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SUMMARY OF CONTENTS

THE SOVIET WORLD

By renewing on 13 November its proposal of 24 July for an all-European security conference without any change except specifying a date, the Soviet Union showed its continuing unwillingness to make significant new offers in an attempt to head off West German rearmament. Although the USSR may be holding in reserve some ostensible concessions on the issue of all-German elections, its position appears rigid. In addition, the Soviet hints of a reduction of occupation troops in Austria have not been followed by proposals acceptable to the West.

The Soviet note of 13 November contained the standard denunciation of the Paris agreements. It charged that ratification would greatly complicate the European situation and undermine the possibility of settling outstanding European problems, particularly that of Germany. The implied threat to counter West German rearmament with increased Orbit armament was made officially for the first time, with the statement that West German rearmament would increase the arms race and "it will be absolutely natural if peace-loving European people are forced to take new measures for ensuring their security."

This was the first such note sent to all European countries, including the Satellites, and it contained a unique reference to consultation with Poland and Czechoslovakia and their support of the conference proposal. These consultations with Poland and Czechoslovakia reflect the increased role the USSR is attributing to the Satellites in foreign affairs. This policy is partially designed to encourage the belief that the Satellites are sovereign.

The USSR has also adopted a policy of encouraging the Satellites to permit expressions of nationalist sentiment in order to gain greater popular support for the regimes and their new course policies. The new Soviet textbook, Political Economy, gives guidance for such an approach, emphasizing that the economic policy of each Satellite country should be based on its individual historical development, the level of its production forces, and the special characteristics of its class relations.

A Pravda editorial of 13 November, which further clarified the USSR's views in regard to Satellite independence, stated that a new relationship between the USSR and the People's Democracies has been developed based "on the full and real equality of all peoples" and on "the preservation of national independence and noninterference in the internal affairs of other states."

Other recent gestures designed to give the impression that the Satellite regimes are independent have included the sale to Bulgaria, Hungary, and Rumania of Soviet interests in most of the joint companies established in these countries after World War II, and some reduction in the number of Soviet advisers and technicians in the Satellites.

The reappearance in some of the Satellites of a number of former Communist officials purged following widespread "national deviation" trials during the Stalin era may be partly intended to show that Soviet and Satellite national interests are of equal importance.

Despite apparent Soviet approval of emphasis on nationalism in the Satellites, only Hungary appears to have relaxed its policy in regard to nationalism. Hungarian politburo member Bela Szalai made on 7 November the first Satellite reference to Political Economy. He characterized it as one of the most important Soviet "creations" of the past year, and pointed out that it would be useful to the Communists in teaching the workers and the youth. His statements came just a few days after party secretary Farkas publicly condemned the mechanical copying of Soviet policies by the Satellites.

In other Satellites, propaganda media and addresses by prominent officials have referred only infrequently to national historical events. Moreover, all the Satellites have continued to pay homage to the USSR for its assistance and guidance in their development and for its aid in their technological growth. This type of adulation was apparent most recently in the speeches of Satellite leaders on the anniversary of the October Revolution.

SOVIET FOREIGN POLICY AND "PEACEFUL COEXISTENCE"

The current Communist emphasis on "peaceful coexistence" does not appear to foreshadow any major change in the USSR's public attitude toward the United States. The particularly heavy play given this theme in recent weeks is probably timed to influence forthcoming parliamentary decisions in the West on the Paris accords on West German rearmament. Long-standing Soviet foreign policy objectives are clearly manifest in the sharp distinction Soviet leaders are making between their application of the coexistence line to the United States on the one hand, and to its major allies in Europe and the Far East on the other.

Moscow is seeking in a variety of ways to dramatize the distinction the Kremlin attempts to make between the policy of the United States, which the USSR charges is aggressive and rejects coexistence, and the desires of European and Asian countries for a further reduction of tension and better relations with the Communist bloc. A recent Hungarian commentary on coexistence asserted that the past year has witnessed the emergence of two trends in the capitalist camp concerning relations with the Communist bloc: one represented by "aggressive American and German militarists bent on a war," the other by more sober elements of the bourgeoisie, "more realistic in their assessment of the prevailing balance of power," who favor an expansion of trade relations. Soviet propaganda continues to depict the "aggressive policies of American monopolies" as the main obstacle to coexistence, and has singled out Churchill and Nehru as examples of "the more farsighted capitalist leaders" who are "beginning to lean toward the idea of coexistence."

The attempt to make this distinction between "two trends" in the capitalist world is also evident in many areas of bloc action: the harassment of American diplomatic personnel in the USSR; the contrast between Soviet treatment of the 4 September American patrol bomber incident off Siberia and the prompt regrets expressed by Peiping over the shooting down of the British transport off Hainan in July; and the marked difference between the current Viet Minh attitude toward American representatives in North Vietnam, on the one hand, and British and French officials on the other.

The impression that the bloc leaders are seeking to convey to America's major allies by their emphasis on co-existence and the Chou-Nehru "five principles" is that the Communists would be content with an indefinite continuation of the status quo in Europe and Asia, that there are no grounds for fearing even local Communist bids to seize power, and that they sincerely desire more cordial and mutually beneficial relations with these countries.

The Soviet leaders have, however, been careful to remind the capitalist world that their desire for a prolonged period of coexistence is not a "symptom of weakness." Saburov's speech on 7 November warned that a "policy of strength" has never led to success with the Soviet Union and is "all the more out of place at the present time when the USSR ... has multiplied its forces still further." The authoritative Soviet theoretical journal, Kommunist, asserted in a recent article on coexistence that the Soviet Union and the other countries of the socialist camp "will never allow the aggressive imperialist circles to impose their will upon them." Neither will the socialist camp agree to any conditions "which are incompatible with their state sovereignty or with the interests of the peace and security of the peoples."

Moscow's treatment of this subject suggests that the Soviet leaders' terms for peaceful coexistence include the requirements that the West must abandon any plans to force a general retreat from the present frontiers of the Soviet Orbit, and that East-West relations in this period of co-existence must rest on the understanding that these frontiers are not even open to negotiation.

The general approach and tone of Soviet discussions of coexistence imply that the Kremlin regards it as a temporary phenomenon which will last only until the inevitable disintegration of the capitalist system and its replacement by a "new, higher, socialist system," and that it will enable the Communist states to build up their economies and expand their armed forces to a degree where they would be able to "ensure peace," presumably on their own terms.

THE STABILITY OF THE MENDES-FRANCE GOVERNMENT

Premier Mendes-France has probably strengthened his position temporarily by refusing to accept the Socialists' conditions for cabinet participation, but by so doing he has emphasized the paradox of a cabinet largely rightist in composition, yet dependent on leftist support. In any event, as the premier concentrates more on internal matters he faces essentially the same problems as overthrew his predecessors, with many of his supporters showing signs of increasing dissatisfaction over his program for the domestic issues which are their primary concern.

The premier's basic position in the National Assembly remains unchanged, since the Socialist Party Congress of 10-11 November assured him of continued parliamentary support. By once again refusing to follow the practice of former premiers, who dealt with political parties rather than with individual deputies in picking cabinet members, Mendes-France has served notice on the party organizations that he will continue to appeal over their heads to parliament and to the nation. Furthermore, he has avoided for the time being the danger that rightist members of his government might withdraw because of Socialist participation.

If the Socialists had accepted cabinet posts, the opposition of the Popular Republicans would have weakened, but the premier's basic problem of adequate parliamentary support would still remain. He has thus far been able to appeal to the right by holding out the hope of a rigorous monetary policy, to the left by the promise of greater social justice, and to nationalist elements by a show of independence in foreign relations. Nevertheless, his consistent supporters are about 25 votes short of the required 314 majority.

Furthermore, most of the major decisions he has made so far have merely postponed dangerous issues, and the domestic problems to be taken up in the next few months will put the severest strain yet on the coalition. He may be able to continue putting off the realization of Tunisian desires for full independence and the question of France's relations with the two governments in Vietnam. He will also probably succeed in standing off opposition on the issue of German rearmament. Even within his coalition, however, the ex-Gaullist Social Republicans have already indicated that

they think his Indochina policy too dependent on the United States. They fear, moreover, the effect of trouble in Algeria on the French Union, and they are critical of recent nominations for overseas governors.

The premier is most likely to run into trouble on the budget, which is central to his own main concern of economic reform. At one point or another it affects the special interests of all the deputies, who have already shown resentment at his efforts to speed up its parliamentary consideration in order to get it through by the end of the year. Criticism has been voiced from the left that the provisions for new capital investment do not go far enough in the direction of Mendes-France's earlier economic reform proposals. As the debate progresses, moreover, opponents of the premier are likely to raise various emotionally loaded issues. Appropriations for agricultural education, for example, could give the Popular Republicans a chance to revive the old divisive question of government aid to Catholic schools.

Meanwhile, rightist opponents are laying the ground for attacking any radical budget proposals by stressing, through statements by the secretary general of the Independents, that France is now reaping the dividends of monetary stability realized, not by Mendes-France's program, but by that of Pinay in 1952. If, however, the debate on the budget develops government proposals more acceptable to the Socialists, Mendes-France could hope to gain compensating support from the Popular Republicans, who have long sought closer ties with the Socialists.

Despite the opportunities provided by the budget for Mendes-France's many prominent individual opponents--who, the American embassy has noted, are now apparently preparing to "cut him down to size"--they still seem to lack any single issue important enough for a showdown. The premier's popularity, unparalleled since De Gaulle's heyday, remains high and most of the non-Communist press has rallied to his support as the man with the dynamic approach needed to put France on its feet.

Another serious outbreak in North Africa might, however, destroy the myth of his magic touch and give his opponents their needed issue. After 21 November, moreover, they could try to oust the premier without risking immediate dissolution of the assembly; that date marks the end of the constitutional 18-month period since a premier was overthrown on a vote of confidence.

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REHABILITATION OF PURGED LEADERS IN THE SATELLITES

During the past 18 months, several European Satellites have politically rehabilitated selected Communist and non-Communist leaders purged prior to 1953. These men are now being used on a carefully controlled basis to support the rejuvenated national front policy.

By these moves the Satellite regimes probably hope to create enthusiasm for their over-all programs and to overcome the economic and political impasse in which they now find themselves. The releases are also probably intended to convince the politically minded that the promises of the new course are sincere and that an era of "legality" has begun.

Most of the rehabilitated leaders were purged between 1950 and 1952, either because they were no longer useful or because of potential deviationist tendencies. They fall generally into three categories: (1) former Social Democratic leaders of the extreme left wing who led their parties into fusion with the Communists in the immediate postwar years, (2) long-standing Communists who were more closely identified with their own countries than with the USSR, and (3) leaders of former non-Communist puppet parties.

The process of release and rehabilitation has been most conspicuous in Rumania and in Hungary, where the government has now announced the release from prison of Noel and Herta Field, whose testimony was used in both the Rajk and Slansky trials. Recent publicity on the Hermann Field case in Czechoslovakia suggests there may be additional releases there. Hungary and Poland have officially announced that reviews of security police activities prior to the new course are under way.

Most of those known to have been released to date have been former prominent Social Democratic leaders. Among these are former Hungarian foreign minister Gyula Kallai, purged in 1951, and three ex-politburo members from Rumania, who were dropped in the reshuffle at the time of the Pauker-Luca purge in May 1952. These four have been given positions in local governments in recent months.

This return of Social Democratic leaders is consonant with the concern of Communist leaders on the question of loyalty among rank-and-file party members and implies a realistic appraisal of the composition of the Satellite Communist parties, which contain many former Social Democrats. The position of the Social Democrats who have remained in office was strengthened earlier this year in some of the Satellites when many of them were re-elected or promoted to important party posts.

Individual Communists have also been returned to political or public life in Hungary, Rumania, and Bulgaria. Although they fit no general pattern, a number of them had reputations as "national" Communists or were wartime resistance leaders. Like the Social Democrats, they are being used to bolster national fronts, and their rehabilitation is apparently intended to encourage initiative and create a greater feeling of security within the parties and to dramatize the difference between the present "liberal" policies and the harsh Stalinist policies of the past.

The Communists rehabilitated thus far include Gheorghe Vasilichi and Vasile Vaida, former members of the Rumanian politburo dropped at the time of the Luca-Pauker purge; Janos Kadar, once a member of the Hungarian politburo and minister of interior; and Janos Donath, who headed Matyas Rakosi's personal secretariat until 1948. Four members of the central committee of the Bulgarian Communist Party who were expelled in 1950 were brought back into the fold at the sixth party congress last March.

Several leaders of the puppet Smallholders' Party in Hungary, including its former leader Lajos Dinnyes, have been brought back and incorporated into the Patriotic People's Front. Asen Pavlov, a leader of the old Bulgarian Agrarian Union, who was tried and jailed in February 1952, is now free and has publicly endorsed the Fatherland Front.

Discarded generals have also been utilized in public ceremonies this year in Rumania and Czechoslovakia. Ludvik Svoboda, former Czech minister of national defense, who was dropped in 1950, reappeared last month, and 13 royalist generals of the Rumanian army participated in ceremonies on the tenth anniversary of liberation. There is also evidence that some sidetracked generals of the Bulgarian army are being restored to active commands.

The rehabilitations have led to speculation that those directly concerned in the great Stalinist purges of Rajk, Kostov, Slansky, and Gomulka may be liberated. A few individuals indirectly implicated in these cases have already been released. None of the persons directly involved has been freed, however, and as recently as 9 November the Czech press attacked Slansky as a Western spy and criminal.

COMMUNISTS GET TOE HOLD IN OIL-RICH KUWAIT

The impact of the oil industry in the British protectorate of Kuwait has been accompanied by the development of Communist activity there. The Communists are still engaged in preliminary organizational work, but they have opportunities to exploit mounting radical opposition to the Arabian sheikhdom [redacted] and to add to labor disorders throughout the Persian Gulf oil industry.

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Communist activity in Kuwait first reached noticeable proportions in the fall of 1953. This was roughly one year after the full impact of the oil industry--the American-British Kuwait Oil Company, with investments totaling $1,500,000,000--began to be felt in the feudal sheikhdom. The rapid social changes of the past two years have dazed the 200,000 illiterate Kuwaiti, and the oil boom is attracting into the sheikhdom--which lacks visa controls and an effective security system--thousands of opportunistic Iranians, Iraqis and Palestinians, including many Communists, Arab nationalists, and extremists of various other allegiances.

Communists in particular have begun to exploit the inability and unwillingness of Sheikh Sabah and his followers to control and give direction to the changes that are taking place.

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[redacted]

The Kuwait Democratic League, which is reported to have been organized by Communists last November, appears to be the main center of local Communist activity and the fountainhead of much propaganda hostile to the regime and to the West. Its hard core consists of Palestinian Communists, who receive Communist literature from the Syrian and Lebanese parties. Several reports indicate that the league has attracted conservatives who are disgusted with the free-spending sheikhs and the recent collapse of the government's program, begun in 1952, for the overall social and economic development of the country.

Other Communist groups, such as the "National Committee of the Partisans of Peace in Kuwait," also exist in the sheikhdom. Various individuals have been labeled Communist cell leaders, and "cultural clubs" are popular centers of discontent. There also appear to be two Communist bookshops--the Kuwait Office and the Gulf Library. Groups of Iraqi and Iranian Communists, driven from their homelands, are probably centers of subversive activity.

New radical organizations have, moreover, sprung up in the past six months as a result of the worsening economic conditions caused by suspension of the development program. Typical of these are the "Free Democrats" and "The Patriots." If not Communist-controlled already, these groups are easy targets for Communist infiltration.

Common to all the radical programs are opposition to the sheikh's rule, hostility to British influence, and a demand for seizure of the oil company, which now yields the regime an annual income of $150,000,000.

The Communists seem to be concentrating on basic recruiting and propagandizing. Their immediate aims appear to be to infiltrate schools and industry, to promote local class antagonism and anti-Western sentiment, and to gain sufficient control of labor to make possible the co-ordination of labor disturbances in Kuwait with others in the Persian Gulf. The Communists' efforts are facilitated by the political naiveté among the sheikhs and the population as a whole, by failure of the authorities to organize an adequate security system and carry out the development program, and by the absence of British and American information centers.

It is unlikely that the regime could be overthrown in the near future, but these circumstances give the Communists a potential for fomenting and channeling the mounting unrest. Development of a strong Communist position and good regional communications in strategically located Kuwait would enhance the general Communist potential for plaguing the oil industry in Iraq, Iran, Saudi Arabia, and Bahrein. In general, the growth of Communism in Kuwait is one of the most significant advances registered by Middle Eastern Communists in the past year.

THE STATUS OF DAIREN HARBOR

The Sino-Soviet communiqué of 11 October and subsequent Communist statements on Port Arthur have left obscure the status of the harbor of Dairen, the only major port in Manchuria.

The Sino-Soviet treaty of February 1950 left the status of the port of Dairen for "examination following the conclusion of a peace treaty with Japan." As regards the city of Dairen, the agreement stated that the administration "fully belongs" to Peiping and that Soviet property in Dairen would be transferred to the Chinese.

Prior to February 1950, the city was under joint Soviet-Chinese administration, while the USSR controlled all important industrial enterprises as well as the port. [redacted] 25X1 [redacted] the USSR during the next two years appeared in fact to turn over the administration of the city and control of the port to the Chinese. Nothing was said publicly, however, about the question of port control.

In 1952 it was announced that, at China's request, Soviet troops would remain in Port Arthur, but nothing was said about Dairen. In 1953 Port Arthur and Dairen came under a single administration, headed by a Chinese mayor, but there was still no mention of the port.

The Sino-Soviet communiqué of 11 October stated that Soviet troops were to be evacuated from the "area of the Port Arthur naval base"--which has been generally regarded as including Dairen--and that the USSR would withdraw from the Sino-Soviet shipyard, the last major economic enterprise in Dairen controlled by Moscow.

The 11 October communiqué thus gives the impression that Moscow has now relinquished the last of its special positions in Dairen. If this were so, however, Moscow and Peiping might reasonably have been expected to publicize the Soviet magnanimity, and there has been no such publicity. The question of Dairen's status, therefore, particularly as regards control of the port, remains open.