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30 October 1957



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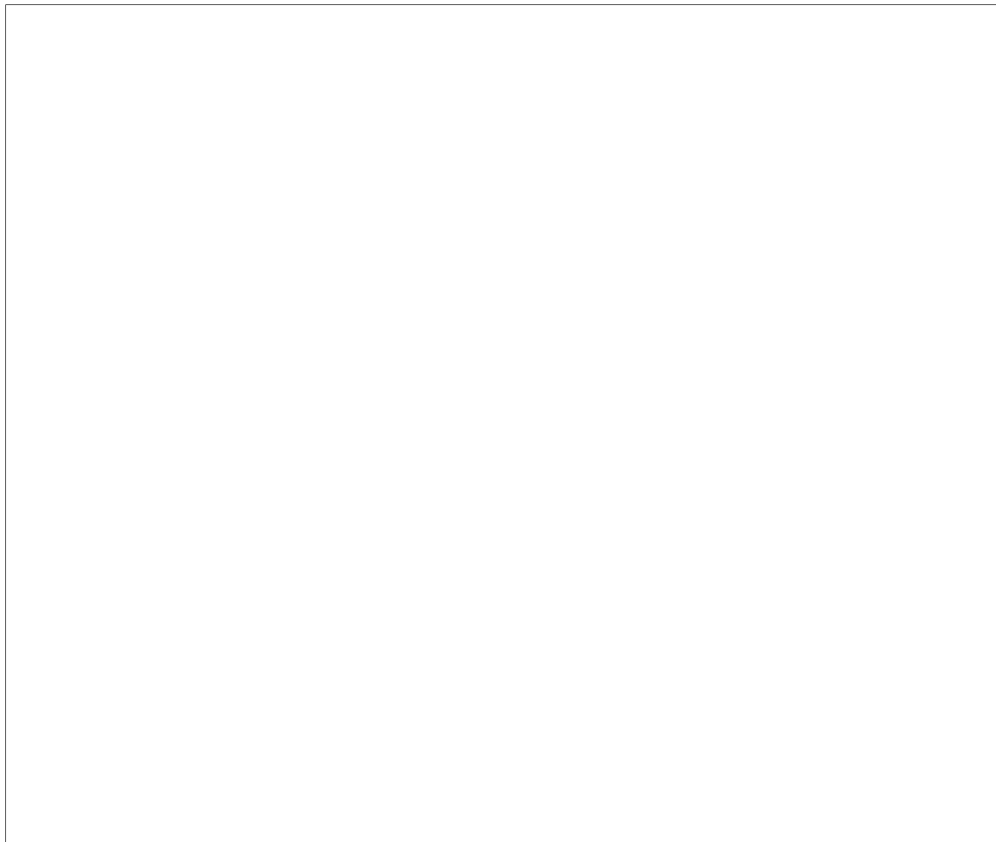
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**CURRENT
INTELLIGENCE
BULLETIN**

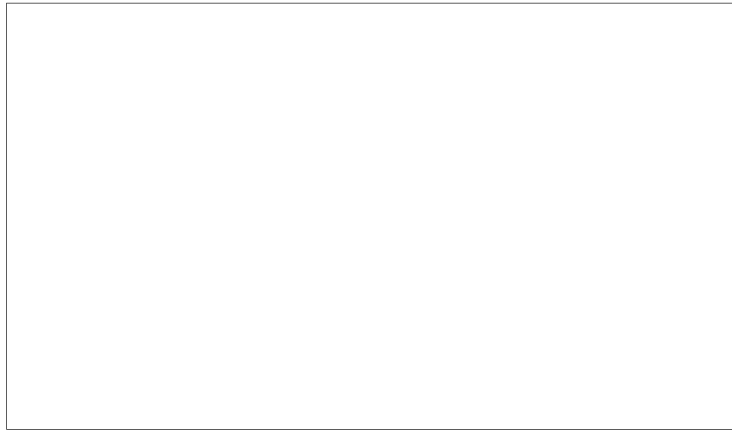
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1. ZHUKOV'S STATUS

Comment on:

Khrushchev's remarks to Western newsmen at a Turkish embassy reception on 29 October seem to indicate that central committee discussion of the Zhukov case is ended or nearing conclusion. Khrushchev said that no further word could be expected during the evening, but an official announcement, probably in the form of a central committee resolution, is likely soon. It now seems clear that Zhukov has been deprived of any significant role in the highest party councils.

Soviet officials stationed abroad have apparently received little or no information on what has been transpiring in Moscow.

The American embassy in Moscow reports what appears to be concerted and mounting stress in the Soviet press on the theme of party supremacy within the armed forces. There have also been references to "immodesty" and insufficient

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respect for party guidance which are evidently directed at Zhukov. These articles probably anticipate the sense of the definitive party statement.

While these appear to be the issues on which Zhukov was called to account before the central committee, more complex questions of political friction probably were also involved. Evidence does not yet indicate whether Zhukov will be dropped from the party presidium or what new assignment will be given him. Khrushchev stated that he would be given a job "commensurate with his experience and qualifications." One Soviet official is reported to have stated that Zhukov does not desire a foreign post.

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2. GROMYKO MAY BE PREPARING RETREAT ON TURKISH-SYRIAN ISSUE IN UN

Comment on:

Despite Soviet Foreign Minister Gromyko's reiteration in the General Assembly on 29 October of Soviet support for Syria's resolution calling for the creation of an investigating commission to examine the situation on the Syrian-Turkish frontier, there are indications that he realizes that Soviet tactics in the United Nations have backfired.

[redacted], Secretary General Hammarskjold stated he was convinced that the Soviet foreign minister realized that the "Russian play had not worked and that he was looking for the softest way to land." Hammarskjold noted that Gromyko had completely changed his line on the secretary general's role in the Turkish-Syrian situation from last week, when he reportedly had denounced Hammarskjold for interfering and said this would create a "liability" in his future relations with the USSR. Hammarskjold reported that Gromyko had indicated that the situation was calming down and that he was no longer opposed to the secretary general's playing a mediatory role if both Syria and Turkey agreed. Another sign of a possible Soviet shift on this issue was Khrushchev's unexpected appearance at the Turkish National Day celebrations in Moscow on 29 October and his statement that he thought the Middle East situation was improving slightly.

These soundings by Gromyko may presage the abandonment of the USSR's original tactics, which were to force a vote on the Syrian resolution on the assumption that, even though it was doomed to defeat, other Arab states would be compelled to vote with Syria and the Soviet bloc against the

Western powers. As recently as 25 October, the USSR was putting heavy pressure on Syria to introduce its resolution and Soviet bloc delegates were insisting that no alternative should be proposed for the investigating commission.

In view of efforts by the Egyptian and other Arab-Asian delegates to dissuade Syria from pressing for a vote and clear indications that a vote would divide the Arab-Asian bloc, Moscow may have decided to go along with a compromise which would endorse mediatory efforts by the secretary general. Moscow's awareness that its campaign against the United States and Turkey was in trouble was reflected in the disappointment expressed by a Soviet official to the Syrian ambassador in Moscow on 21 October that the Arab-Asian states had failed to provide stronger support for "so important a case as this."

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3. TITO WILL NOT ATTEND 40TH ANNIVERSARY CELEBRATIONS

Comment on:

[REDACTED] Tito apparently has decided not to go to Moscow for the 40th anniversary celebration of the Soviet revolution on 7 November. This is indicated in the Yugoslav government's announcement on 29 October that President Tito is suffering from a "sudden attack of lumbago" which will "prevent his travel abroad for the next few months." His absence will prevent any Communist summit meeting even though Mao Tse-tung and Gomulka have announced their intention to attend.

Tito's decision not to attend probably reflects his concern over the unsettled situation in Moscow and his desire not to be associated with it until he has some clearer idea of its outcome. Tito may have been influenced in this decision by the Yugoslav ambassador in Moscow, with whom Khrushchev reportedly spent more than half his time in earnest conversation at an Iranian embassy reception on 26 October, immediately following the announcement of Marshal Zhukov's removal from office.

Tito may also hope by this decision to allay Western suspicions that Yugoslavia is steadily moving toward the USSR. [REDACTED]

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4. SINO-JAPANESE TRADE DISCUSSIONS SUSPENDED

Comment on:



The breakdown in Sino-Japanese trade talks in Peiping is a result of political differences over the size and nature of the trade missions to be exchanged and the question of the Japanese government's sanction for a new trade agreement. The Japanese delegation is returning to Tokyo for the five-day special session of the Diet beginning 1 November, which the Socialists have forced in order to harass the Kishi government. During this session, the Socialists, some conservatives, and trade and business interests probably will exert pressure for concessions to Peiping's demands.

The negotiations which began in mid-September between Chinese Communist officials and representatives of private Japanese trade organizations have failed to agree on any significant point. Three previous Sino-Japanese trade agreements have been private in nature, but Peiping, in an obvious attempt to pave the way for official relations with Tokyo, has reportedly made a new demand that the Japanese government enforce any new trade agreement.

The Japanese have proposed an exchange of permanent trade missions limited to ten members each, only five of whom would be extended quasi-diplomatic privileges such as exemption from fingerprinting and freedom of travel. Peiping has insisted on a staff of 30 members in Japan plus dependents, all of whom would enjoy such privileges.

While some commercial circles are becoming less sanguine about the China trade potential, they

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are reluctant to lose the mainland market to Western nations-- as Peiping claims will happen unless its terms are met--or to lose 1,000,000 tons of iron ore reportedly offered by Peiping for 1958. Lack of Sino-Japanese trade accord, however, is unlikely to affect the present volume of trade.

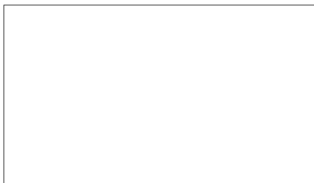
The first private Sino-Japanese trade agreement was signed in 1952. Total trade between the countries increased from \$15,500,000 in 1952 to \$151,000,000 in 1956. The balance regularly has favored Communist China.


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5. THAI ARMED FORCES CHIEF SARIT CALLED
"DYING MAN"

Comment on:



Marshal Sarit,
the power behind Thailand's provisional
government, is a "dying man." 

Sarit's physical incapacity has affected his mental powers to
such an extent that Sarit is now unable to make decisions.

Sarit is known to be suffering from some
chronic ailment, most commonly reported to be cirrhosis of
the liver. While his poor health may have caused his leader-
ship since the coup d'etat to be somewhat sporadic, his peri-
odic interviews with the press, the latest of which was on 19
October, do not suggest that his mental powers or his author-
ity have been affected.

Sarit's death, or incapacitation to the point
where he would be forced to withdraw from active participa-
tion in official affairs, would set off a bitter power struggle.
The chief contenders would be Defense Minister Thanom and
Interior Minister Prapat, both army generals under Sarit
who already have been reported to be at odds with one another.

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6. INDONESIANS DEMONSTRATE FOR "RETURN" OF NETHERLANDS NEW GUINEA

Comment on:

The anti-Dutch demonstrations in Djakarta, touched off by a mass rally on 28 October to demand the "return" of Netherlands New Guinea, were organized by the Indonesian government

for the purpose of stimulating popular support prior to the UN debate on New Guinea as well as to divert attention from the serious problem of national disunity. The rally was addressed by government officials, including Foreign Minister Subandrio and President Sukarno, and was followed by a procession of youth groups, police units, and all branches of the armed forces.

All speakers except Sukarno delivered highly inflammatory speeches on the New Guinea issue, demanding resort to military conquest if necessary and calling on the crowd to make "the supreme sacrifice." President Sukarno did not mention New Guinea but stressed instead the need for "national unity." His object apparently was to direct the aroused emotions against those elements opposed to his concept of "guided democracy" as well as against the Dutch.

Despite official assurances that the situation will not get out of hand, there is a continuing danger that the public may take the government's campaign literally and that anti-Dutch and anti-Western disturbances on Java will result. The Communists, who back the current government program, probably were responsible for the burning in effigy of a Netherlander in front of the Netherlands ambassador's residence and for the defacement of Dutch property in the city.

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7. NEW PAKISTANI GOVERNMENT UNLIKELY TO CHECK ECONOMIC DECLINE

[REDACTED]

The new government in Pakistan shows little sign that it will take the action which will be needed to check deterioration in Pakistan's economic situation. While the former government under Suhrawardy gave some indication of successfully attacking the country's economic problems, the new leadership of Prime Minister Chundrigar seems likely to allow matters to drift to the point where they will probably be beyond control.

The present coalition represents the big landowners of West Pakistan who are not likely to take decisive action on such essential programs as land reform and rural development, since they feel that this would undermine their control of political and economic power.

The result probably will be to accentuate Pakistan's most pressing economic problems--lagging food production, which has caused the government to rely increasingly on American surplus food stocks, growing inflation, a serious foreign exchange squeeze, and slowdowns in industrial production. Pakistan's financial dependence on the United States can then be expected to increase. [REDACTED]

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8. GAILLARD CONCEDED LITTLE CHANCE FOR FRENCH PREMIERSHIP

Comment on:



Radical Socialist Felix Gaillard, finance minister in the Bourges-Maunoury cabinet who is now attempting to form a government, is given little chance of resolving the 29-day-old government crisis. Right-wing hostility to Gaillard's austerity program was instrumental in Bourges-Maunoury's overthrow, and even if Gaillard now succeeds in placating the conservatives on his economic program, he may face Socialist opposition. Socialist leader Mollet has hinted that his party may now oppose any government participated in or even supported by the right-wing Independents.

Chances for a candidate from the Popular Republicans are increasing, but they would probably be reluctant to take on the job if the Socialists stay aloof. Other center candidates such as Radical Socialist Rene Billeres and Resistance Union leader Rene Pleven have been mentioned, and the deputies may accept a dark horse as a temporary solution.

Meanwhile, there is renewed speculation of an "outside solution," such as a call to General de Gaulle, who had reportedly been in contact with Coty earlier in the crisis.

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