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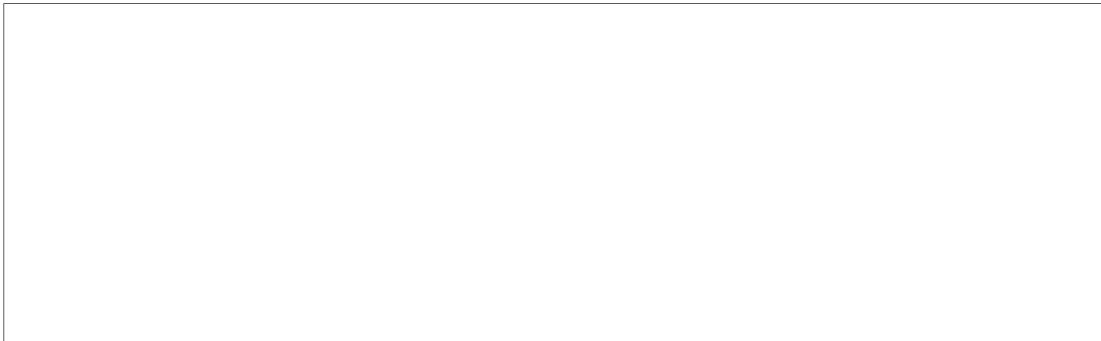
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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SUMMARY

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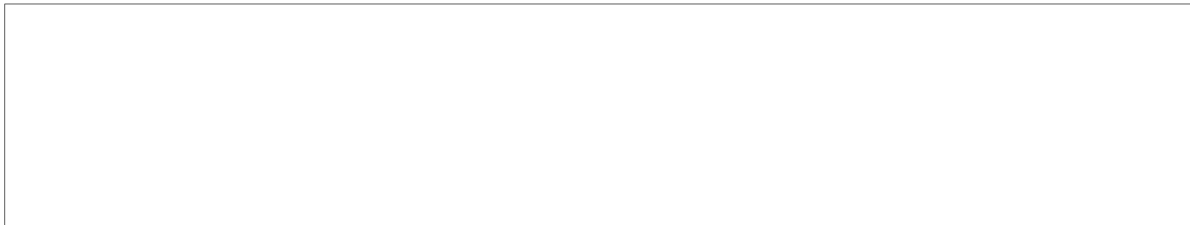
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SOVIET UNION

1. Soviet central committee may be meeting in Moscow:

There are indications that a central committee meeting is now in progress in Moscow. Such a meeting may have been called to discuss the Soviet position at the Geneva conference.

The primary purpose of such a meeting probably would be to permit the leadership to familiarize the central committee with the government's position prior to the Big Four discussions. A declaration probably would be issued at the end of a meeting designed to give the impression of broad agreement and support of Soviet foreign policy. Statements of top Soviet leaders Khrushchev, Bulganin, Kaganovich and Mikoyan at the American Independence Day reception in Moscow suggested that Soviet policy at Geneva had already been generally agreed upon in the party presidium.

A plenum may, however, also be concerned with domestic problems, but any dramatic changes, which might reflect upon the stability of the leadership, would probably be avoided at this time.

EASTERN EUROPE

2. Hungarian regime may be preparing charges against United States:



The Hungarian government may also be concerned over the possibility of hostile demonstrations during the summit meetings which would provide the world with vivid evidence of the unpopularity of the Communist regime.

The Vienna press reports that Austrians attending soccer games in Budapest on 6 July observed an unusually large number of police and military patrols en route. They stated that there was increasing political unrest in Hungary.

Recent Soviet moves in regard to Austria and Yugoslavia, as well as anticipation that the summit conference will result in a lessening of Communist oppression, have engendered popular hope and excitement which might lead to sporadic demonstrations.

LATIN AMERICA

3. Strike tension mounts in Chile:

[Redacted]

There is still no sign of a solution of the strike of railroad, state-owned bus, postal, and telegraph workers which began throughout Chile on 1 July, [Redacted]

[Redacted] President Ibanez is said to be adamant in refusing to meet the workers' demands for wage increases. A general strike, which was to last for 24 hours, began on 7 July in support of the communications workers.

Comment: The important copper workers' union, however, was reported refusing to join the general strike.

On 2 July President Ibanez declared most of the industrialized areas of Chile to be emergency zones, and on 6 July the administration requested special powers from Congress to deal with the strikes. Troops in tanks and armored cars have been stationed at key points. If the strike extends beyond 24 hours, the government may use force to end it.

Widespread strikes were instrumental in bringing about President Ibanez' downfall in 1931.

The workers' demands cannot be financed without aggravating inflation which has increased Chile's cost of living some 150 percent over the past two years.

4. Peron pessimistic on Argentine political situation:

[Redacted]

[Redacted]

[Redacted] the situation throughout the country is far from normal, with much unrest and hostility toward the government evident among militant Catholics. [Redacted]

[Redacted]

[Redacted] Argentina was divided into two camps, and that there was a serious threat of civil war unless the government eased on opposition groups.

Peron stated that the navy is insisting on his resignation, an official investigation of the flag-burning incident, and more freedom from opposition political parties.

[redacted]
[redacted] the government had lost an important battle and was weakened by the revolt, especially its aftermath. The general public, according to Peron, had lost faith in the government, and the Catholic movement was growing constantly. He added that the economic situation had worsened.

[redacted]
nationwide strikes are possible because of labor dissatisfaction with wages; moreover, Peron has contacted labor leaders to explore measures to improve his position as president. [redacted]
[redacted] army officers were apparently unaware of this.

[redacted]
[redacted] tentative plans of the labor confederation for a demonstration on 17 July to "restore" Peron to power, since labor leaders believe him to be a virtual prisoner. They may decide to hold this demonstration on 26 July, the anniversary of the death of Eva Peron.

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5. Soviet journalists emphasize Moscow's desire for successful summit talks:

[redacted]



Comment: The USSR's desire to obtain at least a temporary lull in the cold war, appears to be sincere, but is so far based on terms that would reduce the effectiveness of the Western defense system more than Orbit military power.

