the same quality of leadership as Manley.

The second federation party is the less radical Democratic Labor party (DLP), which is led by Bustamente. He also is personally abstaining from running in the federal elections, and supports Ashford Sinanan of Trinidad.

Relations With the US

Despite general friendliness toward the United States, difficulties in official relations are possible as a result of the federation's request to build the capital at Chaguaramas, Trinidad, a US naval base with a missile-tracking station under construction. Lack of funds has led several politicians, notably Eric Williams of Trinidad, to demand that the United States sacrifice the base which was leased from the UK in 1941 for 99 years. They charge that the missile-tracking station will become a launching site for ICBM's, thus inviting a nuclear attack on Trinidad in the event of war.

The US air base at Waller Field, Trinidad, an alternate site considered too small by West Indians, may be reluctantly accepted if the present joint commission of US, UK, and West Indian delegates rejects Chaguaramas. The dispute over Chaguaramas is almost certain to be one of the primary issues in the forthcoming federal elections. Bustamente's DLP, whose leaders stress support for good relations with the United States, claims that the FLP has already gone too far in pressing for the base. The British Colonial Office fears that outright US rejection of West Indian demands will deal a fatal blow to the federation, and is trying to arrange a compromise solution. 25X1

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INTERNATIONAL CONFERENCE ON THE LAW OF THE SEA

The divergent claims of states over their adjacent sea areas will be highlighted at the International Conference on the Law of the Sea at Geneva beginning 24 February. The conference, under United Nations sponsorship, is being convened to draw up agreements defining numerous aspects of international maritime law. Representatives of about 89 countries will attend. The problem of the extent of "territorial sea," over which a coastal state has full sovereignty, will be one of the most difficult the conference will attempt to solve.

Other subjects to be reviewed by the conference include: methods of measuring territorial waters, freedom of "innocent passage" for ships and the regulation of such passage through territorial waters, rights exercised by the coastal state in the "contiguous zone" beyond the territorial waters, extent of the contiguous zone, regulation of fishing and conservation of marine resources on the high seas, jurisdiction over the continental shelf, freedom of movement for ships and aircraft on and over the high seas, laying of cables and pipelines under the high seas, nationality status of ships, and policing of the seas.

The three-nautical-mile limit for territorial waters has come under increasing attack since the end of World War II. Traditionally the principal maritime countries--the United Kingdom, the United States, and Japan--have favored the three-mile limit for the area of exclusive national jurisdiction. Aligned against these powers are the countries with limited

maritime interests, countries desiring exclusive control over offshore marine resources, and many of the new Afro-Asian states. Of 62 coastal states having definite policies, about 30 restrict their claims to three miles. Several of these 30, however, are on the point of making more extensive claims.

The Soviet Union has long claimed a 12-mile limit and has sought to close particular areas beyond this limit along its coasts. Several Soviet satellites, together with about four free world states, also claim 12 miles, and most of the Arab states, Indonesia, and possibly some other countries seem ready to concur.

Maintenance of jurisdiction over the contiguous zone beyond the territorial waters has long been practiced to prevent smuggling and for other purposes. Now there is a tendency to extend the width of these zones and to increase the type of control exercised over them. Some countries have claimed partial jurisdiction over areas ranging up to a distance of 200 miles offshore. Canada has proposed that a zone 12 miles wide be established for the control of fisheries. Presumably the zone would be divided between a three-mile belt of territorial waters and a nine-mile contiguous zone.

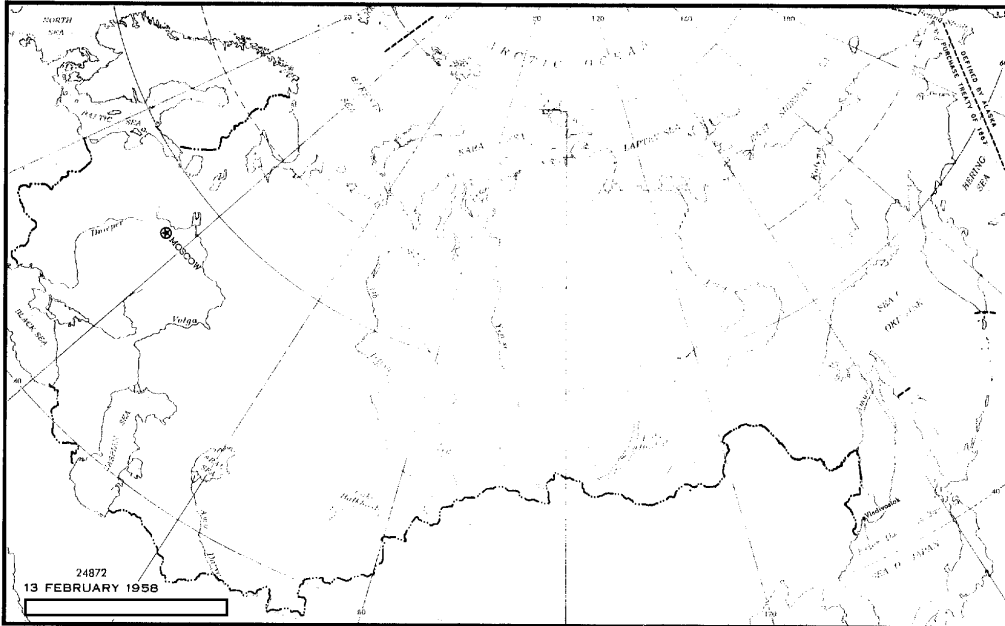
In view of the growing frequency of more extensive claims, it seems doubtful that the three-mile principle will be acceptable to the conferees. The British are reported ready to offer a compromise proposal, possibly of six miles, rather than have the conference adopt a 12-mile limit or fail to come

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to any agreement. The Soviet bloc will doubtless attempt to exploit the differences between those advocating the three-mile limit and the other conference members.

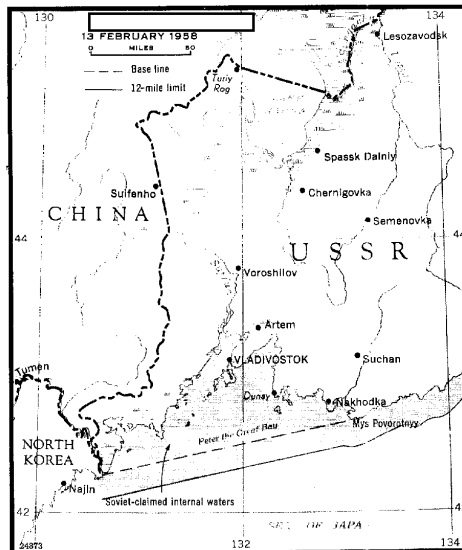
Czechoslovakia and Afghanistan called a preliminary meeting of some 13 landlocked states, probably to influence their views on the territorial sea question and other issues, although the main interest of these states is in the question of access to the sea.

Conflicting interests in respect to territorial waters have long given rise to numerous disputes, most recently regarding the waters of the USSR, Indonesia, Iceland, and the Gulf of Aqaba.

USSR

Following Czarist precedents, the Soviet Union formalized its claim to sovereignty

over a 12-mile zone. After World War II the USSR became embroiled with Sweden and Denmark when it extended its 12-mile claim to the Baltic coast, where three- and four-mile limits had previously been recognized. It has also claimed the waters of the Bering Sea and Strait from the Siberian mainland



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eastward to the line defined in the Alaska Purchase Treaty of 1867. There are indications that the USSR regards the Arctic Ocean from the coast to the North Pole--particularly the Kara, Laptev, and East Siberian Seas--as within its jurisdiction.

The USSR has several times attempted without success to secure Japanese assent to closing the Sea of Japan to naval vessels of those countries not bordering on the sea. Semiofficially, the Russians have described the Sea of Okhotsk as a "great bay" surrounded by Soviet territory that should be closed to outside ships and aircraft, a view aimed particularly at Japanese fishing fleets. The latest move to exclude foreign vessels and aircraft from Far Eastern waters occurred on 31 July 1957 with the closing of Peter the Great

on geographic, historic, economic, and security grounds.

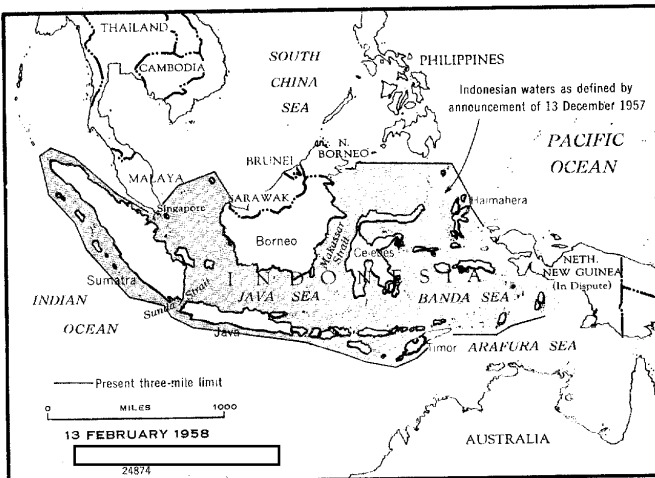
Indonesia

The Indonesian Council of Ministers announced proposed legislation on 13 December 1957 defining all waters around the islands comprising the republic as "national waters" under Indonesian sovereignty. Indonesia's territorial sea would also be extended outward 12 nautical miles, from "straight base lines," drawn to connect the outermost points of the islands. The straight-base-line method, differing from the method of following coastal irregularities, was given qualified approval by the International Court of Justice in the Anglo-Norwegian fisheries case in 1951. Little opposition is expected to passage of the legislation by the Indonesian Parliament.

The Indonesian legislation would provide the limited fleet of Indonesian patrol vessels with a legal basis for controlling smuggling and unauthorized barter trade now plaguing the central government. Indonesia will defend its position before the Geneva conference.

The proposed legislation constitutes a radical departure from

the Dutch ordinance providing a three-mile limit around individual islands. Large expanses of water and strategic passages such as the Java Sea, Banda Sea, Makassar Strait, and Sunda Strait--heretofore considered



Bay near Vladivostok, site of the Soviet Pacific Fleet headquarters. The USSR, in rejecting protests by Japan, the UK, and the United States, claimed in January 1958 that the bay was part of its internal waters

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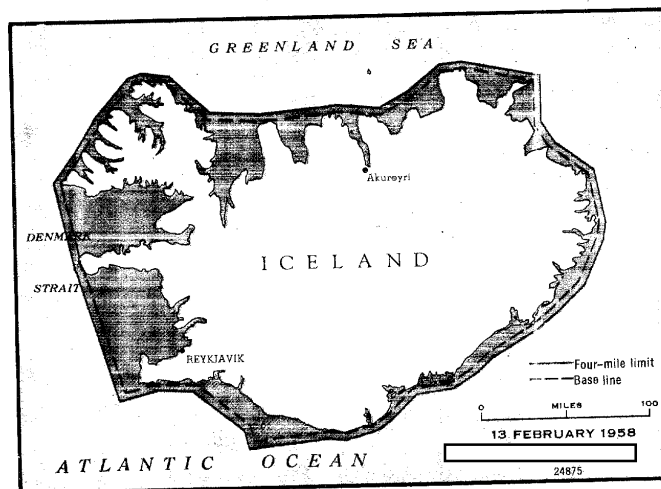
international waters--would become Indonesian "national waters." Several European governments, Australia, and the United States have protested the move. Canada, mindful of its islands in the Arctic, has refrained from protesting. Although the new law would guarantee passage for foreign vessels on lawful missions, the protesting states point to it as an interference with freedom of navigation on the high seas.

Iceland

In May 1952, following the ICJ decision in the Anglo-Norwegian fisheries case, the Icelandic Government established a zone barred to foreign fishing vessels which extends four miles seaward from straight base lines drawn from outermost points of coasts, islands, and rocks and across the openings of bays. Since the coast of Iceland is quite irregular, this action resulted in the restriction of large water areas.

Iceland in 1949 denounced a 1901 treaty whereby British vessels were allowed fishing rights within a three-mile zone. The Icelandic action was protested by the United Kingdom and other states, and a ban was imposed on the importation of Iceland's fish into British markets. This move was temporarily disastrous for the Icelandic economy and forced a search for alternate markets in Italy, the United States, and the USSR. No compromise was reached in

the dispute until 1956, when it was agreed that specified amounts of Iceland's fish could be landed in Britain. Iceland still maintains its right to exclusive jurisdiction over its adjacent seas, and will probably extend its fishings limits if the Geneva conference



does not meet its minimum requirements.

Gulf of Aqaba

The problem of the Gulf of Aqaba involves the issue of freedom of navigation in a narrow arm of the sea. Although Egypt, Saudi Arabia, and Israel to date claim a six-mile limit and the Arab states may extend their claims to 12 miles in the future, these claims are of little consequence since the strategic southern entrance through the Strait of Tiran is only about four miles wide and the northern end of the gulf bordering Israel and Jordan narrows to less than four miles. The Strait of Tiran is bordered by the Egyptian mainland and by Tiran Island, which is claimed by Saudi Arabia.

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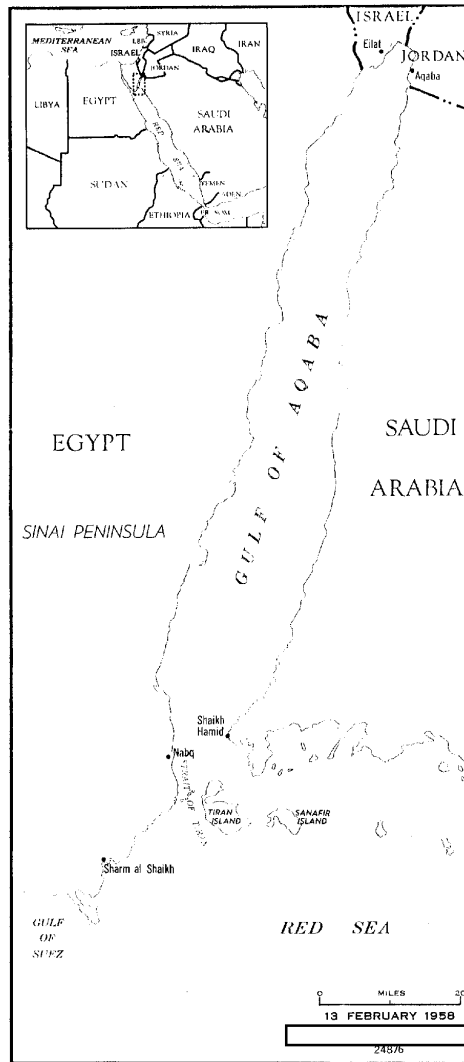
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Egypt and Saudi Arabia assert the gulf should be divided equally between them and that the entrance itself is not international waters, a contention made only since the founding of Israel in order to isolate the Israeli port of Eilat. Britain and the US maintain that the gulf and its entrance are international waters.

By the Egyptian-Israeli General Armistice Agreement of 1949, Israeli naval vessels were excluded from waters within three miles of Egyptian territory, a condition which is applicable to the Gulf of Aqaba. Saudi officials state that ships of all nations except Israel and the United States now obtain entry clearance when approaching the Strait of Tiran. Recent passages by vessels that have failed to request clearance have not been stopped because of the acknowledged ineffectiveness of Saudi troops, the presence of units of the United Nations Emergency Force stationed along the Strait of Tiran, and the proximity of Israeli and American armed forces. Territorial rights in the waters at the head of the gulf are complicated by varying definitions of the Israeli-Jordanian and Jordanian-Saudi Arabian boundaries.

(Prepared by ORR)



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