CONFIDENTIAL

OCI NO.4858

9 April 1954

# CURRENT INTELLIGENCE WEEKLY



20

NO CHANGE IN CLASS. TO DECLASSIFIED CLASS. CHANGED TO: T3

13 8**0787** 

PREVIEWER.

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

SECRET

25X1

25X1

CONFIDENTIAL

State Dept. review completed

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current situations. Comments and conclusions represent the immediate appraisal of the Office of Current Intelligence.

## SUMMARY OF CONTENTS

THE SOVIET WORLD
EUROPEAN SECURITY THEME BECOMES MAJOR INSTRUMENT OF SOVIET STRATEGY
The USSR's note of 31 March to the three Western powers again underlines the importance in Kremlin strategy of a Soviet-sponsored system of security as an alternative to EDC and as an instrument to sever the ties that bind the West.
INDOCHINA ISSUES AT THE GENEVA CONFERENCE Page 8
Moscow and Peiping apparently hope to accomplish at least two purposes in relation to Indochina at the Geneva conference: (1) to heighten the prestige of the Viet Minh; and (2) to compromise the French in the eyes of the Vietnamese.
DANGER OF ARAB-ISRAELI HOSTILITIES INCREASING Page 10
Conditions on the Arab-Israeli borders, generally tense since the Qibya attack last October, threaten to erupt in large-scale hostilities.
CHILEAN INSTABILITY INCREASING DESPITE AMERICAN AID ON COPPER SURPLUS
Chile's economic crisis will be eased but not solved by the American purchase of 100,000 tons of its copper surplus. President Ibanez will be helped by the move, but the ineffectiveness of his domestic policies leaves him in a steadily weakening position.
INDONESIAN COMMUNISTS REAFFIRM POLICY OF SUPPORTING GOVERNMENT

The recent congress of the Indonesian Communist Party approved the policy of supporting the government so long as this proves expedient. Most government leaders still welcome Communist support, but a few are becoming aware of its dangerous implications.



## DETERIORATING TRANSPORT FACILITIES WEAKEN IRAN . . . . Page 17

Progressive deterioration of Iran's railway and road transport system seriously hampers the effectiveness of the security forces, the build-up and mechanization of the army, and the distribution of essential commodities.

The results of the first post-Stalin election reflect slight changes in the present regime's approach to internal problems. The composition of the new Supreme Soviet indicates that the new leadership has not yet basically modified Stalin's government policies.

#### THE SOVIET WORLD

Moscow's preoccupation with promoting China's claim to great power status was again demonstrated when the Soviet Foreign Ministry challenged Secretary Dulles' statement of 29 March that Molotov had agreed at Berlin the Geneva conference would not be a "Big Five" meeting. The Foreign Ministry argued that the fact that only the five powers "will participate in the examination of both the Korean and Indochina questions" proves China will participate "on an equal basis with the other great powers."

The Soviet note of 5 April on administrative arrangements advanced this same thesis and added a proposal that Chinese should be an official language, along with English, French and Russian, "during the whole conference." It stressed that Korean would be an official language only during the consideration of the Korean question.

This line of argument may presage a Soviet demand at Geneva that China be included in negotiations on the composition and scope of the Indochina phase of the conference.

Moscow was also prompt to reject Ambassador Lodge's interpretation that the Geneva conference and the Korean political conference are virtually identical. Pravda denounced this as an attempt to transform Geneva into a "two-sided" conference with North Korea, China and the USSR appearing as defendants while the United States and its allies play the role of prosecutors. Chinese and North Korean media also attacked the United States for seeking to discount Geneva "as a mere substitute for the Korean political conference."

Endorsement by an international Communist organ of a cease-fire in Indochina prior to Geneva supports other indications that Communist tactics are aimed at forcing France to open truce talks with the Viet Minh and thereby, in effect, extend de facto recognition to the Ho regime. Pravda and Izvestia both reported a resolution passed by the recent Vienna session of the Bureau of the World Peace Council that an immediate truce would make it possible to start negotiations between France and the Viet Minh.

Moscow has so far given slight attention to Secretary Dulles' call for "united action" to prevent Communist conquest of Indochina. A New Times article interpreted this as foreshadowing Chinese Nationalist participation in the war, inasmuch as the United States is "least of all disposed" to commit its own forces.

4

## Approved For Release 2004/06/24 PCIA-RDP79-00927A000200200001-9

Peiping, however, commented on the whole speech, which it characterized as an attempt to forestall any positive results at Geneva and to coerce America's allies into a policy which would increase international tension. The answer as to where "united action" might lead, said Peiping, "has already been given in the Korean war."

This may have been intended as a veiled warning that any greater American assistance to the Franco-Vietnamese forces, or any "internationalization" of the war, might be countered by increased Chinese aid to the Viet Minh. Such a warning presumably would be designed to make the French more susceptible to Communist proposals at Geneva or to a pre-Geneva cease-fire offer.

The resolution of the World Peace Council Bureau also suggests the possibility that the Communists at Geneva may introduce an Asian security proposal along the lines of Molotov's "all-European collective security system" at Berlin. In commenting on this resolution, Izvestia said on 6 April that the five great powers, meeting for the first time at Geneva, together with other interested states, "must reach an agreement on general security in the Far East."

Soviet propaganda continues to exploit the Kremlin's disarmament proposal and Molotov's European security plan as evidence of honest aspirations for peace, in contrast to an alleged American "policy of strength" and military build-up. In this respect, the USSR will probably choose the recent statements of American policy on Indochina war as a peg on which to renew attacks on "massive retaliation" and to expand discussions at Geneva to include propaganda on the need for disarmament and the abandonment of "military groupings" in favor of wider forms of security.

At the scheduled meeting of the Disarmament Commission on 9 April, Soviet UN delegate Vyshinsky may argue that China's role at Geneva later this month justifies the sending of an invitation to Peiping to participate in the subcommittee. It is unlikely that such a move would command the necessary seven votes, but it might at least temporarily stall the functioning of the subcommittee.

However, the first meetings of the Disarmament Commission must be spent on procedural matters concerning the creation of the subcommittee, and it is therefore unlikely that substantive matters could be discussed before the Geneva conference. Such a delay would afford Molotov an opportunity at Geneva to reopen his Berlin proposal for a world disarmament conference of all states for the purpose of signing a Geneva convention-type pledge not to "use" atomic, hydrogen or other weapons of mass destruction. Molotov might repeat the argument he advanced at Berlin that disarmament is too important to be handled in the "restricted" confines of a United Nations body.

### EUROPEAN SECURITY THEME BECOMES MAJOR INSTRUMENT OF SOVIET STRATEGY

The USSR's note of 31 March to the three Western powers again underlines the importance in Kremlin strategy of a Soviet-sponsored system of security as an alternative to the European Defense Community and as an instrument to sever the ties that bind the West. Moscow probably believes that, in conjunction with its propaganda campaign to play down the threat of Soviet aggression, the concept of an all-European system of collective security will exert a growing influence on Western European opinion.

The Soviet concept of all-European collective security as first officially enunciated at the Berlin conference evolved gradually. When Prime Minister Churchill launched the European security question in May 1953, the Soviet press asserted that "no formal guarantees can give confidence to the neighbors of the German state."

Apparently beginning to see exploitable potential in some form of security guarantee as an alternative to EDC, the USSR then began to recall publicly the virtues of the French-Soviet and British-Soviet treaties of mutual assistance and referred to them as a possible framework for a wider European pact. The Soviet note of 26 November maintained that security must be based on the "concerted efforts" of all European states and that these efforts should rest on the previously assumed obligations of the powers concerned. Propaganda following this note gave the impression that the Soviet security plan would follow the principle of the British and French treaties. At that time the plan seemed merely a new package in which to wrap the familiar denunciations of EDC, American bases, and German militarism, rather than a new set of proposals.

As outlined at Berlin on 10 February, the Soviet plan for security called for the participation of "32 European states"—although these were not specified—in a mutual assistance pact which would exclude the possibility of its members joining any other "contradictory" coalitions. The United States and China would be allowed to send observers to whatever committees or consultative bodies were established. Molotov would not commit himself on the question of whether the North Atlantic Treaty was compatible with his concept of security for Europe. In response to the negative reception of a plan that would exclude the United States from Europe, Malenkov and Molotov in subsequent speeches emphasized that the security plan was flexible and open to amendment.

The newest Soviet maneuver officially rectifies Molotov's miscalculation of the effects of proposing a plan which would exclude the United States from Europe, and also addresses itself to the other problem of NATO's compatibility with a continent-wide security plan. The Kremlin must hope to gain more serious consideration for its proposals by admitting the legitimacy of American interests in Europe.

The maneuver is a part, also, of recently intensified propaganda contrasting alleged Soviet initiative in fostering security with a continued American military build-up. Underscoring Soviet "reasonableness" by a substantive proposal at this time may be another device to weaken Western unity prior to its crucial test at Geneva.

Western government spokesmen expressed public skepticism about the Soviet proposals. Some believe, however, that they deserve serious study and may have a lasting effect on Western public opinion despite the transparent absurdity of the offer to join NATO. French and British officials were upset by the quick unilateral American rejection of the Soviet proposals. Soviet propaganda has already described this as an attempt by the United States to impose its views on others.

Other British observers noted that the Communists are enjoying some success in forming broad fronts based on "anti-Fascism" and "collective security." They also noted the excellent timing of the proposal during a period of serious public concern with the H-bomb.

Regardless of the plan's immediate impact, however, the Kremlin must hope that the concept of an all-European system of security will exert a growing influence in Western Europe. There is some indication that a Satellite-sponsored conference will be called to keep the Soviet plan before Western opinion as a reasonable substitute for EDC. Moscow probably sees its security plan as a source of lasting dissension among the Western powers, even if EDC is ratified.

## INDOCHINA ISSUES AT THE GENEVA CONFERENCE

Moscow and Peiping have indicated that they will be more interested in dealing with Indochina than with Korean questions at the Geneva conference. They apparently hope to accomplish at least two purposes in relation to Indochina at the Geneva conference: (1) to heighten the prestige of the Viet Minh; and (2) to compromise the French in the eyes of the Vietnamese.

Possible solutions of the Indochina problem mentioned either by the French or by Communist officials include partition, elections supervised by neutrals, or formation of a coalition government. There is very little indication, however, that an agreement along any of these lines can be reached.

Orbit comment implies that an early cease-fire would enhance prospects for successful talks at Geneva. This comment has been in the form of quotations from third person sources, rather than of statements by responsible Communist spokesmen. This suggests that it is designed to encourage war-weariness among the French rather than actually to lead to a cease-fire.

Premier Laniel, in an address to the assembly in February, laid down certain minimum conditions for a cease-fire which were known to be unacceptable to the Viet Minh. His purpose was to preclude the possibility of a truce prior to the Geneva conference. The physical problems of a cease-fire inherent in the largely guerrilla nature of the fighting, as well as the strong opposition of the Vietnamese government, remain formidable obstacles to an agreement at Geneva.

The French hope of obtaining a cessation of hostilities by inducing the Chinese Communists to discontinue aid to the Viet Minh appears doomed in view of France's inability to offer any tempting concessions to the Communists in return. Moreover, Peiping has regarded recognition and a place in international councils as its right, not as something to be purchased by real concessions. The logical Communist counter to a demand for cessation of Chinese aid to the Viet Minh would appear to be a demand for cessation of American aid to the French.

If, however, Peiping could win diplomatic recognition from France and from certain Commonwealth states in exchange for a paper promise to cease aid to the Viet Minh, it might consider such a promise—coupled with a truce—a profitable gesture. Under truce conditions, Peiping could reduce its aid while the Viet Minh lived off its stockpile pending developments on the political front.

8

The fact that the Communists in the past have always insisted on French withdrawal from Indochina as the only basis for a settlement suggests that this will be their starting position at Geneva. The French and Vietnamese governments are fully aware, however, that an early French withdrawal would mean the surrender of the country to the Viet Minh and the subsequent spread of Communism in Southeast Asia.

There have been several references by French or Orbit officials to forms which an Indochina political settlement might take, assuming the feasibility of a cease-fire. Soviet diplomats in London have hinted that Moscow might be amicable to the partition of Indochina along the 16th parallel, "if the United States and France object to amalgamation of the Vietnam and Viet Minh administrations." The Viet Minh, however, steadfastly claims sovereignty over all Vietnam, and the French, for their part, recognize that loss of the Tonkin delta would leave the remainder of Vietnam highly vulnerable.

French officials have predicted a Soviet proposal at Geneva that all-Vietnam elections be held following a cease-fire. They believe that Ho Chi Minh would win such elections, but that a protracted truce would somewhat improve the non-Communists' electoral prospects.

As in the case of cease-fire proposals, however, the French would find it difficult to obtain the necessary consent of the Bao Dai government to nationwide elections. The only pressure the French could exert would be the threat to withdraw their forces. Bao Dai has stated, however, that he is not seriously concerned by the alleged disposition of the present Paris government, or even a successor government, to follow Mendes-France's policy and come to terms with the Viet Minh.

The problems of a political settlement are complicated by the anomalous position of Laos and Cambodia. Each of these countries is deeply affected by the war, yet each is disposed to take a neutralist view of the fighting in Vietnam. Their only interest in any Indochina settlement would be to secure the elimination of Viet Minh-inspired dissident groups within their own borders. Recent Viet Minh propaganda has built up the "free" governments of these states, suggesting that the Communists may introduce the question of their status at Geneva. Although Peiping and Moscow have not recognized these regimes, they may demand that their spokesmen participate in the Geneva conference.

## DANGER OF ARAB-ISRAELI HOSTILITIES INCREASING

Conditions on the Arab-Israeli borders, generally tense since the Qibya attack of last October, threaten to erupt in large-scale hostilities as a result of the bus incident at Scorpion Pass in the Negev desert on 17 March and the Israeli attack on the Jordanian village of Nahhalin on the night of 28 March. Israeli, Syrian and Jordanian troops concentrated near the frontiers make this danger all the more acute (see map, p. 12).

The danger that the Israeli government may adopt a tougher policy offers a major threat. Prime Minister Sharett favors a moderate course of action, but he has been subject to considerable popular pressure to adopt a stronger line. Influential advocates of a strong-arm border retaliation program are Defense Minister Lavon, Army Chief of Staff Dayan, and ex-premier Ben-Gurion.

Israel's belligerent attitude is largely the result of its frustration over continuing Arab hostility and unwillingness to negotiate, and over UN inability to break the deadlock. Its irritation has been increased by two recent Soviet vetoes of UN resolutions on the Palestine dispute.

The Israelis are also growing hostile toward the UN Truce Supervision Organization. Both American chargé Russell in Tel Aviv and Consul General Tyler in Jerusalem report a growing campaign by Israeli officials, and especially by the press, to discredit the neutrality of the UN observers headed by General Bennike.

The Arab states have been pressing their diplomatic campaign in Western capitals against Israel with new vigor. Jordan and Syria now have large numbers of troops near the Israeli border. Some 11,700 Arab Legionnaires are stationed in West Jordan to provide quick support to the frontier national guard, and it is estimated that approximately 12,000 Syrian troops, one third of the army, are near the Israeli-Syrian border.

Egypt is preoccupied with its own internal problems, but it may assume a more belligerent attitude as a result of Israel's border raids on 2 April, which resulted in the death of three Egyptian soldiers and the capture of another. These incidents,

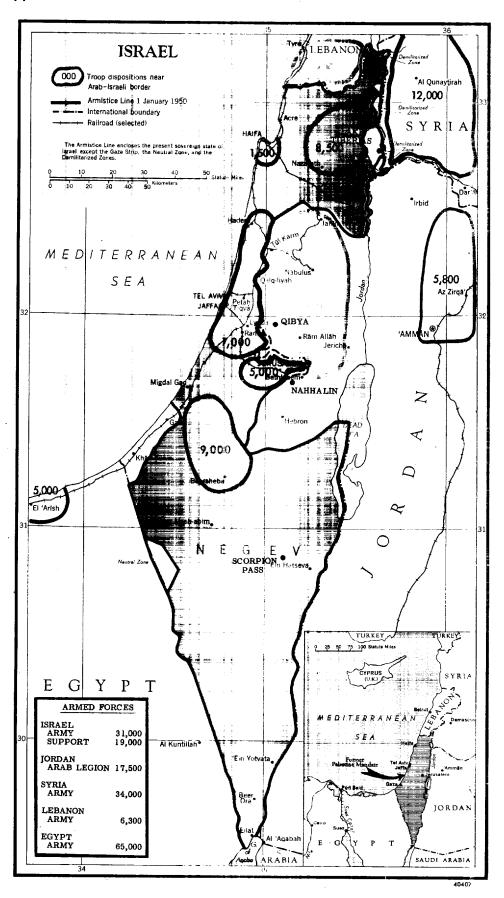
which resulted in the UN armistice commission's making two decisions condemning Israel, are regarded as "very serious" by the Egyptians, who maintain that this is the "first time Israel has dared attack and kill Egyptian soldiers."

Neither the Israeli nor the Arab governments desire full-scale hostilities. The Sharett cabinet is aware of its dependence on international, particularly American, good will. The Arab governments, on the other hand, privately recognize the military superiority of the Israelis. Moreover, the well-disciplined Arab Legion troops in Jordan are under the restraining influence of British officers, and the present Damascus government is a weak caretaker regime which has given no indication of wishing to provoke a war with Israel.

Major military moves by Israel or the Arab states are therefore improbable, but provocative incidents which could involve the participation of larger forces are still likely. The Israeli military leaders directly responsible for border security continue to advocate a tougher policy against the Arabs.

Syria has long opposed Israel's diversionary canal project on the upper Jordan River. The Damascus government is particularly angered because the armistice commission, after several border incidents had occurred in the Lake Tiberias region, rendered a decision prohibiting even the traditional access by Syrian civilians to the lake. This ruling may cause the Syrian-Israeli armistice machinery to break down, as did the Jordanian-Israeli commission.

A breakdown of the truce is most likely along the Jordanian-Israeli armistice line. According to Consul General Tyler, the British, who are generally well informed, are sufficiently concerned over the border situation to be registering their subjects. Tyler points out that Israel's belligerency and its tendency to retaliate have increased dangerously since 1952. With the Arab Legion on the alert in the border regions, a confused incident might lead to large-scale hostilities.



**SECRET** 

# CHILEAN INSTABILITY INCREASING DESPITE AMERICAN AID ON COPPER SURPLUS

Chile's severe economic crisis will be eased but not solved by the proposed American purchase, announced on 25 March, of 100,000 of the 180,000 tons of copper Chile has accumulated. Although President Ibanez, who has consistently opposed copper sales to the Orbit, will be helped by the new American move, the ineffectiveness of his domestic policies leaves him in a steadily weakening position.

Chile's great dependence on copper sales, a government monopoly, has made it reluctant to adjust to the worsening world metals market. For the current year, Chile counts on copper to supply one fifth of government revenue and about one third of its total foreign exchange earnings. Although the world price for copper has been about 30 cents per pound since June 1953, Chile continued to demand 35.5 cents until last December. This policy was mainly responsible for the large accumulation of stocks. Chile subsequently adjusted its price to the international market, but until mid-March insisted on payment in dollars.

Even the sale of all Chile's copper production at current prices would not solve either the domestic or foreign exchange budget problems. The American-owned companies, which produce about 95 percent of the copper, now plan to cut production one third. Total estimated production this year is expected to be about 250,000 tons, as compared to 422,000 tons in 1952 and 365,000 tons last year.

The foreign exchange losses are already having serious effects. Payments for petroleum imports are past due, and Chile may not be able to make the semiannual payments on Export-Import Bank loans due in June and July. Meanwhile, inflation continues unchecked. Since January 1953, living costs have risen about 4.5 percent per month, and the peso has dropped from about 125 to 285 to the dollar.

During the seven months of negotiations with the United States, sales of copper to the Orbit were repeatedly advocated by Chilean Communists and even by some Chilean officials. Domestic political considerations prompted the repeal last September of decrees prohibiting trade with the Orbit and, according to Finance Minister del Pedregal, were behind the 17 March cabinet statement implying an intention to sell copper behind the iron curtain.

13

## Approved For Release 2004/06/24: CFA-RDP79-00927A000200200001-9

Although the government has since formally assured Washington that it will confine its copper sales to Western markets, some influential Chileans will probably continue to see Crbit markets as a solution for the country's economic problems. Consequently, official statements implying consideration of Soviet offers will continue to seem good domestic politics as well as an effective means of maintaining pressure on the United States for economic aid.

Along with other Latin American countries, Chile has repeatedly held that the United States should provide some form of preferential treatment for countries producing strategic materials which they are barred from selling to the USSR. It raised this point at Caracas, and will probably bring it up at the special inter-American economic conference next fall. Chilean demands along these lines will probably increase following the expected general relaxation of East-West trade restrictions.

Ibanez' ability to cope with Chile's continuing economic and political problems is somewhat in doubt. The 76-year-old president lacks majority support in either house of the legislature, and the only political party with substantial representation in the cabinet opposes his policy of not selling copper to the Orbit. His domestic policies have involved ineffective compromises between various pressure groups, and the American embassy reports that he is now "going through the motions of being president, but that the motions are feeble and have less and less meaning."

The prospects for improvement held out by any of the currently rumored political solutions are also poor. One suggestion calls for the appointment of a cabinet of "competent technicians" without regard to party affiliation, but the necessary cooperation of the moderate parties is not in sight. The Radical Party, Chile's third largest in terms of legislative representation, is rumored to be flirting with the leftist parties, including the Communists, in an effort to reestablish the old Popular Front. Finally, some of Ibanez' extreme rightist supporters are reported seeking an authoritarian regime, but it is doubtful whether Ibanez still retains either the prestige or the physical vigor for such a move.

# INDONESIAN COMMUNISTS REAFFIRM POLICY OF SUPPORTING GOVERNMENT

The recently concluded fifth congress of the Indonesian Communist Party (PKI) placed the party's fortunes in the hands of aggressive young leaders and approved the policy of supporting the government so long as this proves expedient. Government leaders generally still welcome Communist support, although a few are apparently becoming aware of its dangerous implications.

The proceedings of the congress, which was held in Djakarta between 15 and 22 March, indicated that the PKI regards Moscow as its primary source of inspiration, although Peiping's influence was discernible in some aspects of the party's program. The first order of business was to confirm the authority of three youthful leaders, referred to as of the "Lenin, Stalin type," two of whom recently made prolonged visits to Moscow and Peiping. A program was adopted emphasizing the need for better party discipline and the development of a strong peasant following. Pending achievement of these goals, the Communists would continue to support the government.

The Masjumi and Socialist parties, the government's principal opposition, were vehemently denounced as tools of Western imperialism. Their leaders and moderate Vice President Hatta were branded as virtual traitors.

President Sukarno and Prime Minister Ali both sent warm greetings to the congress, and the opening reception was attended by three cabinet ministers, two of whom delivered speeches thanking the Communists for their support and asking that it continue. These views were echoed publicly by the chairman of the National Party (PNI), which controls the government. The mutual benefits which derive from government-Communist cooperation appear to preclude any early break.

The Communists did, however, speak at their congress of the inevitability of an eventual break with the "national bourgoisie," i.e., the National Party. In anticipation of this, they are apparently attempting not only to strengthen their organization and enlarge their following but also to bolster their claim of being the true nationalists of Indonesia.

Along this line, the American embassy in Djakarta reports that Chinese are apparently being removed from the local Communist Party, and that a Chinese member of the PKI politburo was dropped

15

by party action last October. A number of left-wing Chinese groups have been merged under the leadership of a former editor of a local Communist newspaper, and the group is evidently to stay clear of any overt link with the Communists.

The surrender since the turn of the year of large numbers of the Communist-oriented "Bamboo Spears" guerrilla organization may have been inspired by the PKI. By this action, the Communists could claim to be doing their patriotic duty in promoting stability, and at the same time feel freer to make new demands for stiffer government action against Moslem insurgents. Actually, the Communists stand to lose no military potential

There are a few indications, however, that the Communists may be overreaching themselves. The American embassy reports that certain elements in the National Party are concerned about Communist infiltration tactics and fear that their own claim to leadership in the nationalist movement in Indonesia is being usurped. A prominent party spokesman warned in a recent speech against ideological subversion, and there have been some indications that the foreign minister is becoming concerned over the Communists' increasing influence.

A Foreign Ministry official told the American ambassador on 20 March that the prime minister and others were trying to engineer a "turn" in Indonesian foreign policy, presumably toward the West, but the significance of this assertion is obscured by the fact that he was at the time asking that the United States not oppose Indonesia's demand for Netherlands New Guinea.

Of perhaps greater ultimate significance for any future increase in the Communists' influence is the fact that their attacks on Islam apparently are arousing serious Moslem resentment. Illustrative of this sentiment was the mobbing on 29 March of the Communist secretary general, who had made anti-Islam remarks in a speech in east Java. The real strength of the Masjumi, still Indonesia's largest party, consists of its association with the country's predominant religion.

16

## SECRET

25X1

### DETERIORATING TRANSPORT FACILITIES WEAKEN IRAN

Progressive deterioration of Iran's railway and road transport system seriously hampers the effectiveness of the security forces, the build-up and mechanization of the army and the distribution of essential commodities (see map, p. 19). The government is trying to prevent a total breakdown of transportation facilities, but its rehabilitation program will probably fall short of even minimum needs.

The single-track Trans-Iranian Railway, connecting the Persian Gulf with the Caspian Sea via Tehran, has suffered from high operating costs and inefficiency since it was opened in 1939. The railway functioned at peak capacity only when it was operated by American engineers during World War II. Under the wartime strain of increased loads, the roadbed and equipment deteriorated and, when American personnel withdrew, regular maintenance was discontinued. Large sections of rail now urgently need replacement, and seepages are reported in tunnels, none of which has ever been repaired.

Between March 1952 and March 1953 the entire railway system carried only 1,400,000 metric tons of freight, whereas the main trunk line alone carried a wartime annual high of more than 2,500,000 tons. Nonmilitary tonnage hauled during the peak war year was twice that of the prewar annual average. Iran's present minimum rail transportation needs are between 3,000,000 and 4,000,000 tons annually.

The system is now incapable of handling an emergency. In late 1953, when the railroad was allowed to haul only oil products because of the extreme fuel shortage in the north, gasoline stocks for Tehran's security forces dwindled to a 24-hour supply. The railway was also unable to handle sugar received under the American emergency aid program; consequently, much of it had to be sold at dockside, and the Iranian government earned much less from sugar sales than anticipated. In January of this year, the railroad still was refusing all shipments except petroleum and sugar.

Thirty-five percent of the 248 oil-burning steam locomotives are inoperative or under repair, and about two thirds of these will probably have to be scrapped. Even including the 40 new oil-burning locomotives from England, which were put into operation during 1953, the total in operating condition is only 175. More locomotives and several hundred additional freight cars are required before cargo capacity can support present needs; and much equipment will be needed to permit expansion of the economy.

17

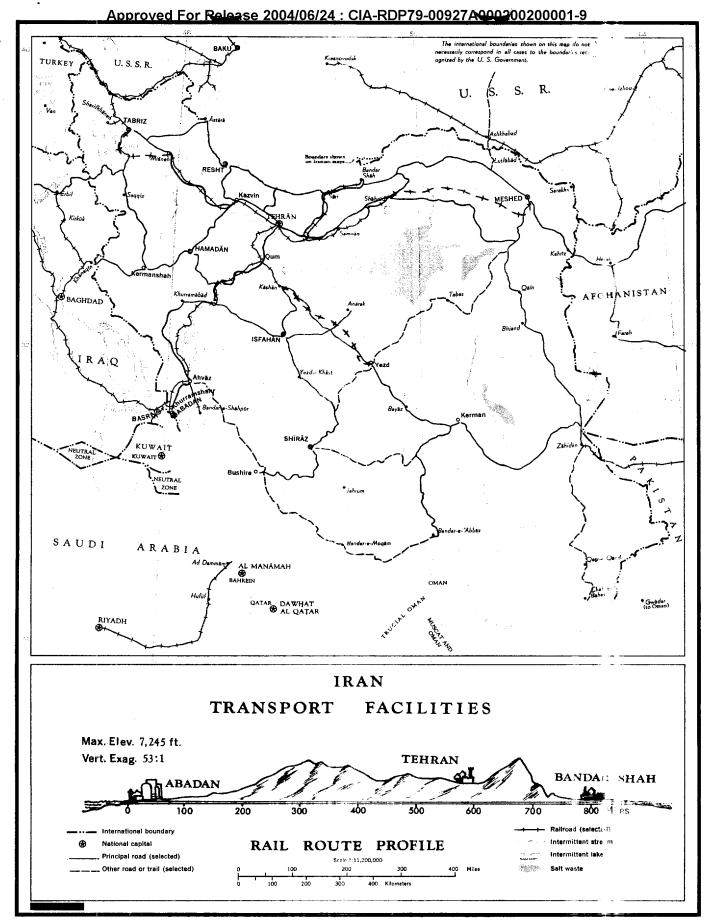
Tehran has taken positive steps looking toward rehabilitation including: (a) a purchase agreement of 16 February providing for delivery within six months of the 24 English locomotives still to be delivered under a 1939 order; and (b) a request last month by the Transportation Ministry for bids on a comprehensive list of locomotive spare parts to be paid for with American aid funds.

The proposed railways budget for the year starting 21 March 1954 is \$14,200,000, while former prime minister Mossadeq's budget for 1953 called for only \$113,000. But most of this great increase is destined, as in the past, for expansion rather than rehabilitation. Three economically unimportant extensions of the railroad, under construction since 1939, are presently being pushed because of their supposed political value. At present the railroad is a liability from a military standpoint, and large numbers of troops are required to protect it from Tudeh sabotage.

As for road transport, the 6,000 miles of paved and gravel-surfaced roads are in poor condition, and the private trucking industry also suffers from shortages of spare parts and maintenance technicians. Trucking through the area served by the rail-way declined rapidly after 1939 as a result of government discrimination, and the trucking industry is now incapable of supplementing rail transport to the degree required.

The transportation crisis is growing in Persian Gulf ports, and Point IV industrial machinery is piling up. In Azerbaijan, the transport situation is even more tangled.

Railroad rehabilitation is recognized by Tehran as the key to improving the standard of living. Large-scale American assistance and continuous supervision will, however, be necessary to carry out a sound program.



## SPECIAL ARTICLE

USSR SUPREME SOVIET ELECTION FOLLOWS STALIN PATTERN

The results of the first post-Stalin election reflect slight changes in the present regime's approach to internal problems. The composition of the new Supreme Soviet also indicates that the new leadership has not yet basically modified Stalin's governmental policies (see charts, p. 23).

The transition from Stalin to the new "collective leader-ship" was marked by a few purges and numerous shifts of personnel, but there were no widespread changes among the people on whom the top leadership depends for active support. This continuity in personnel is clearly evident in the new Supreme Soviet, which includes 43.2 percent of the delegates of its predecessor as compared with 41.6 percent re-elected in 1950 (see chart 1, p. 23). A much smaller degree of continuity was present in the 1946 body.

The traditional "honorary" nominations of members of the all-Union party presidium and secretariat clearly indicated the growing prestige and influence of Khrushchev. According to the central and republic press, Khrushchev, though number three in official presidium listings, was nominated in a much greater number of electoral districts than Molotov, the number-two man. All other presidium and secretariat members received nominations consonant with their positions in the official listings; Malenkov, for example, received 25 percent more nominations than Khrushchev (see chart 2, p. 23).

While an analysis of the composition of the Supreme Soviet reveals nothing about the true attitude of the Soviet people, it does reflect various aspects of the regime's current program. The new regime's continuing preoccupation with the problem of consolidating its control, for example, has resulted in a somewhat higher level representation of party and government officials than in 1950 at the expense of the lower echelons. This year all USSR ministers were elected to the Supreme Soviet. In 1950 only one minister who was not also a deputy chairman of the Council of Ministers was elected. In 1950 there were 16 chairmen of rural soviets, the lowest-level official in the hierarchy of soviets, while in 1954 only five were elected.

20

The dominant position of the party is strikingly revealed in the representation drawn from the two highest levels of the party hierarchy. Of the 1,347 deputies elected, 177 are members or candidates of the central committee and central auditing commission of the all-Union party, while 263 are from their equivalents at the republic level. At least another 144 are members of krai and oblast party bureaus in the Russian Republic, which has no republic organization and where the krai and oblast bureaus play somewhat the same role as the republic party central committees in the other 15 republics. Thus, eliminating duplications, nearly half the deputies are members or candidates of high-level party bodies. In addition, another 35 percent are members of lower-level party bureaus, or simply party members.

All but 27 of the full members of the 1952 all-Union central committee were elected to the Supreme Soviet. Most of the 27 can be accounted for as dead, purged or removed from office in apparent disfavor, or as holding positions not normally represented in the Supreme Soviet. The omission of Yuri Zhdanov, however, is the first indication that he has lost the prestige or position which earned him a place on the 1952 central committee.

One of the long-term objectives of the party in the Soviet Union has been to increase the role of women in public life. Progress has been much slower than the early leaders seemed to believe possible, but in recent years there have been signs of solid gains in this regard. That the present regime is continuing this policy, and even accelerating it, is shown by the increased representation of women in the new Supreme Soviet. Women account for 25.3 percent of the deputies as compared with 21.3 percent in 1950 and 16.5 percent in 1937 (see chart 3, p. 23).

The slight increase from 61 to 69 in the military representation over 1950 reflects the stable position of the armed forces, but no increase in prestige. This is emphasized by the fact that the 1937 and 1946 Supreme Soviets contained a much higher number of military than those of 1950 or 1954 (see chart 4, p. 23).

The representation of security personnel, on the other hand, suffered a nearly 50-percent decrease. Two factors help account for this reduction. In the first place, the two separate security ministries of 1950 (MVD and MGB) were united following Stalin's death, reducing by half the number of ministers and administration heads. Secondly and more significantly, Beria's downfall

21

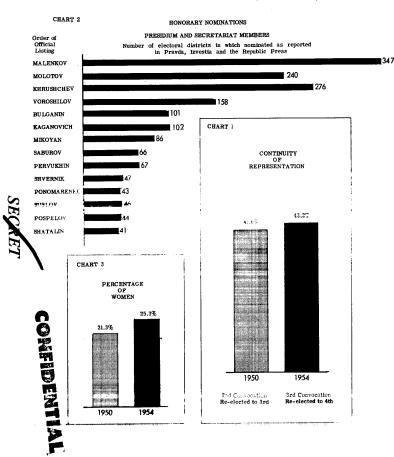
marked a successful attempt to prevent the security apparatus from becoming an independent power base. Curtailment of the number of prestige positions for security personnel appears to be part of a continuing effort to keep the security forces subordinated to the party.

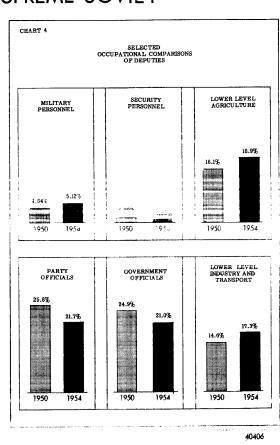
There was an eight-percent drop in the number of party and government officials which was for the most part taken up by an increase in the number of intermediate and lower-level economic personnel. The industry portion of these lower-level workers shows a remarkable stability in the relative proportions of enterprise directors, technical experts, and foremen and bench workers. The agriculture portion, however, shows a marked shift to the lower-level workers. This is in keeping with the regime's "new look" agricultural policy with its emphasis on production and workers closest to production. The continued high representation of industrial workers, however, reflects an enduring emphasis on industrial production.

The election was carried out under the 1950 rules, and no innovations in its conduct were noted. As before, the nominations were so arranged that when those nominated in more than one electoral district had selected the district in which to run, only one candidate was left in each district to be registered and hence to appear on the ballot. However, in five cases—three in Azerbaijan and two in Kazakhstan—political or other developments after the nominations forced the replacement of the original nominee, emphasizing the last—minute nature of the leadership shake—ups which recently wracked these republics.

Approved For Release 2004/06/24 : CIA-RDP79-00927A000200200001-9

# ELECTIONS OF THE SUPREME SOVIET





ONFIDELLIAN