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SUPPLEMENT: A REVIEW OF SOVIET FOREIGN POLICY--
JANUARY-NOVEMBER 1954

The foremost objective of Soviet foreign policy during 1954 was to defeat EDC and to prevent the incorporation of a rearmed West Germany in the Atlantic alliance. Simultaneously, Moscow tried to improve its relations with the countries immediately adjacent to the Orbit and, by easing world tension, to reduce the dangers of involvement in a general war. The diplomatic setback of the London and Paris agreements led Moscow to call an Orbit security conference to lay the groundwork for a security system to counterbalance the augmented power of NATO.

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THE SOVIET WORLD

The Communist world last week continued to hide its Stalinist heritage of aggressiveness and totalitarianism behind the guise of a peaceful neighbor interested in mutually profitable intercourse--a role which it warned might change with ratification of the Paris accords.

In Paris and Prague, Albanian diplomats are reported to have hinted recently through third parties to Greek representatives that Albania wishes to restore normal diplomatic relations. Furthermore, an Italian trade delegation is reported to be in Tirana at the invitation of the Albanian government, holding economic talks with Albanian officials for the purpose of concluding a trade agreement. These are the first such talks since World War II. Previously Albania has only sporadically advocated normal relations with Greece and trade with Italy, but has in general made no real effort toward these ends.

In a move to reassure the Polish public that a policy of arbitrary arrest is no longer a feature of the government's security apparatus and to break up the tremendous power complex formerly concentrated in the security forces, the Polish regime on 8 December announced the replacement of the infamous Ministry of Public Security by an Internal Affairs Ministry and a special Committee of Public Security. The ministry has jurisdiction over the uniformed police services, including the elite Internal Security Corps and the border guard. The special committee, headed by politburo member Wladyslaw Dworakowski, was made responsible to the Council of Ministers, and apparently has jurisdiction over the secret police. Poland is the first Satellite to adopt this form of security organization, which closely resembles that of the USSR.

While some security officials involved in the reorganization and shake-up of the ministry may eventually be tried for "abuses of their authority," the former minister of public security, politburo member Stanislaw Radkiewicz, was given a face-saving position as minister of state farms.

It is probable that the timing of the reorganization, which was based on last year's investigations of the security services, resulted from the disclosures of former high security police officer Swiatlo and the release of Herman Field.

Although Soviet propaganda has continued its somewhat belated backing of Peiping's charges against the 13 US "spies," several UN delegations informed an American journalist that

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members of the Soviet delegation were very unhappy that the case had been brought up in the Assembly; it upset Moscow's development of a peaceful atmosphere for coexistence. Allegedly the Soviet Union regretted the Chinese action and was using its influence to obtain the fliers' release.

The Soviet note of 9 December, Molotov's speech on 10 December, and concurrent propaganda have all been devoted to warning the West--and especially France--in somewhat stronger terms than previously that ratification of the Paris agreements would exclude the possibility of German reunification and make four-power talks on that issue pointless. The Moscow conference warnings of new Orbit defense measures have been replayed, with Molotov repeating Grotewohl's specific threat of East German armed forces.

The tenth anniversary of the French-Soviet pact--the occasion for Molotov's speech--was exploited for particular appeal to France not to break its alliance with Moscow by endorsing West German rearmament. Although Molotov made no threat of abrogating the pact if France ratified the Paris agreements, this was emphasized in a Pravda statement that treaties are lasting only when their conditions are observed and lose force when violated by one side.

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THE CURRENT STATUS OF AFGHAN-SOVIET RELATIONS

An Afghan government decision to accept a calculated risk in order to improve a critical economic situation and to stimulate American interest in Afghanistan's internal problems may be primarily responsible for the recent increase in the number of Soviet technicians and Soviet-sponsored development projects in that country. The USSR, which for years has been trying to increase its influence in Afghanistan, is unlikely at present to enforce its suggestions, and its current position seems to be one of capitalizing on opportunities offered by Kabul.

During 1953, the USSR apparently made no important effort to penetrate the Afghan economy, and Moscow's approaches seemed designed only to demonstrate its continued interest in maintaining Afghanistan as a buffer state between Pakistan and the USSR's central Asian industrial complex.

As rumors of a Turkish-Pakistani pact and a northern-tier defense scheme began to circulate in 1953, however, Soviet interest in the countries on the Asian periphery of the Orbit sharpened noticeably. A campaign to provide economic and technical assistance to underdeveloped countries was put into concrete form. It was given significant impetus by the USSR's willingness, for the first time, to send abroad both goods and technicians in support of its program.

In early 1954, the first signs of an awakened Soviet interest in Afghanistan were manifested in moves which appeared to be aimed at opposing an increase of Western influence on the USSR's border. The USSR, on the basis of previous experience, had little reason to believe its activities would be as successful as they reportedly have turned out to be.

The apparent success of the relatively modest \$6,200,000 Soviet economic program in Afghanistan during 1954 may, therefore, result from an increased Afghan willingness to deal with the USSR and not from any pressure that Moscow has put on Kabul.

Afghanistan, having suffered severe setbacks in 1950 and 1952, is in a critical economic condition. Its hard currency balance is close to zero primarily because of the collapse of the karakul market, which has in the past supplied the major proportion of Kabul's hard currency earnings. Its internal

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financial structure has been upset by the efforts of Prime Minister Daud and Finance Minister Malik to extend government control over the private sector of the economy. The government seems, therefore, to have accepted increased barter trade with the USSR and a number of financially attractive Soviet economic aid offers partially to keep its head above water.

Possibly more important, however, are the attitudes and statements of Afghan officials which show that they have been trying for almost a year to evolve a method for allying themselves more closely with the West as Turkey, Iran, and Pakistan have done, without overly antagonizing the Soviet Union.

Prime Minister Daud, himself, revealed his basically pro-Western thinking as recently as October 1954, when he asked an American visitor why the United States was ignoring Afghanistan in plans for regional defense. Daud stressed that his country must have some kind of understanding with the United States. Also in October, Daud's brother, Prince Naim, now Afghan foreign minister, officially approached the American government along the same lines.

With this background, it seems that Afghanistan may not only be attempting to improve its economy but also to try a new version of the "threat to turn to the USSR" to force the United States into taking action.

Soviet-Afghan relations have not yet reached a point of immediate danger for Afghanistan, despite some apparent increase in Soviet-Afghan trade and the influx of Soviet technicians and equipment during 1954. Government leaders in Kabul are aware of the dangers involved, and they are reportedly intending to keep a close watch on all Soviet personnel. The projects being constructed under Soviet supervision, including a bakery, flour mill, gasoline and food grain storage facilities, and paved streets, are not of a sort to provide the USSR with permanent pressure points for extending its influence. Rather, they are of a type the Afghan government might be expected to accept if it hoped to acquire maximum economic benefits without jeopardizing its sovereignty.

It is probable that Afghanistan could at present successfully withstand Soviet diplomatic or economic pressure applied to counter the effects of a modest program of American aid. Furthermore, it seems probable from expressed attitudes of government leaders that Afghanistan might curtail, or at least not greatly expand, its economic ties with the USSR following the receipt of such American assistance. It would try, however, to maintain a strong bargaining position by playing the Soviet Union against the United States.

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FRANCE TENDING TO SEEK ACCOMMODATION WITH VIET MINH

There are growing indications that France's policy in Indochina is aimed primarily at ensuring that French interests will not be eliminated even if, as Paris considers probable, the Viet Minh takes over all Vietnam. Desirous of reducing its own commitments and at the same time convinced that American aid and the Manila pact are inadequate to prevent South Vietnam's loss to the Communists, France is trying to do business with the Viet Minh. Based on the belief that Ho Chi Minh is a potential Tito, this effort is at the same time aimed at testing a general policy of coexistence.

Concern for the maintenance of France's economic and cultural interests in Indochina under any political system has been evident since the Geneva settlement, but since October this concern has appeared to dominate French policy. France resents the United States' refusal to support the expeditionary corps at the present level, which it regards as necessary to the protection of French citizens and property. Because of the cut in dollar aid and the channeling of American aid directly to the Associated States, the French government is about to take a decision to speed up the reduction in the strength of the corps.

General Ely in Saigon, has implied to General Collins that because of the United States' decision to reduce the size of French and native forces, it now has equal responsibility for the security of the area.

In addition, French officials in Paris and Saigon have on various occasions in the last two months made it clear that they are concerned over the growing American influence in Vietnamese affairs. Premier Mendes-France, in the course of his Washington visit, promised French assistance in building a strong, free Vietnam, but showed particular sensitivity to anything tending to liquidate the French position. Bao Dai's dismissal of General Hinh as army chief of staff on 29 November was interpreted both by officials and the press in France as signifying Vietnamese acceptance of American influence at France's expense.

At the same time, while the French government has checked some efforts by its "advisers" to engineer the overthrow of Diem, his government has no practical appeal in Paris. The French are exasperated by his obvious dedication to the elimination of French influence, and are convinced as well that he is politically inept.

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A pessimistic attitude toward present efforts to stem the Communist tide in Vietnam has developed in official quarters as well as in the French press. Although General Ely has many times stated his opposition to the policy being pushed by Sainteny's mission in Hanoi, he suggested to General Collins that since the French Union forces in Indochina were much weaker than the Viet Minh, it "might be wiser to consider a political settlement." La Chambre has stated that France will carry out the all-Vietnam election in 1956, even if a Communist victory seems inevitable.

Mendes-France has professed opposition to any "North-South mixture," but told Canadian officials last month that he had found Ho "not completely un-co-operative" and that a "flexible policy" offered the best chance in Indochina. His determination to lower military expenditures provides a prime motive for his desire to reduce French commitments there. The American embassy in Paris on 15 November expressed the view that the premier, his entourage, and his cabinet are all favorably disposed to seeking an eventual north-south rapprochement in Vietnam.

The Sainteny mission in Hanoi has been seeking to work out a modus vivendi with the Viet Minh to assure the maintenance of French cultural and economic interests in North Vietnam. Sainteny describes this effort as an experiment in coexistence, although admitting that there are no precedents for Western firms continuing extensive operations within Communist states. The announcement that he has an agreement purporting to safeguard French business interests in North Vietnam has already been hailed by the French press. It may lead to pressure on the United States to accept Sainteny's thesis that his efforts will reduce Ho Chi Minh's dependence on Communist China.

The considerable sentiment in France for a general policy of coexistence with the Orbit works in favor of an accommodation with the Viet Minh. Le Monde, an influential progovernment Paris daily, stated flatly on 4 December that it was necessary to make "the United States understand our common interest in attempting the coexistence experiment, and Indochina offers the experimental ground." Non-Communist pressure for a general coexistence policy is also strong in the National Assembly, particularly among the Gaullists and the Radical Socialists.

Mendes-France apparently believes that every avenue to a modus vivendi with the Orbit should be explored. Vietnam presents him with a situation which many Frenchmen consider ideally designed to test this thesis.

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HATOYAMA REGIME MAY POINT WAY TO MORE
INDEPENDENT JAPANESE POLICIES

The new Japanese government of Prime Minister Ichiro Hatoyama will try to pursue a more independent course in foreign relations than Yoshida's cabinet without drastically altering Japan's pro-American orientation. Although Hatoyama's promise to dissolve the Diet in January and call for an election in March gives the new regime a "caretaker" status with insufficient time to alter Japan's policies extensively, the new cabinet will prepare the ground for any succeeding conservative government.

The need to demonstrate a "break" with the Yoshida era and provide a "fresh" policy will place co-operation with the United States on a tougher, more nationalistic basis. Popular pressure will force this and subsequent cabinets to move toward establishing normal relations--both economic and political--with the Orbit, particularly Communist China.

Former prime minister Yoshida's long tenure thwarted Japanese desires for a break symbolizing the end of the occupation. Consequently his opponents charged he was excessively pro-American, too dependent on American support, and unable and unwilling to stand up to American demands. This, they alleged, resulted in Japan having unequal status under present treaties and agreements. They implied that Yoshida's unilateral decisions and his dependence on a small inner "palace" guard violated the tradition of wide consultation and of agreement by compromise.

Hatoyama acknowledged that such attacks on Yoshida had been for domestic political purposes when he told newsmen, "I will be in a responsible position now" and "should not be spouting as in the past." Both he and his foreign minister, Mamoru Shigemitsu, have pledged that co-operation with the free nations, particularly the United States, will be the basis of their policy. The minority position of Hatoyama's Japan Democratic Party in the Diet and in the conservative movement will compel the regime to voice policies with popular appeal in order to gain control of Japan's dominant conservative forces.

Hatoyama has already publicly stated he will promote trade with the Communist Orbit as a means of preventing World War III. Concurrently Shigemitsu has announced a four-point foreign policy which calls for: normal diplomatic and trade relations

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with the Communist Orbit; reparations settlements and economic co-operation with Southeast Asia; trade agreements with all possible nations; and maintenance of present ties with the free nations.

These policies result from the general interpretation in Japan that the Korean and Indochina settlements were evidence of a relaxation of East-West tension. This belief is also indicated by Shigemitsu's statement that Japan would observe international controls in trade with Communist nations, but would seek to reduce the limitations on such trade.

Various statements of willingness to "coexist" peacefully with Japan's continental neighbors also show that the new government is cognizant of widespread popular favor for normalization of relations with the Orbit, particularly Communist China. This sentiment is bolstered by the attraction of increased China trade, which this year is expected to total \$69,000,000--about 1.5 percent of Japan's total foreign trade.

The views of Shinsuke Kishi, secretary general of Hatoyama's party, who is regarded as a rising power in Japanese politics, probably represent an increasing body of conservative opinion that will be expressed in future regimes. He recognizes that Japan is dependent on the United States, and that the nation's economic survival depends on the introduction of American capital, along with raw materials from Southeast Asia.

He feels, however, that the "basic spirit" of the Tokyo-Washington relationship must be changed to one of independent, equal sovereign nations, even though their economic and military strengths are unequal. He emphasizes that the Japanese people must be convinced that co-operation is to their own advantage. Kishi also feels the occupation-sponsored constitution must be made a "truly Japanese document" stressing "Japanese virtues" and giving the emperor greater prestige without political power.

Japanese conservatives are unanimous in urging that the recovery of national strength and the rehabilitation of the "national spirit" depend first on the reorganization of the nation's economy. Once this is accomplished the government can deal with internal subversion and rearmament.

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THE COMMUNIST THREAT IN SYRIA

Syrian Communists are collaborating in a loose coalition of both right and left extremists and independents bent on upsetting the ineffectual government of Prime Minister. Faris al Khouri--the third weak cabinet that has ruled Syria since the overthrow of dictator Shishakli in February.

A Communist take-over is not imminent, but extremist agitation has turned Syria into "the most worrisome spot in the confused Middle East" [REDACTED]

[REDACTED] There is no immediate obstacle to the growing effectiveness of the Communists' propaganda and their infiltration of Syrian institutions.

The Communists are opportunistically allied with independents, extreme socialists and with the rightist Moslem Brotherhood. These groups are stifling pro-Western forces in Syria by continuously calling on "the street elements" to give vent to Syria's bitterly anti-Western nationalism.

Since Khouri took office on 29 October, these extremist elements have monopolized Syrian attention with demonstrations or protests against Iran's execution of Communists, French policy in North Africa, Egypt's execution of Moslem Brotherhood members, and the American chiefs of mission conference in Damascus. Khouri's government--the immediate target of this agitation--appears paralyzed.

The Communists, led by Moscow-trained Khalid Bakdash, are an increasingly important component of this coalition. Though outlawed since 1947, they are cultivating an air of political respectability as they act with unprecedented freedom.

They have elected Bakdash to parliament, and he is now a member of the foreign affairs committee of that body. The minister of justice, who is also director of radio and propaganda, is a friend and supporter of Bakdash. A Communist officer directs the army's cultural affairs program. Two Communists--and one supporter--now sit on the governing board of Syria's major labor union. Communists are reported to control two thirds of the Syrian press.

As long as this process of infiltration goes unchecked--and the major conservative parties seem too weak to stop it--Syrian Communists will probably acquire a pre-eminence rare in the public life of any Arab state.

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POSSIBLE CHANGES IN SOVIET-SATELLITE CONTROL RELATIONSHIPS

Soviet policy toward the European Satellites during the past year has been characterized by an apparent willingness to grant each state a measure of increased responsibility for its internal affairs and an ostensibly greater role in foreign affairs. This relaxation of control appears to be a reflection of a general policy shift, now in an early stage, which would ultimately alter the mechanism through which Moscow controls the Satellites without affecting over-all Soviet governing power. This would probably involve replacing the present rather obvious Moscow-Satellite relationship with a system permitting the development of a facade of national Communist states.

Two recent events of some significance have already given the appearance of increased Satellite autonomy. The sale of the Soviet interest in joint companies in East Germany, Rumania, Bulgaria and Hungary, apparently accompanied by the withdrawal of certain Soviet advisers and technicians assigned to these firms, should increase local control of day-to-day operations.

This move dovetails with the second event, a new Soviet line encouraging the Satellites to develop their economies according to local conditions. The new Soviet textbook, Political Economy, has clearly stated that each Satellite country must base its economic policies on its historical development, the size of its production forces and the special characteristics of its class relationships.

As echoed in Hungary, frequently the first Satellite to carry out new course directives, this line means that the experience of the Soviet Union will no longer be used as an exact pattern for local development. Six years or more of constantly improved Soviet control of the Satellites and their parties probably has encouraged Moscow to feel that such a line is unlikely to result in national deviation on the part of the local leaders.

The greater prominence now permitted the Satellites in foreign affairs probably is a related development. Moscow has allowed Poland and to a lesser extent Czechoslovakia to try to exploit their prewar alliances with Paris in an effort to detach France from the Western defense system. Moscow's note of 13 November, proposing an all-European

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security conference, also contained a unique reference to prior consultations with Poland and Czechoslovakia. Increased Satellite trade with non-Communist areas and greater latitude in trade tactics--inspired for the most part by economic and strategic considerations--may help to give the impression of Satellite autonomy.

Satellite internal policy has reflected to a degree these signs of an incipient policy shift. The revitalization of national fronts and a somewhat greater propaganda emphasis on the national heritage in several of the countries are designed, in part, to increase appearances of national sovereignty. The rehabilitation of a number of former Satellite leaders imprisoned or relegated to complete obscurity during the Stalin era is undoubtedly related to the rejuvenated national front program. In addition, the announced granting of sovereignty to the German Democratic Republic and related actions, although primarily in support of Soviet foreign policy considerations, were also intended to have a favorable effect on the local population.

These recent gestures by the USSR and changes in internal Satellite policy suggest that Soviet control mechanisms may be undergoing alterations. Hints at the Moscow conference of a forthcoming military alliance with a unified command, coupled with announced intentions of strengthening the already existing economic organization--the Council of Mutual Economic Assistance (CEMA)--indicate the form that such a change might assume.

The creation of new "co-operative" organizations, similar in concept to CEMA, would permit the development of a facade of independent Communist states. Conferences of such groups, in which each member state would ostensibly have an equal voice, could be held in Satellite capitals and Satellite leaders could chair meetings and propose major items for discussion.

Together with the actual broadening of each Satellite's internal control over the execution of policy, this might prove to be an effective device for impressing both the Satellite populations and parties and the non-Communist world with the good intentions of the USSR. At the same time, by facilitating inter-Satellite co-operation under a simplified Soviet administration, joint organizations could improve the efficiency of over-all Soviet control.

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PERON'S RIGHTWARD TREND ENCOUNTERS POLITICAL OBSTACLES

Argentine president Peron's rightward trend is encountering increasingly bold opposition efforts to undermine his support among the lower classes. There is evidence of this especially in his current dispute with the church which apparently also involves political maneuvering within his own Peronista Party.

Peron's trend toward the right began cautiously almost two years ago, as his regime started to pass from the revolutionary phase of 1945-52 to political consolidation, and as Argentina's economic difficulties intensified the need for foreign capital. Peron evidently calculated that he could afford to offer amnesty to the opposition and to give business a voice in government policy equal to that of labor, still the predominant source of his popular support.

He hoped also that the new climate and the foreign investment law of August 1953, as well as his insistent efforts to strengthen relations with the United States, would attract the needed foreign capital. At the same time he evidenced growing concern over Communist activities and ordered increased police surveillance. In a major speech on 17 October 1954 he made an unprecedented attack on the Communists for infiltrating Peronista organizations, especially labor.

This rightward trend is strongly resented by various politically important officials of the General Confederation of Labor (CGT), who find their own formerly dominant position weakened at a time when they are encountering increased pressure from the rank and file for wage rises. Most workers insist that the nationwide wage contracts negotiated last spring, without the usual government intervention, did not meet rising living costs. Further evidence of some disaffection in the Peronista Party is seen in its recent expulsion of several legislators.

The political opposition, centered mainly in the Radical Party, has tried to exploit this situation. The Radicals, who polled some 32 percent of the vote in the congressional elections in April, as against the Peronistas' 64 percent, are split into three factions

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It was against this background that Peron told a conference of governors on 10 November that a "politico-clerical" movement was trying to overthrow his regime by infiltrating Peronista organizations and by working through a "few" priests. He also charged that a vice president of Catholic Action had participated in the student strikes this fall in Buenos Aires which were led by a Radical-Communist combination. The subsequent temporary arrest of several priests aroused great popular indignation; but available evidence seems to support Peron's insistence that no real church-state problem exists, and both sides apparently would be glad to settle the present dispute.

Peron is aware of the danger of antagonizing Argentina's predominantly Catholic population, and ecclesiastical leaders appreciate such measures as his reinstating, in 1943, for the first time in over 50 years, compulsory religious instruction in the public schools.

The American embassy in Buenos Aires has suspected CGT instigation of Peron's attack and names the anticlerical Angel Borlenghi as the labor leader most likely to be responsible. Borlenghi, as minister of interior and justice, reports to Peron on political conditions throughout the country.

The embassy's view finds considerable support in Borlenghi's past record. The CGT's choice for Peron's successor as president, he is known to be anti-American

25X1 In April 1953, in an evident attempt to frustrate Peron's growing rapprochement with the United States, Borlenghi told the president that the Buenos Aires bombings, actually perpetrated by Communists and extreme nationalists, were the work of Washington. It seems possible that Borlenghi has again resorted to alarming the president by exaggerating police reports of opposition activity which Peron knows to exist, with the aim of re-emphasizing the regime's dependence on the CGT and of halting its rightward trend.

Whether instigated by Borlenghi or not, the eruption of political confusion could not have been better timed to prejudice certain new moves in Peron's rightward trend--such as current negotiations with two large American oil companies on the politically delicate question of their participation in Argentina's petroleum development program.

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