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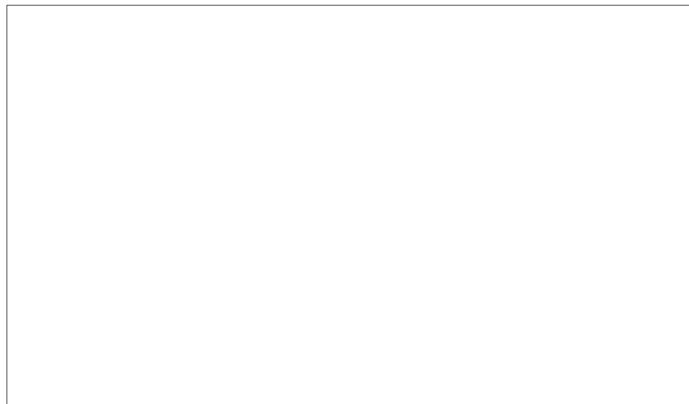
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1. USSR LAUNCHES SECOND SATELLITE

Comment on:

Moscow radio announced on 3 November the successful launching of a second earth satellite, apparently again after completion of at least one complete orbit. The official announcement stated that the new satellite weighs about 1,120 pounds, is some 930 miles above the earth at the farthest point in its orbit, and is carrying a live dog and instrumentation for transmitting data. The new satellite is circling the globe about every hour and 42 minutes and has been noted transmitting on 20- and 40-megacycle frequencies like its predecessor.

The reported weight of the second satellite is by far its most significant military characteristic because of the propulsion capability required to place such a weight in orbit. Preliminary assessment indicates that such a rocket-launching system, if used in an ICBM, would be at least capable of delivering a 2,000-pound warhead a distance of 5,500 nautical miles.

2. FURTHER REPORTS ON ZHUKOV'S OUSTER

Information on the events leading up to Marshal Zhukov's purge from the Soviet party presidium and central committee

On 19 October, while Zhukov was still in Albania, the party central committee issued a secret letter entitled "Improvement of Party-Political Work in the Soviet Armed Forces," [redacted]. The letter, which was widely discussed at party meetings in military organizations, charged that party-political work in the armed forces had fallen behind in recent years, the political apparatus had been shoved aside, and commanders had not properly evaluated political work in the army. The basic blame was placed on the leadership of the Ministry of Defense, although Zhukov was not named specifically. [redacted] the letter directed that the Chief Political Directorate of the Armed Forces be included on the "Supreme Military Council" of the Ministry of Defense.

The party presidium is said to have decided on 22 October to oust Zhukov as defense minister. On 24 and 25 October, [redacted] Khrushchev explained the decision to party meetings of the Moscow Military District by charging Marshal Zhukov with overvaluing the role of one-man command in the armed forces, with continually petitioning for the removal of Colonel General Zheltov as head of the Chief Political Directorate of the Ministry of Defense, with failing to inform the central committee regularly as to his activities, and with refusing to allow his subordinates to contact the central committee directly.

[redacted] Khrushchev also charged Zhukov with recommending that Serov be replaced as head of the secret police by a military man. Khrushchev also

asserted that Marshal Rokossovsky had been posted to the Transcaucasian Military District as a move to exert pressure on Turkey.

[redacted], the Khrushchev-led group of "moderates" in the central committee was opposed on the extent of the purge by a group of extremists led by Party Secretary Nikolai Belyayev, who had been put on the party presidium by Khrushchev. [redacted]

[redacted] Belyayev, although little known outside the party, was considered a rising star, and in his view would be Khrushchev's eventual successor. [redacted])

Comment

[redacted] Zhukov's ouster tend to confirm that the confidential explanation within party circles [redacted]

[redacted] provide additional specific detail on how the ouster was accomplished. [redacted]

[redacted]. There has been inconclusive evidence of differences between Zhukov and Khrushchev over political control in the army, leadership of the secret police, and Middle East policies.

3. SOUTH ASIA MAY REQUEST OVER 2,000,000 TONS OF US EMERGENCY FOOD AID

Comment on:

India, Pakistan, Afghanistan, and Nepal are seeking emergency food-grain assistance from the United States which may eventually total over 2,000,000 tons. Serious food shortages, caused by adverse weather conditions, exist in these countries as well as in Ceylon, which may also soon seek similar aid.

Pakistan and Afghanistan have already requested 100,000 and 40,000 tons, respectively, of US emergency wheat shipments, and Nepal has indicated its desire for similar assistance. The Indian Food and Agriculture Ministry estimates that drought in North India will require imports of 2,000,000 tons of food grains over and above present stocks of 1,000,000 tons and previously planned purchases of 1,500,000 tons.

Ceylon, which is suffering drought for the third successive year in some areas, is to be supplied by Communist China with 70,000 fewer tons of rice annually under its new five-year rice-rubber agreement than under the one expiring at the end of 1957. It may also seek food aid in the future.

Australia, normally an exporter of wheat, is itself suffering a drought and will not have any export supplies. Burmese and Thai rice supplies are apparently normal, but are already committed under earlier contracts. Ceylon, which has just concluded an agreement with Burma for the purchase of 200,000 tons, may have trouble increasing the amount if needed. Canada has announced that it will help ease India's food crisis with 100,000 tons of wheat offered under the Colombo Plan.

4. SYRIAN ANTI-AMERICAN CAMPAIGN

Comment on:

While the Syrians have withdrawn their request for a UN resolution on the Turkish threat to Syria, Damascus has stepped up "defense preparations" and harassment of American nationals. The public is being kept in a state of tension by increased "popular resistance" training, the digging of trenches around Aleppo and Damascus, and the alerting of doctors for civil defense. Bombastic speeches by President Quwatli and Chief of Staff Bizri, as well as Communist-inspired anti-American rallies throughout the country, have marked Syria's "National Fortification Week."

Accompanying these public manifestations has been a campaign of harassment of American nationals and local employees of the embassy and consulates.

The American embassy comments that numerous previous protests against harassment of embassy personnel have been ineffective, largely because civilians in the Foreign Ministry are unwilling to take strong exception to army actions.

5. FRENCH PUBLIC'S COMPLACENCY MAY PROLONG CRISIS

Comment on:

The French public seems almost entirely unaware of the implications of France's political-economic-financial crisis, and British officials in Paris believe it will

take a real shock to change this attitude. The American embassy points out that, because of postwar foreign economic aid, the French parliament and public had been shielded from the first-hand experience necessary to achieve external economic balance. Foreign economic aid is virtually exhausted, and military aid is beginning to dwindle.

In view of this attitude, the National Assembly deputies are unlikely to return to Paris from the long holiday week end in their home districts under any urgent compulsion to install a new government on the terms Premier-designate Felix Gaillard seems to have in mind. Gaillard has hopes of backing up a request for a foreign loan by evidence that the French themselves are making an effort by accepting new taxes and drastic cuts in government spending.

The American embassy in Paris estimates that even with additional short-term foreign aid, external economic equilibrium will not be achieved short of an early change in certain basic policies. France must reassess its policy on military expenditures, with special reference to the continuation of Algerian hostilities, and its policy on expenditures for social welfare, expansion of industry, and atomic energy development.

6. MALAYAN LEADERS PLAN ALL-OUT EFFORT TO SUPPRESS COMMUNIST SUBVERSION

Comment on:

Top government officials of the newly independent Federation of Malaya have expressed their determination to suppress subversive activities of the local Communists, particularly in labor unions and Chinese schools. Deputy Prime Minister Razak told the American chargé in Kuala Lumpur that the recent arrest of four leftist labor union leaders was designed to impress on organized labor that it must keep free from Communist influences, and that failure to do so will result in immediate intervention by the government. The minister of education has also stated that he will not tolerate such "nonsense" as student strikes and passive resistance to government policies in Chinese schools.

The government's campaign against Communism may lead to friction with Indonesia. Razak has flatly accused Indonesian Communists of providing funds for both the Malayan Communists and ultranationalist Malays. Both Prime Minister Rahman and Razak have also expressed deep concern over the Indonesian government's soft policies toward expanding Communist influence and its irresponsible anti-Dutch campaign for the "return" of Netherlands New Guinea.

Malayan leaders believe that strained relations with Indonesia will create serious political problems for their own government. Malaya's abstention on the United Nations vote to put the New Guinea issue on the UN agenda is already being used in rural areas of Malaya to portray government leaders as supporters of a colonial power against a friendly neighbor which has a common religious and ethnic heritage. At the same time a crackdown on the Chinese schools risks upsetting carefully developed Malay-Chinese political cooperation because of traditional Chinese sensitivity to any government action which can be construed as an attack on Chinese culture.

7. SUDAN TO CUT COTTON PRICES

Comment on:

The Sudanese finance minister informed the American ambassador in Khartoum on 31 October that cotton prices would be reduced "adequately" within the next three or four days. The ambassador comments that the resignation of Mekki Abbas, director of the Gezira Board--Sudan's chief cotton marketing agency--and the return of Minister of Agriculture Hamza Mirghani from his relatively unsuccessful attempt to sell Sudanese cotton in Europe have clarified the government's cotton position. Although the ambassador views the adequacy of the promised price cuts with some reserve, he believes that the Sudanese government "now means business."

The Sudan now has on hand about 500,000 bales of unsold cotton. Khartoum's failure to market the bulk of its cotton crop this year is largely the result of the government's belief that because the Soviet bloc purchased large amounts of Egyptian cotton, the free world would be willing to pay premium prices for Sudanese cotton. However, a world surplus of long staple cotton exists and Western buyers have purchased from other sources. While the Sudan has reduced prices somewhat, Sudanese cotton is still priced about 20 percent higher than the world price.

It is unlikely, in view of the forthcoming elections next February, that the government would make cuts large enough to move the bulk of the 500,000 bales of unsold cotton. Vague Soviet offers to purchase cotton in the context of an overall development program have not yet been seriously considered by Khartoum.

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8. BRITAIN FACES INDUSTRIAL STRIFE THIS WINTER

Comment on:

The Macmillan government on 1 November rejected an independent tribunal's ruling that 32,000 workers for the National Health Service should receive a 3-percent pay raise. This adds to the growing signs that industrial strife will dominate the British domestic scene this winter.

Trade unions had already reacted sharply to the government's unusually firm insistence that further wage increases would be an intolerable addition to inflationary pressures and would imperil the pound sterling. Unions representing one third of the 9,000,000 trade union members have submitted wage demands. The government's response to the claims of the railway men, which are expected to be announced in mid-December, will be critical, for action on their annual demands usually sets the pattern throughout British industry.

The Conservative government and the Labor opposition will compete for public opinion on this issue, with the government posing as the protector of sterling and of real incomes and Labor charging the government with penalizing wage earners for an inflationary situation caused by a defective fiscal policy. According to the American embassy in London, "Whoever wins this argument presumably will win the next election."